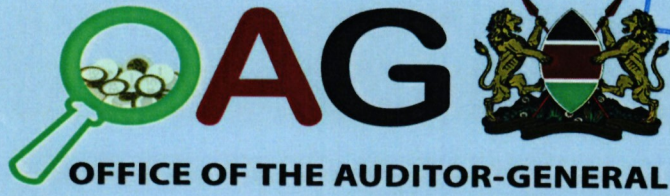


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REPORT

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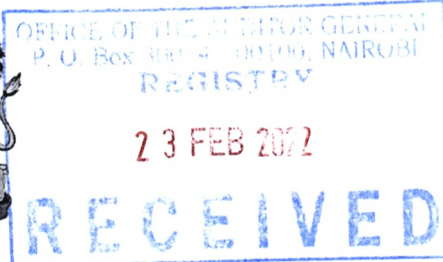
THE AUDITOR-GENERAL	
 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 29 MAR 2022	DAY: Tues ON
TABLED BY:	LDM
CLERK-AT THE-TABLE:	F. Muriuki

LAND SETTLEMENT FUND

**FOR THE YEAR ENDED
30 JUNE, 2021**

LAND SETTLEMENT FUND (LSF)

Reports and Financial Statements For the year ended 30th June, 2021



MINISTRY OF LANDS AND PHYSICAL PLANNING

LAND SETTLEMENT FUND (LSF)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2021

Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

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1. FUND DETAILS

PRINCIPAL PLACE OF BUSINESS

ARDHI HOUSE, 8TH Floor, Ngong Road
P.O. Box 30297-00100
NAIROBI

BANKER

Kenya Commercial Bank Ltd,
Moi Avenue
P O Box 30081- 00100
NAIROBI

AUDITORS

Auditor-General
P O Box 30084 - 00100
NAIROBI

PRINCIPAL LEGAL ADVISER

The Attorney-General
State Law Office
Harambee Avenue
P.O Box 40112- 00200
Nairobi, Kenya

2. INTRODUCTION

During the financial year under focus Land Settlement Fund (LSF) operations were undertaken by the Director of Land Adjudication and Settlement and administered by "the officer administering the Fund – the Principal Secretary, Ministry of Lands and Physical Planning. The officer administering the Fund therefore hereby submits the report of the Fund and the financial statements for the year ended 30th June 2021 which show the state of the Fund affairs.

Mandate

The Department is charged with the responsibility of:

- Ascertaining land rights and interests through land Consolidation and Adjudication,
- Settlement of poor landless Kenyans under Land Settlement Fund,
- Management of the Land Settlement Fund,
- Administration of Group Ranches
- Arbitration of Land disputes.

Vision

To have all trust/community land registered and landless Kenyans settled on agricultural viable units of land.

Mission

To encourage socio-economic development, through transformation of customary land tenure to statutory freehold and provision of sustainable settlement.

Values

The department maintains the following values:

1. Customer responsiveness
2. Efficiency and Effectiveness in service delivery
3. Transparency and Accountability
4. Innovativeness and adaptiveness to modern technology
5. Zero tolerance to corruption
6. Professionalism
7. Inclusiveness.

LAND SETTLEMENT FUND (LSF)

Reports and Financial Statements For the year ended 30th June, 2021

Key Strategic Objectives

○ The broad objectives of the department are:

- i. Settle landless poor on viable agricultural land
- ii. Facilitate registration of land and
- iii. To provide security of land tenure,

Strategic Programmes

- Land Adjudication programmes
- Acquisition of viable agricultural land for Settlement Schemes.
- Finalization of on - going Settlement Schemes.
- Computerization of SFT billing and Accounting System
- Computerize settler Loan Repayments
- Training of Group Ranch Representatives and members

Key strategic priorities

- Facilitation of discharges for issuance of Title deeds.
- Finalize on-going land adjudication sections and settlement schemes.
- Computerization of SFT Billing and Accounting Systems.

3. SCHEME MANAGEMENT COMMITTEE

The Fund is administered by the Accounting Officer /Principal Secretary of the Ministry for the time being responsible for matters related to ASF.

Management of the Fund is overseen by the Settlement Fund Board Trustees for the reporting period comprising:

- (a) the Cabinet Secretary responsible for land matters who shall be the chairperson;
- (b) the Cabinet Secretary responsible for National Treasury;
- (c) the Cabinet Secretary responsible for Agriculture;
- (d) the Cabinet Secretary responsible for the environment and natural resources;
- (e) the Cabinet Secretary responsible for Internal Security; and
- (f) a representative of the National Land Commission.

The scheme is administered by the administrator through the Director of Land Adjudication and Settlement (DLAS) who carries out the day-to-day activities of fund. These daily activities of the fund are executed through the DLAS assisted by staff and accountant teams.

Land Settlement Fund Board of Trustees



Ms. Farida Karoney, Cabinet Secretary for Ministry of Lands and Physical Planning. She holds Masters of Business Administration (Strategic Management), a Post Graduate Diploma in Mass Communications from the University of Nairobi and a Bachelor in Education Science (Education, Botany and Zoology) from Kenyatta University.



Hon. Amb. Ukur Yatani Kanacho, Cabinet Secretary, the National Treasury. He has Master of Arts in Public Administration and Public Policy, University of York and Bachelor of Arts in Economics, Egerton University.



Dr. Fred Matiangi, Cabinet Secretary, Internal Security, holds a PhD in Communication and Comparative Literature from the University of Nairobi, a Master of Arts degree in English from the University of Nairobi, and a Bachelors of Education degree from Kenyatta University



Mr. Keriako Tobiko, Cabinet Secretary for the Ministry of Environment and Forestry is an advocate of the High Court of Kenya and formerly a lecturer at the University of Nairobi. He is an alumnus of the University of Nairobi and Cambridge University.

LAND SETTLEMENT FUND (LSF)

Reports and Financial Statements For the year ended 30th June, 2021



Hon. Peter Gatirau Munya, Cabinet Secretary, Ministry of Agriculture, Livestock, Fisheries and Cooperative.

He holds a Bachelor of Law degree from the University of Nairobi and Master's degrees in International Law (International Economic Integration Law) and Public International Law from the universities of Belgium and Georgia.

Fiduciary Management

During the financial year under focus, LSF operations were undertaken by the Fund secretariat and administered by the principal secretary at the time in charge of the Ministry of Lands and Physical Planning. The officer administering the fund therefore hereby submits the report of the fund and the financial statements for the year ending 30th June 2021.

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal Secretary	- Dr. Nicholas Muraguri
2.	Director of LAS	- Kennedy N. G. Njenga
3.	Principal Accountant	- David Kimotho

MANAGEMENT TEAM

1. Kennedy N. G. Njenga BA - Government	Director of Land Adjudication and Settlement
2. Ndung'u Kiarie MBA - Strategic Management Bcom - Accounting and Taxation	Chief Finance Officer
3. David Kimotho MBA-Finance Bcom – Finance & Accounting CPA(K)	Principal Accountant

4. MANAGEMENT REPORTS

THE PRINCIPAL SECRETARY'S REPORT

The management of the Fund is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Fund and of its operating results. The management of the Fund further accepts the responsibility for the maintenance of accounting records, which may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

The performance of the department in the year 2020 – 2021 wasn't as envisaged. However, there is room for improvement. There is need to implement land adjudication sections and settlement schemes as projects so as to fast track issuance of title deeds

Challenges

Implementation of Land Adjudication and Settlement programmes was affected by the following:

- Lack of basic physical infrastructure in Settlement Schemes.
- High cost of settlement land in high agricultural potential areas leading to purchasing land in marginal areas;
- Pending disputes especially objections to the Adjudication registers which hampered finalization of many Adjudication sections;
- Shortage of personnel to carry out core activities;
- Inadequate transport;
- Low collection of SFT land loan due to a depressed economic environment;
- Professional squatting and speculative acquisition of land;
- Increased landlessness and competition for limited available land; and
- Unresolved court cases.

Concluding remarks

Nothing has come to the attention of the management of the Fund to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

DIRECTOR OF LAND ADJUDICATION AND SETTLEMENT'S REPORT

Statement of the Director of Land Adjudication and Settlement's Responsibilities on the Financial Statements for the Year Ended 30th June 2021

Section 168 of the Agriculture Act, Cap 318 and the legal notice No. 352/I963 which established the Fund requires the management of the Fund to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Fund as at the end of the financial year and of its operating results for that year. It also requires the management to ensure proper accounting records are maintained which disclose with reasonable accuracy at any time the financial position of the Fund. They are also responsible for safeguarding the assets of the Fund.

The management of the Fund accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the Fund's financial regulations and generally accepted accounting principles.

5. STATEMENT OF THE ADMINISTRATOR OF THE FUND

I accept responsibility for the maintenance of accounting records which may be relied upon in preparation of the financial statements, as well as adequate systems of internal control.

I further accept responsibility for the attached annual accounts, which have been prepared in conformity with internationally accepted accounting standards and appropriate government financial regulations and procedure.

I am of the opinion that the attached appropriations and other financial statements present fairly financial state of affairs of the Agricultural Settlement Fund as at 30th June 2021.

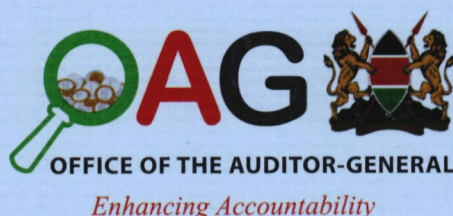
Murag

.....
Administrator of National Public Fund

The Principal Secretary,

Ministry of Lands and Physical Planning.

REPUBLIC OF KENYA



Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke

HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON LAND SETTLEMENT FUND FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the Land Settlement Fund set out on pages 1 to 32, which comprise the statement of financial position as at

30 June, 2021, and the statement financial performance, statement of changes in net assets, statement of cash flows and statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Land Settlement Fund as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Long Outstanding Trade Receivables

As disclosed in Note 9 to the financial statements, the statement of financial position reflects trade receivables of Kshs.12,188,377,058. Included in the balance are land loans and development loan issued amounting to Kshs.6,896,185,412 and Kshs.69,819,548, respectively. Some of these loans were issued to settlers as far back as the year 1962 and have remained outstanding to date. In addition, the Fund management has no clear policy on evaluation of the account receivables from time to time to determine the recoverability of the outstanding loans.

Consequently, the accuracy and recoverability of the trade receivables balance of Kshs.12,188,377,058 as at 30 June, 2021 could not be confirmed.

2. Long Outstanding Interest Receivable

As disclosed in Note 9 to the financial statements, the trade receivables balance of Kshs.12,188,377,058 also includes an amount of Kshs.5,222,372,098 relating to interest receivable which has accumulated over the years on loans issued to settlers since the year 1962. It was observed that the Fund continued to compound cumulative interest as long as the loan remained outstanding without due consideration to the recoverability.

In the circumstances, the accuracy and recoverability of the long outstanding interest receivable balance of Kshs.5,222,372,098 as at 30 June, 2021 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Land Settlement Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit

evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Budgetary Control and Performance

The statement of comparative budget and actual amounts for the year ended 30 June, 2021 reflects final budgeted expenditure and actual expenditure of Kshs.1,078,018,391 and Kshs.905,071,988, respectively resulting in an under-expenditure of Kshs.172,946,403 or about 16 % of the budgeted amount. The under-expenditure affected the planned activities and may have impacted negatively on the delivery of land settlement services to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Undistributed Land

1.1. Kisima Njoro for Resettlement of Internally Displaced Persons (IDPS) in Nakuru County

As previously reported, Kisima Njoro land was purchased at Kshs.396,984,000 as per agreement for sale dated 3 October, 2012 for resettlement of Internally Displaced Persons (IDPS). However, during physical verification of the land in the month of September, 2021, it was noted that the land had not been surveyed or sub-divided and therefore, the beneficiaries had not been settled nine (9) years after the purchase of the land. The matter remained un-resolved as at the time of this audit report.

Consequently, the objective for which the land was acquired and value for money had not been achieved as at 30 June, 2021.

1.2. Mikanjuni Farm in Kilifi County

During the year under review, the Fund purchased Mikanjuni Farm at a cost of Kshs.377,000,000 as per agreement for sale dated 22 April, 2020 for resettlement of informal settlers. During field visit to the farm in the month of October, 2021 a list of beneficiaries was provided by the Land Adjudication and Settlement Officer (LASO) of Kilifi County but the farm was still listed as undistributed. No justification was given for not distributing and settling the informal settlers.

Consequently, the objective for which the land was acquired and value for money had not been achieved as at 30 June, 2021.

1.3. Kadza Ndani Land in Mombasa County

The Fund purchased three (3) parcels of land at Kadza Ndani in Mombasa County at a cost of Kshs.378,000,000 as per sale agreement dated 11 September, 2020 for resettlement of informal settlers. However, during field visit to the farm in the month of October, 2021, a list of beneficiaries was provided by the Land Adjudication and Settlement Officer (LASO) of Mombasa County but the land was still listed as undistributed. No justification was given for not distributing and settling the informal settlers.

Consequently, the objective for which the land was acquired and value for money had not been achieved as at 30 June, 2021.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Inactive Audit Committee

A review of Internal Audit function revealed that the Ministry's Audit Committee never met to discuss internal audit reports for the Land Settlement Fund during the year under

review. The Audit Committee was, therefore, not effective in providing oversight on financial and risk management including monitoring and reviewing of the effectiveness of internal audit functions and internal controls, risk management systems and financial statements.

In the circumstances, the internal control system is not working as intended.

2. Lack of a Risk Management Policy

During the year ending 30 June, 2021, despite the Internal Audit Unit having a risk matrix that ranks risks and guides their annual internal audit plans, the Management did not have in place an institutionalized Risk Management Policy. As a result, there was no formal approved processes and guidelines on how to identify, assess and mitigate operational, legal and financial risks.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems

are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Land Settlement Fund policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a

basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

14 March, 2022

LAND SETTLEMENT FUND (LSF)

Reports and Financial Statements For the year ended 30th June, 2021

STATEMENT OF FINANCIAL PERFORMANCE

	Note	2020-2021	2019-2020
		Kshs	Kshs
INCOME			
Settlement Revenue	1	150,000,000	855,000,000
Settlement Interest	2	<u>15,957,220</u>	<u>16,211,463</u>
Total revenue		165,957,220	871,211,463
EXPENSES			
Accommodation & subsistence Allowance	3	112,361,203	125,617,633
Repairs and maintenance	4	5,102,703	5,898,618
Pre-Settlement Development Costs	5	159,168,040	12,311,880
General expenses	6	248,345,081	238,040,783
Finance costs	7	221,623	547,815
Total expenses		<u>525,198,650</u>	<u>382,416,728</u>
Surplus/Deficit		<u>(359,241,429)</u>	<u>488,794,734</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 22 february 2022 and signed by:



Principal Secretary



Director of Land Adjudication and Settlement

Date

Date

LAND SETTLEMENT FUND (LSF)

Reports and Financial Statements For the year ended 30th June, 2021

STATEMENT OF FINANCIAL POSITION as at 30th June, 2021

	Note	2020-2021	2019-2020
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	8	449,892,932	928,018,391
Trade Receivables	9	12,188,377,058	12,292,381,123
Inventory	10	755,000,000	527,000,000
Imprests	11	4,450,644	3,709,130
Total Current assets		13,397,720,634	13,751,108,645
Non-current assets			
Property, plant and equipment	12	-	7,726,760
Total Non - current assets		-	7,726,760
Total assets		13,397,720,634	13,758,835,405
LIABILITIES			
Non-current liabilities			
Borrowings	13	1,997,086	3,870,426
Total Non- current liabilities		<u>1,997,086</u>	<u>3,870,426</u>
Total liabilities		<u>(1,997,086)</u>	<u>(3,870,426)</u>
Net assets		<u>13,395,723,548</u>	<u>13,754,964,979</u>
Net Assets and Equity			
Revenue Reserves	14	13,395,723,548	13,754,964,979
Total net Assets and equity		<u>13,395,723,548</u>	<u>13,754,964,979</u>

murag

Principal Secretary

Date

[Signature]

Principal Accountant

Date *22/2/2022*

LAND SETTLEMENT FUND (LSF)
Reports and Financial Statements For the year ended 30th June, 2021

STATEMENT OF CHANGES IN NET ASSETS for the year ended 30th June, 2021

Attributable to the owners of the controlling entity

	Land Purchase Grant	Accumulated Surplus	Total
As at 1-Jul-2019		13,266,170,244	13,266,170,244
Prior Year Adjustment	-	-	-
Grants Received	-	-	-
Surplus for the Period.	-	488,794,734	488,794,734
As at 30-Jun-2020	-	13,754,964,979	13,754,964,979
As at 1-Jul-2020		13,754,964,979	13,754,964,979
Surplus for the Period	-	(359,241,429)	(363,075,285)
As at 30-Jun-2021	-	13,395,723,548	13,543,489,015

LAND SETTLEMENT FUND (LSF)**Reports and Financial Statements For the year ended 30th June, 2021**STATEMENT OF CASH FLOW for the year ended 30th June, 2021

	2020-2021	2019-2020
	Kshs	Kshs
Cash flows from operating activities		
Receipts		
Admin Grants	150,000,000	855,000,000
Settlement interest	-	-
Total Receipts	150,000,000	855,000,000
Payments		
Accommodation & subsistence Allowance	116,811,847	125,617,633
Repairs and maintenance	5,102,703	5,898,618
Finance cost	221,623	547,815
Pre-Settlement Development Costs	11,462,620	12,311,880
General Expenses	248,345,081	241,749,913
Total Payments	381,943,874	386,125,858
Net cash flows from operating activities	(231,943,874)	468,874,142
Cash flows from investing activities		
Purchase of property, plant, equipment and intangible assets	378,000,000	377,000,000
Increase/Decrease in Non-Current Receivables	133,691,753	65,390,513
Net cash flows used in investing activities	(244,308,247)	(311,609,487)
Cash flows from financing activities		
Repayment of borrowings	(1,873,339)	(2,594,626)
Net cash flows used in financing activities	(1,873,339)	2,594,626)
Net increase/(decrease) in cash and cash equivalents	(478,125,459)	154,670,028
Cash and cash equivalents at 1st JULY 2020	928,018,391	773,348,363
Cash and cash equivalents at end 30th JUNE 2021	449,892,932	928,018,391

LAND SETTLEMENT FUND (LSF)
Reports and Financial Statements For the year ended 30th June, 2021

STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

RECEIPTS	ORIGINAL BUDGET	ADJUSTMENTS	FINAL BUDGET	ACTUAL	VARIANCE	% USAGE
	A	B	C=A+B	D		F=E/C%
Rolled over Resources	928,018,391		928,018,391	928,018,391	0	100%
Settlement Revenue	150,000,000		150,000,000	150,000,000	0	100%
TOTAL RECEIPTS	1,078,018,391		1,078,018,391	1,078,018,391		100%
EXPENSES						
Operating Expenses						
Headquarters Administration Costs (Accommodation and Subsistence)	117,000,000		117,000,000	112,361,203	4,638,797	96%
Repairs and Maintenance	6,000,000		6,000,000	5,102,703	897,297	85%
Pre-Settlement Dev Cost	165,918,391		165,918,391	159,168,040	6,750,351	96%
Total General Expenses	249,000,000		249,000,000	248,345,081	654,919	100%
Finance Cost*	2,100,000		2,100,000	2,094,961	5,039	100%
Acquisitions**	538,000,000		538,000,000	378,000,000	160,000,000	70%
TOTAL	1,078,018,391		1,078,018,391	905,071,988	172,946,403	
Deficit / Surplus						

*Budgeted Finance cost consists both the principal and interest repayments on the GOK Loan outstanding

** Completion of acquisition of land delayed due to ongoing pre acquisition processes that were not finalized as at the end of the reporting period

NOTES TO THE FINANCIAL STATEMENTS

7. NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance and basis of preparations IPSAS I

The entity's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on the Accrual Basis of Financial Reporting under the Accrual Basis of Accounting. The financial statements comply with and conform to the form of presentation prescribed by the Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the entity and all the values have been rounded off to the nearest one shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

2. Adoption of New and Revised Standards

New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>The amendments require the recognition of debt instruments meeting the management model test and cash flows characteristics to be measured at its amortized cost where the debt instruments are held at their fair value the fund does not currently have in its portfolio any debt instruments that would be affected by this amendment also the fund has not entered into any hedging arrangement to cater for the uncertainty of expected future cash flows due to the fund arising from interest due or owing that would be affected once this standard comes to effect.</p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits.</p>

LAND SETTLEMENT FUND (LSF)

Reports and Financial Statements For the year ended 30th June, 2021

Standard	Effective date and impact:
	<p>The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. <p>The fund does not currently have or operate a social security benefit scheme that would be impacted by this standard</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other Improvements to IPSAS</p>	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard

3. Summary of significance accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

The entity recognizes revenues from non - exchange transactions when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

ii) Revenue from exchange transactions – IPSAS 9

Settlement Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income for each period.

b) Budget information – IPSAS 24

The original budget for FY 2020-2021 was approved by the National Assembly on June 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the fund did not record additional appropriations for the financial year on the 2020-2021 budget following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial

statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

The annual budget is prepared on cash basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the cash basis in preparation of budget the surplus amount as reported in the income statement differs from the surplus amount recorded in the statement of budget against actual amounts ;a reconciliation between the two surplus is provided as additional disclosure on page 20 of these financial statements.

c) Taxes – IAS 12

The fund being a public fund is not subjected to taxation

d) Property, plant and equipment – IPSAS 17

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

e) Provisions – IPSAS 19

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Fund expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any Reimbursement.

f) Changes in accounting policies and estimates – IPSAS 3

The Fund recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

g) Foreign currency transactions – IPSAS 4

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

h) Borrowing costs – IPSAS 5

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

LAND SETTLEMENT FUND (LSF)

Reports and Financial Statements For the year ended 30th June, 2021

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

i) Related parties – IPSAS 20

The Fund regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of board of trustees are regarded as related parties and comprise the Officer Administering the Fund, Cabinet Secretary in charge of Finance, Cabinet Secretary in charge of Agriculture, Livestock, Fisheries and Co-operatives and the Cabinet Secretary in charge of Lands and Physical Planning. Key management comprises of Director of Land Adjudication and Settlement and the Chief Accountant, LSF.

j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Kenya Commercial Bank at the end of the financial year.

k) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

l) Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

m) Subsequent events – IPSAS 14

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

NOTES TO THE FINANCIAL STATEMENTS

1. Settlement revenue

	2020-2021	2019-2020
	KShs	KShs
Land Settlement Grant	150,000,000	855,000,000
Settlement revenue	<u>150,000,000</u>	<u>855,000,000</u>

2. Settlement interest

	2020-2021	2019-2020
	KShs	KShs
Land Loans Interest	15,957,220	16,211,463
Other Interest	-	-
	<u>15,957,220</u>	<u>16,211,463</u>

3. Accommodation & subsistence Allowance

	2020-2021	2019-2020
	KShs	KShs
Travel, motor car, accommodation, subsistence and other	112,361,203	125,617,633
	<u>112,361,203</u>	<u>125,617,633</u>

LAND SETTLEMENT FUND (LSF)**Reports and Financial Statements For the year ended 30th June, 2021**

	2020-2021	2019-2020
	KShs	KShs
Repairs and maintenance	5,102,703	5,800,250

5. Pre-Settlement Development Costs	<u>5,102,703</u>	<u>5,898,618</u>
--	-------------------------	-------------------------

	2020-2021	2019-2020
	KShs	KShs
Actuarial Valuations		
*Lekiji Land Distribution	11,462,620	12,311,880
	<u>147,705,420</u>	=
*Expenses incurred with respect to discounted distributions for the Lekiji land	<u>159,168,040</u>	<u>12,311,880</u>

6. General expenses

	2020-2021	2019-2020
	KShs	KShs
Admin fees		
Fuel and oil	241,411,789	228,848,844
Miscellaneous Expenses	2,563,765	2,574,641
Postage	3,864,335	6,090,668
Other Expenses	47,120	128,600
	458,072	398,030
	<u>248,345,081</u>	<u>238,040,783</u>

7. Finance Cost

	2020-2021	2019-2020
	KShs	KShs
Borrowings (amortized cost)		
	<u>221,623</u>	<u>547,815</u>
	<u>221,623</u>	<u>547,815</u>

Appendix I



REPUBLIC OF KENYA
MINISTRY OF LANDS AND PHYSICAL PLANNING
Office of the Cabinet Secretary

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When replying please quote:

Ref. No: MOLPP 11/79/3(84)

Joseph Sudi Ndinyo
5-00200
AIKOBH

Archl House
1 Ngong Avenue
P.O. BOX 30450-00100
Nairobi, KENYA

December 17, 2019

APPOINTMENT AS THE CHAIRPERSON OF THE AUDIT COMMITTEE

I am pleased to inform you that you have been appointed to the post of Chairperson Ministerial Audit Committee following your successful interview for the post held on October 8, 2019. You are required to assume duties of the post with immediate effect but not later than January 5, 2020. Your initial appointment to this post will be for a period of three (3) years but can be extended for a further period of three (3) years after performance review.

As Chairperson of the Ministerial Audit Committee you will be expected to support the Chief Accounting Officer in monitoring and reviewing the risk, control, compliance processes and associated assurance that have been established in the Ministry of Lands and Physical Planning in accordance with the Public Finance Management Act, 2012 and Public Finance Management Regulation, 2015.

You are eligible to payment of sitting allowances in accordance with the existing regulations.

I enclose a medical certificate form G.P. 69 to be presented before a Government Medical Officer for examination, Declaration of Income, Asset and Liabilities (1), next of kin form on first appointment for your completion and return.

If this opportunity is acceptable to you, please signify your acceptance in writing. I take this opportunity to congratulate you on this well deserving appointment.

Y, OGW
SECRETARY

LAND SETTLEMENT FUND (LSF)**Reports and Financial Statements For the year ended 30th June, 2021**

8. Cash and cash equivalents

	2020-2021	2019-2020
Bank	KShs	KShs
Cash-on-hand and in transit	449,883,179	928,014,230
Total cash and cash equivalents	9,753	4,161
	<u>449,892,932</u>	<u>928,018,391</u>

9.Receivables from non-exchange transactions

	2020-2021	2019-2020
Land Loans Issued	KShs	KShs
Development Loan Issued	6,896,185,412	6,946,330,739
Interest Receivable	69,819,548	70,555,451
	5,222,372,098	5,275,494,933
	<u>12,188,377,058</u>	<u>12,292,381,123</u>

10. Undistributed Holdings/Inventory

	2020-2021	2019-2020
As at 1 st Jul		
*Additions during the year	KShs	KShs
Distributions during the year	527,000,000	150,000,000
Closing Inventory/Holdings	378,000,000	377,000,000
*Additions for the year are with respect to the acquisition of LR 241 and LR 244 in Mombasa County	(150,000,000)	-
	<u>755,000,000</u>	<u>527,000,000</u>

LAND SETTLEMENT FUND (LSF)

Reports and Financial Statements For the year ended 30th June, 2021

NOTES TO THE FINANCIAL STATEMENTS

11. Imprests

	2020-2021	2019-2020
	KShs	KShs
Imprests	4,450,644	3,709,130
	<u>4,450,644</u>	<u>3,709,130</u>

LAND SETTLEMENT FUND (LSF)
Reports and Financial Statements For the year ended 30th June, 2021

12. Property, Plant & Equipment

	Land and		Fixed & Loose		Motor		Office		Work - in -		Total KShs
	Buildings KShs		Assets KShs		Vehicles KShs		Equipment KShs		Progress Shs 000		
Cost											
At 30 June 2019	7,726,760.00		-		-		-				-
Cost At 1st July 2020											
Additions	-		-		-		-		-		-
Transfer/adjustment			-		-		-		(7,726,760.00)		-
TOTAL 30 Jun 2020	7,726,760.00		-		-		-		-		7,726,760.00
Cost											
Cost At 1st July 2020	7,726,760.00		-		-		-		-		-
Additions	-								-		-
Disposals									-		-
Transfer/adjustments*	(7,726,760.00)		-						-		(7,726,760.00)
At 30 June 2021	-		-		-		-		-		-
Depreciation & Impairment											
Depreciation 1 Jul 2020	-		-		-		-		-		-
Transfer/adjustment	-		-		-		-		-		-
TOTAL 30 Jun 2021	-		-		-		-		-		-
At 30 June 2021	-		-		-		-		-		-
At 30 June 2020	7,726,760.00		-		-		-		(7,726,760.00)		7,726,760.00

*Transfer with respect to the building is in relation to the handover to District lands Adjudication office to the Ministry

NOTES TO THE FINANCIAL STATEMENTS

13. Borrowings	2020-2021	2019-2020
	KShs	KShs
GOK Loan (1989)	1,540,525	2,985,594
GOK Loan (1990)	<u>456,560</u>	<u>884,832</u>
	<u>1,997,086</u>	<u>3,870,426</u>

14. Revenue Reserves	2020-2021	2019-2020
	KShs	KShs
Profit and Loss Items	13,754,964,979	13,266,170,244
Transfers to/from accumulated surplus	-	-
Surplus for the year before tax	<u>(359,241,429)</u>	<u>488,794,734</u>
Revenue Reserves	<u>13,395,723,548</u>	<u>13,754,964,979</u>

LAND SETTLEMENT FUND (LSF)

Reports and Financial Statements For the year ended 30th June, 2021

Reconciliation of Surplus in the Income Statement and Statement of Budget Against Actual

surplus as per budget statement	172,946,403
Adjusted For:	
Settlement Interest	15,957,220
loan repayment principal	1,873,341
land acquisitions	378,000,000
Rolled over resources	(928,018,391)
Surplus as per income statement	(359,241,429)

PROGRESS REPORT

Folio	Issues raised	Responses	Responsible Person	Status	Time Frame
1	Unsupported Balances	<p>It is true that the statement of changes in net assets reflects an opening balance as at 1st July, 2019 of Kshs.13,266,170,244 which includes net transfers to or from accumulated surplus totaling to Kssh.11,665,052,516 which, as previously reported, the Management did not provide details on where the balances were transferred to or from.</p> <p>These amounts were realized after the Fund was allowed to reconstruct its accounts due to historical balances</p>	PS	Resolved	

LAND SETTLEMENT FUND (LSF)

Reports and Financial Statements For the year ended 30th June, 2021

		<p>that could not be supported over the years. The National Treasury in its approval of the reconstructed accounts vide Ref: AG.3/189/Vol.1/ (8) dated 1st March 2021, advised that the Fund effects prior period adjustments in the financial statements subject to the concurrence of the Office of the Auditor General. The Fund complied and presented the adjusted financial statements to the Auditor General for audit review.</p> <p>This issue was resolved during our appearance before this Committee on 26th May, 2021 on</p>			
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LAND SETTLEMENT FUND (LSF)

Reports and Financial Statements For the year ended 30th June, 2021

		issues relating to the audit report for the financial year 2018/2019.			
2	Trade receivables Accuracy of the opening balances	It is true that the trade receivable balance excludes the stated opening balances. These balances constitute part of the un-analyzable balances which led to the reconstruction of the Fund's accounts. The Fund's management wrote to The National Treasury vide Ref: MOLPP /ADM/20/6(27) dated 15 th June 2020 seeking to write off these historical balances and received the National Treasury's authority vide Ref:	PS	resolved	

LAND SETTLEMENT FUND (LSF)

Reports and Financial Statements For the year ended 30th June, 2021

		<p>AG.3/189/vol.1/(8) of 1st March, 2021.</p> <p>This issue was also resolved during our appearance before this Committee on 26th May, 2021 on issues relating to the audit report for the financial year 2018/2019</p>			
2.2	Imprest	<p>It is true that the receivables balance also included outstanding imprest of KShs.3,709,130 wrongly classified under trade receivables instead of receivables from non-exchange transactions and that a balance of Kshs.3,709,130 was due but had not been surrendered as at the time of audit in November, 2020.</p>	PS	resolved	

LAND SETTLEMENT FUND (LSF)

Reports and Financial Statements For the year ended 30th June, 2021

		<p>The Fund was in the process of recovering the outstanding imprest and all had been accounted for as at the date of our appearance before this Committee on 26th May, 2021 save for that held by Justice Korir Kiprono from whose salary recovery was ongoing. Mr. Kiprono eventually accounted for his imprests vide P.V. Nos. 495 & 496 and Miscellaneous Receipt Nos. D1594789 & D1594790 respectively, dated 29th October, 2021.</p>			
2.3	Long Outstanding Land and Development Loans	<p>It is true the trade receivables balance further includes amounts of</p>	PS	unresolved	

LAND SETTLEMENT FUND (LSF)

Reports and Financial Statements For the year ended 30th June, 2021

		<p>Kshs.6,946,330,739 and Kshs.70,555,451 in respect of land loans receivables and development loans receivables respectively which remained outstanding as at 30 June, 2019. These amounts have remained outstanding for long due to the settlers' general slow pace of loan repayment caused by the tedious manual bill processing and dispatch processes previously in place. However, during the reconstruction of the Fund's accounts, the Fund digitized all settler data and has since been processing and</p>			
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LAND SETTLEMENT FUND (LSF)

Reports and Financial Statements For the year ended 30th June, 2021

		<p>dispatching bi-annual full balance statements to the debtors as a reminder of their obligations. It is now also possible for settlers to make their loan repayments via the Mpesa platform.</p> <p>Full and complete recoverability of amounts outstanding is assured through the Fund's loan clearance and discharge process which ensures that before a parcel is discharged for registration, all outstanding amounts are paid. This way, the Fund has always been able to recover all amounts due from</p>			
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LAND SETTLEMENT FUND (LSF)

Reports and Financial Statements For the year ended 30th June, 2021

		settlers who wish to process land titles for their parcels and hence considers all dues as recoverable.			
2.4	Long Outstanding Interest Receivable	<p>It is true that trade receivables balance in addition, includes interest receivable of Kshs.5,275,494,933 which has accumulated over the years on loans issued to settlers since 1962.</p> <p>As with the Land and Development loans outstanding, these amounts have remained outstanding for long due to the settlers' slow pace of loan repayment occasioned by the manual bill processing and dispatch processes</p>	PS	unresolved	30 th June 2022

LAND SETTLEMENT FUND (LSF)

Reports and Financial Statements For the year ended 30th June, 2021

		<p>that were previously in place. This has been addressed through digitization of settler data and the processing and dispatch of bi-annual full balance statements.</p> <p>Digitization has also ensured that settler data is accurate, complete, valid and verifiable with the physical settler file.</p> <p>Full and complete recoverability of amounts outstanding is assured through the Fund's loan clearance and discharge process which ensures that before a parcel is discharged for registration, all outstanding amounts are paid.</p>			
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LAND SETTLEMENT FUND (LSF)

Reports and Financial Statements For the year ended 30th June, 2021

3	<p>Inaccuracy of Trade and Other Payables from Exchange Transactions</p>	<p>It is true that as disclosed in Note 12 to the financial statements, the statement of financial position reflects a nil balance under trade and other payables from exchange transactions.</p> <p>However, and as previously reported, the balance excludes unsupported opening balances as detailed above.</p> <p>These amounts are part of the un-analyzable balances for which the National Treasury's authority was sought and given vide Ref: AG.3/189/vol.1/(8) of 1st March, 2021</p>	PS	Resolved	

LAND SETTLEMENT FUND (LSF)

Reports and Financial Statements For the year ended 30th June, 2021

		<p>allowing the Fund to report on the analyzable figures resulting from the reconstruction exercise.</p> <p>This issue was also resolved during our appearance before this Committee on 26th May, 2021 while responding to audit relating to the audit report for the financial year 2018/2019.</p>			
4	Non-resettlement of internally displaced persons	<p>As per a sales agreement dated 3 October, 2012, the Fund purchased a parcel of land in Kisima Njoro L.R. No. 9216 at a cost of Kshs.396,984,000 for resettlement of Internally Displaced Persons (IDPs).</p> <p>However, during a physical verification of the farm in the month of September,</p>	PS	Unresolved	30 June 2022

LAND SETTLEMENT FUND (LSF)

Reports and Financial Statements For the year ended 30th June, 2021

		<p>2019, it was noted that the land had not been surveyed or subdivided and therefore, the beneficiaries had not been resettled seven (7) years after the purchase of the land. The matter remained un-resolved as at the time this audit report was finalized.</p> <p>Consequently, the objective for which the land was acquired had not been achieved as at 30 June, 2020.</p>			
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REPUBLIC OF KENYA
IN THE ENVIRONMENT & LAND COURT AT NAKURU
E.L.C. SUI NO. 19 OF 2020

MARY ANNE CHEPKOIK & NATIAR WILLIAM
-HINGA (Suing as the administrators of the estate of TONY
HINGA NIENGA alias LAWRENCE
ANTHONY HINGA (DECEASED) PLAINTIFF

V E R S U S

NYOIKE NIENGA HINGA 1ST DEFENDANT
CHARLES KIBANDI KAGHOYA (Sued as the executor of the
WILL of Isabella Muthoni Njenga alias Isabella Muthoni Hinga alias
Mufoni Nyoke Hinga) 2ND DEFENDANT
CHIEF LAND REGISTRAR 3RD DEFENDANT
SETTLEMENT FUND TRUSTEES 4TH DEFENDANT
DIRECTOR OF PHYSICAL PLANNING 5TH DEFENDANT

ORDER


THIS MATTER coming up on 11th March, 2020 before HON. JUSTICE D. OHUNGO for application dated 3rd March, 2020 and in the presence of Counsel for the Applicant herein IT IS HEREBY ORDERED as follows:-

1. THAT in the meantime, this honourable court has hereby issued a temporary injunction restraining the 3rd, 4th and 5th Defendants by themselves, their agents and or servants from selling, leasing occupying, allocating, transferring and or subdividing the parcel of land known as L.R. No. 9216 or in any way interfering in any manner whatsoever.
2. THAT the application dated 3rd March, 2020 shall be heard on 12th May, 2020
3. THAT hearing notice to issue.

GIVEN UNDER the HAND and SEAL of this Honourable Court this 11th day of March, 2020.

HON. JUSTICE D. OHUNGO
JUDGE

ISSUED at NAKURU this 16th day of June, 2020.


DEPUTY REGISTRAR,
HIGH COURT OF KENYA, NAKURU.

PENAL NOTICE: TAKE NOTICE that if you disobey this order, you shall be in contempt of court and liable to imprisonment for a period not exceeding six (6) months and your property shall be liable to attachment by an order of the court.