

REPUBLIC OF KENYA



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REPORT

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PUBLIC TRUSTEE OF KENYA

FOR THE YEAR ENDED 30 JUNE, 2023





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PUBLIC TRUSTEE OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE, 2023

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

2023

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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background Information

The Office of the Public Trustee is established under the Public Trustee Act (Chapter 168 Laws of Kenya). It operates independently but as the Department of the Public Trustee within the organizational framework of the Office of the Attorney-General and Department of Justice.

b) Principal Activities

The mission of the Public Trustee is to provide professional, efficient and effective trustee services in administration of estates and trusts. Principal activities include;

- Administration of Estates under the Public Trustee Act Cap 168
- Administration of Trusts under the Public Trustee Act Cap 168
- Administration of Trusts under the Trustee Act Cap 167

c) Key Management

The Public Trustee's day-to-day management is under the following key organs:

- The Public Trustee
- The Chief State Counsel
- The Assistant Accountant General

d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June, 2023 and who had direct fiduciary responsibility were:

NO	Designation	Name
1	Ag Head. Public Trustee	Lucy W Mugo
2	The Chief State Counsel	Dorcas Nyalwidhe
4	The Chief State Counsel	Philip Cheruiyot
5	The Chief State Counsel	William Malombo
6	The Assistant Accountant General	Antony M Gilbert

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e) Fiduciary Oversight Arrangements

One of the major responsibilities of the Public Trustee is to manage risk, not only in the interest of the Public Trustee, but also to protect the interests of its clients. The Office has put in place a Committee comprising senior management which is responsible for monitoring risk, assessing processes and controls in compliance with an internal risk control framework. The Public Trustee regularly reviews its risk management strategies and policies.

2. KEY ENTITY INFORMATION AND MANAGEMENT

a) Public Trustee of Kenya Headquarters

Office of the Attorney General & Department of Justice
Sheria House, Harambee Avenue,
P. O. Box 49672 – 00100,
Nairobi.
Telephone: (254) 2227461
E-mail: pt@ag.go.ke
Website: www.attorney-general.go.ke

b) Public Trustee's Bankers

- 1) National Bank of Kenya,
Harambee Avenue Branch,
P. O. Box 60000 - 00200
Nairobi, Kenya.

- 2) Stanbic Bank,
Kenyatta Avenue Branch,
P. O. Box 30556- 00100
Nairobi, Kenya.

c) Independent Auditors

Auditor-General
Office of the Auditor-General
Anniversary Towers, University Way
P. O. Box 30084–00100,
Nairobi, Kenya

d) Principal Legal Adviser

The Attorney General
Office of the Attorney General & Department of Justice
Harambee Avenue
P.O. Box 40112-00100
Nairobi, Kenya

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3. MANAGEMENT TEAM

Name	Main area of responsibility
1. Lucy W Mugo – LLB (Hons), Diploma in Law	Overall co-ordination of administration of Trustee Services, Estates and Trust funds.
2. Dorcas Nyalwidhe - LLB (Hons), Diploma in Law	Supervising Administration of Estates and Trusts
1. Philip Cheruiyot- LLB (Hons), Diploma in Law	Supervising Administration of Estates and Trusts
4. William Malombo-- LLB (Hons), Diploma in Law	Supervising Administration of Estates and Trusts
5. Antony M Gilbert – CPA(K)	Overall Coordination of financial matters.

4. REPORT OF THE PUBLIC TRUSTEE

I have the pleasure of presenting the Public Trustee report for the financial year 2022/2023. This report covers the Public Trustee's financial, operational and governance performance in line with our vision and mission. The report reflects performance in Head Office and 12 Regional Offices covering the financial year starting 1st July 2022 to 30th June, 2023. The financial information presented is prepared in line with Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS).

Public Trustee services mainly address the needs of a minority vulnerable group of the population namely, widows, widowers and orphans. Although the demand for Public Trustee services is very high and cuts across all counties in Kenya, the OAG&DOJ has only managed to decentralize the services to 12 counties. The Department, in compliance with the requirement by the Constitution to make its services accessible to all Kenyans by decentralizing its services, is at an advanced stage

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of operationalizing an additional office in Kericho. Plans are also underway to decentralize services to all the 47 Counties in Kenya.

The Public Trustee is committed to developing and implementing innovative ways of service delivery to enhance client outcomes, improve systems and processes and build staff capacity. However, due to inadequate budgetary allocation, the automation of Public Trustee services did not take off during the year under review. The next phase of Public Trustee's development includes automation and continuous improvement as we focus on continual business improvement and customer focus. In this regard, investment in our digital strategy will become increasingly important over the next three years.

We also maintain open communication with our clients to obtain feedback regarding the standard of services we provide. As a result, our clients are benefitting from efficient communication; improved systems and processes and stronger transparency and accountability. We are looking forward to continuing our client-centric journey of excellence and to realising our vision of being a trustee of choice in administration of trusts and estates.

It is my pleasure to present the Annual Report for the year ended 30th June, 2023. The Statement of cash flow reflects cash and cash equivalents of Kshs. 4,218,417,516.00 for the year 2022/2023 while in the year 2021/2022 it was Kshs. 4,608,766,739.00. This variance was as a result of purchase of Treasury Bills towards the end of the year under review. The Department achieved a surplus of Kshs. 174,363,388.00 for the financial year under review compared with a surplus of Kshs. 89,104,457.00 for the 2021/2022 financial year.

Factors contributing to the results were:

- Total revenue from activities increased marginally during the year under review.
- The interest accrued on Treasury Bills increased during the year.
- Corporate investments increased marginally resulting to higher interest received during the year.



Lucy W. Mugo

Ag. Head Public Trustee

Date: 29/11/2023

Public Trustee of Kenya
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5. CORPORATE GOVERNANCE STATEMENT

The Office of the Public Trustee is established under the Public Trustee Act Cap 168 Laws of Kenya and operates as a Department in the Attorney General's Office. The Public Trustee offers services of a specialized nature which involve identification and collection of assets, identification of beneficiaries, management and subsequent transmission of both movable and immovable property either as an estate or a trust within the established legal framework. The Public Trustee also acts as the Registrar of Wills.

Vision

To be the trustee of choice through service excellence.

Mission

To provide efficient and professional legal services in administration of estates and trusts.

Values

In delivering this mandate, we shall be guided by and informed by our belief and commitment to the following values;

- Respect for people and their dignity,
- Duty of care to customers,
- Integrity,
- Teamwork,
- Honesty,
- Impartiality, inclusiveness and diversity.

Mandate of the Department

The Department's mandate can be summed up as follows:

- a) Administration of Estates under the Public Trustee Act Cap 168
- b) Administration of Trusts under the Public Trustee Act Cap 168
- c) Administration of Trusts under the Trustee Act Cap 167
- d) Custodian of property of missing persons;

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- e) Acting as a Public Guardian or Conservator;
- f) Acting as a Registrar of Wills.

The Public Trustee is committed to achieving and demonstrating the highest standards of corporate governance. During the year under review, the Department managed beneficiary's funds in the sum of Kenya Shillings 6,754,609,324.

The Management Team

The acting Public Trustee is assisted by four (4) Chief State Counsel and an Assistant Accountant General who are responsible for the day to day fund management. The management team comprises graduates from various universities recognized in Kenya. They maintain their professional development, knowledge and skills through training in corporate governance and other critical areas.

Some of the key opportunities for improvement over the next twelve months include a continuation of our client service focus training for the management team and other employees on mediation, integrity and ethics; accountability; client care; problem solving; and decision making.

Investment Committee

The Public Trustee manages beneficiary funds. It has established an Investment Committee which has responsibility over investment matters to ensure that appropriate investment decisions are made. The Public Trustee (Amendment) Act 2018 has however provided for establishment of a Public Trustee Investment Board. Members of the Board shall comprise;

- (a) The Solicitor-General as the Chairperson;
- (b) the person for the time being in-charge of public investment and portfolio management at the ministry responsible for matters relating to finance or a designated representative;
- (c) one advocate having at least ten years' experience nominated by the Law Society of Kenya;
- (d) three persons with knowledge and at least fifteen years' experience in matters relating to finance, economics and investments -one of whom shall be of opposite gender from the other two; not being public officers; and not being full time employees or directors of a public company; and
- (e) the Public Trustee.

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The establishment of the Board is an enhancement of the existing governance structures to safeguard the beneficiaries' fund.

**STATEMENT OF PUBLIC TRUSTEE PERFORMANCE AGAINST
 PREDETERMINED OBJECTIVES FOR FY 2022/2023**

Strategic Pillar/theme /issue	objective	Key performance indicators	Activities	Achievements
Improved collaboration and linkages with partners in administration of estates and trusts	Hold consultative and collaboration meetings with Ex-Officio agents in 42 Sub Counties to sensitize them on their powers and legal obligations under the law and sensitize them on the amended Public Trustee Act	No of meetings with ex-officio agents	<ul style="list-style-type: none"> • Develop guidelines • Hold consultative forums • Benchmark for best practices 	42 meetings with ex-officio agents held
Decentralization of services	Enhance access of services by the public in line With Article 6(3) of the Constitution	Increased access of Public Trustee services by the public	<ul style="list-style-type: none"> • Conduct feasibility study • Establish functional offices in the counties with capacity to undertake all mandate areas of the OAG&DOJ. 	Public Trustee Office established in Kericho
Draw and submit Public Trustee annual financial statement in compliance with	Compliance with statutory requirements Enhance accountability	Annual Accounts drawn and submitted	<ul style="list-style-type: none"> • Draw and submit Public Trustee annual financial 	Public Trustee annual financial statement Prepared and

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the Public Finance Management Act by 30 th September 2022			statement in compliance with the Public Finance Management Act by 30 th September 2022	submitted on 30 th September 2022
Raise revenue in the sum of Kshs. 60.5 Million	Enhance revenue collection	Amount of revenue collected	<ul style="list-style-type: none"> • Finalize estates and trusts • Monitor revenue collection by head office and regional offices • Monitor revenue collection and filing of returns by Ex-Officio agents of the Public Trustee 	Revenue collected in the sum of Kshs. 71.1 Million
Undertake quality Assurance Audits of all regional offices namely: Malindi, Mombasa, Machakos, Embu, Nyeri, Nakuru, Eldoret, Kakamega, Kisii, Kisumu, Garissa and Meru	Enhancement of good governance	No. of regional offices evaluated	Prepare a program for office inspection Undertake quality Assurance Audits of all Public Trustee regional offices	12 regional offices evaluated

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Create awareness to Assistant County Commissioners and Deputy County Commissioners - on the law of succession and the role of the Public Trustee	Enhanced awareness on the law of succession and the role of the Public Trustee	, Assistant County Commissioners and Deputy County Commissioners sensitized	Prepare a program for public awareness Develop and disseminate guidelines Undertake sensitization	42 agents Sensitized
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6. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Public Trustee is committed to environmental sustainability for-intra and intergenerational equity and was involved in afforestation in Ngong Forest.

The Office of the Public Trustee is by its own existence a social responsibility of the government to the community. In accordance with the provisions of the Public Trustee Act, the responsibility of the Public Trustee to administer estates and trusts is a community service by the Government. Public Trustee fees charged is not commensurate with the work done.

The Public Trustee gives free legal advice and creates awareness on law of succession and trusteeship to enable the public to pursue inheritance rights. During the period under review, the Public Trustee gave free legal advice to members of the Public in Wajir, Nyeri, Nakuru and Thika on their inheritance rights.

7. MANAGEMENT DISCUSSION AND ANALYSIS

Organization of the Department

The Office of the Public Trustee is established under the Public Trustee Act Chapter 168 of the Laws of Kenya and operates under the Office of the Attorney-General and Department of Justice.

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The Department has established regional offices in Kisumu, Malindi, Mombasa, Kakamega, Embu, Nyeri, Kisii, Machakos, Garissa, Meru, Eldoret and Nakuru with a staff strength of 192 officers.

Sections

The Department is divided into 7 core Sections, notably, Administration of Estates, Litigation, Conveyancing, Administration of Trusts, Finalization of estates, Accounts and Property Management to discharge its mandate effectively.

County and Deputy County Commissioners administer estates of deceased persons whose gross value is Kshs 100,000/= and below as *ex-officio* agents of the Public Trustee as provided for by the Public Trustee Act cap 168 laws of Kenya. The Public Trustee plays an oversight role as the principal to reduce the risk of exposure to liabilities.

The Office trains the *ex-officio* agents; issues them with guidelines and instructions from time to time; and undertakes monitoring and evaluation of service delivery to inform recommendations for continual improvement.

Financial performance of the organization

In the year 2022/2023 total revenues amounts to Kshs. 731,976,993.00 compared to Kshs. 671,029,808.00 for 2021/2022 financial year. This was attributed to interest received from investment in treasury bills which matured during the year. The Office finalized administration of 3642 Estates and Trusts and disbursed Kshs 2.8 billion in 2022/23 financial year, while in the year 2021/2022, 3843 Estates and Trusts were finalised and ksh 3.2 billion disbursed to the beneficiaries' who includes widows, widowers and young persons.

Major projects under implementation

The Office of the Public Trustee is committed to continual improvement in service delivery. Towards this end, the Office is in the process of implementing the following major projects.

Automation of Services

The Office has embraced Information Communications Technology (ICT) and is in the process of automating services by way of developing a Public Trustee Business Process Management System

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(PTBPMS) to replace manual operations in order to cope with increasing demand for accountability and efficiency by the public. The development of the PTBPMS is being undertaken in collaboration with the ICT Department in OAG & DOJ and Ministry of ICT and Digital Economy. It is expected that eventually, the PTBMS will be web-based to facilitate access to information by the Public through the internet.

Decentralization

The OAD&DOJ as a national institution has an obligation to ensure reasonable access to its services in all parts of the Republic as required by Article 6(3) of the Constitution. The administration of estates and trusts by its nature is public facing and trustee services are sought after across the Country. As the Office progresses in the implementation of its decentralisation agenda to the 47 counties, the public will access trustee services through *ex-officio* agents of the Public Trustee notably; County Commissioners/Deputy County Commissioners in the Counties and Sub-Counties where no Public Trustee Offices have not been established.

Challenges / risks facing the Public Trustee

The effective service delivery has been impeded by the following challenges;

1. **Limited access to Public Trustee services in the counties.** The few existing Public Trustee Offices in the counties serve a small fraction of the Kenyan population. Efforts to decentralize further have been hampered by lack of funding.
2. **Inadequate Budgetary Allocation** – The Department has 13 Offices and a high volume of clients and high value base of assets. The budgetary allocation particularly for Regional Offices barely meets their requirements.
3. **Lack of digitization of records and inadequate ICT infrastructure** –Public Trustee records are still manual. As a result, officers are expected to work long hours due to challenges in access, retrieval and extraction of information.
4. **Shortage of Accountants** - The Director General Accounting Services and Quality assurance is the administrator of the scheme of service for accountants and therefore manages deployment and transfers of accountants. The Department continues to lose accountants through ministerial transfers and natural attrition without replacements. Consequently, accounting services over a long period of time have been adversely affected.

Public Trustee of Kenya
Annual Report and Financial Statements for Financial Year Ended 30th June, 2023

8. REPORT OF THE PUBLIC TRUSTEE

The Public Trustee submits this report together with the financial statements for the year ended June 30, 2023 showing the performance and financial status of the Public Trustee.

PRINCIPAL ACTIVITIES

Through administration of estates and trusts, the Public Trustee discharges a constitutional mandate of addressing the needs of children, orphans, widows and widowers identified by the Constitution as vulnerable, weak and marginalized by taking cognizance of the social, economic and cultural realities affecting them.

Principal activities include;

- Administration of Estates under the Public Trustee Act Cap 168
- Administration of Trusts under the Public Trustee Act Cap 168
- Administration of Trusts under the Trustee Act Cap 167

RESULTS

Pursuant to the PFM Act and the Public Trustee Act, I hereby submit the Annual Report for the year ended June, 30, 2023.

The Report is a concise account of collective efforts, achievements and performance in delivering accessible, affordable and timely trustee services to the people of Kenya. The Office remains committed to delivering services in accordance with the highest standards with an organisational culture of dignity and respect for all. The financial statements for the year ended June 30, 2023 are set out on pages' numbers 1 through 16.

APPRECIATION

The Public Trustee has managed to execute its fiduciary mandate thanks to a strong partnership between the management team and a dedicated staff. My appreciation goes to all members of staff who have worked round the clock to make a difference in the lives of our clientele.

The Public Trustee would also like to acknowledge the tremendous contribution of our *ex-officio* agents and other stakeholders in the discharge of the mandate of the office.

The Office has also received a lot of support from the top management in the Office of the Attorney General and Department of Justice and in particular the Honourable Attorney General and the Solicitor General.

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9. STATEMENT OF PUBLIC TRUSTEE'S RESPONSIBILITIES

Section 81(1) of the Public Finance Management Act, 2012 requires the Public Trustee to prepare financial statements, which give a true and fair view of the state of affairs at the end of the financial year and the operating results for the year. The Public Trustee is also required to ensure that proper accounting records which disclose with reasonable accuracy the financial position are kept. The Public Trustee is also responsible for safeguarding the beneficiary assets.

In this regard, the Public Trustee is responsible for;

- (i) maintaining adequate financial management policies and ensuring that these continue to be effective throughout the reporting period;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) safeguarding the assets;
- (v) selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Public Trustee accepts responsibility for the financial statements, which have been prepared on the Accrual Basis method of Financial Reporting, using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in accordance with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act. The Public Trustee is of the opinion that the financial statements give a true and fair view of the state of its transactions during the financial year ended 30th June, 2023, and of its financial position as at that date.

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The Public Trustee further confirms the completeness of the accounting records maintained, which have been relied on in the preparation of the financial statements as well as the adequacy of the systems of internal financial controls.

The Public Trustee is of the opinion that the office will remain a going concern for at least the next twelve months from the date of this statement.

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Public Trustee on 29th November 2023 and signed by:



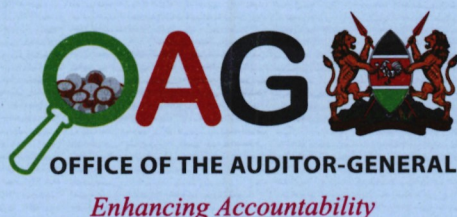
Lucy W. Mugo
Ag. Head Public Trustee
Date: 29.11.2023



CPA, Antony M Gilbert
Assistant Acc. General,
ICPAK NO 8251
Date: 29.11.23

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON PUBLIC TRUSTEE OF KENYA FOR THE YEAR ENDED 30 JUNE, 2023

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 the 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 Public Trustee of Kenya as set out on pages 1 to 16, which comprise the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets and statement of cash flows 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 Public Trustee of Kenya as at 30 June, 2023, 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 and the Public Trustee Act, Cap 168 of the Laws of Kenya.

Basis for Qualified Opinion

1. Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.4,218,417,516 as disclosed under Note 11 to the financial statements. As previously reported, review of the bank reconciliations statements for the Public Trustee Administration for the cash and cash bank statements not in cash books held at the headquarters revealed receipts in bank statements not in cash books of Kshs.36,251,154 which include long outstanding receipts totalling to Kshs.13,069,357 as at 30 June 2023.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.4,218,417,516 could not be confirmed

2. Deposits

As previously reported, the statement of financial position reflects deposits balance of Kshs.108,381,817 as disclosed in Note 14 to the financial statements. Included in the balance is an amount of Kshs.72,000,000 held at Imperial Bank Limited. The bank was placed under receivership by the Central Bank of Kenya on 13 October, 2015 and the Kenya Deposit Insurance Corporation appointed as receivers.

However, Imperial Bank Limited (In Receivership) informed the Public Trustee of Kenya through a letter dated 07 July, 2021 that an amount of Kshs.4,072,732 had been transferred to the Kenya Commercial Bank for transmission to the Public Trustee of Kenya leaving a balance of Kshs.67,927,268 held at Imperial Bank Limited. Although, the transfer was confirmed by the Kenya Deposit Insurance Corporation, the amount of Kshs.4,072,732 had not been remitted to the Public Trustee of Kenya as of 30 June, 2023. Therefore, recoverability of the balance of Kshs.67,927,268 held at Imperial Bank Limited remains doubtful.

In the circumstances, the accuracy and existence of deposits balance of Kshs.108,381,817 could not be confirmed.

3. Investments

As reported in the previous year, the statement of financial position reflects a balance of Kshs.230,704,509 under investments which, as disclosed in Note 15 to the financial

statements, includes an amount of Kshs.142,642,106 described as deposits in financial institutions under the management of the Kenya Deposit Insurance Corporation (KDIC) and the Official Receiver. However, no sufficient explanation was provided for failure to seek refund of the dormant deposits.

Further, the dormant deposits of Kshs.142,642,106 includes investments totalling Kshs.29,693,938 held in two (2) financial institutions as detailed below:

Institution	Managing Institution	Investment Balance (Kshs.)
Central Finance Kenya Limited	Kenya Deposit Insurance Corporation (KDIC)	22,750,356
Allied Credit Limited	Kenya Deposit Insurance Corporation	6,943,582
Total		29,693,938

The two financial institutions were placed in liquidation on 19 May, 1993 and 19 August, 1993, respectively when the Central Bank of Kenya appointed the Deposit Protection Fund Board as the liquidator. Subsequently, the liquidator applied for release due to lack of funds but since no objection had been raised at the expiry of 21 days' notice inviting the creditors to inspect the final accounts, the process of winding up continued.

The winding up and dissolution of the Central Finance Kenya Limited and the Allied Credit Limited was completed on 13 September, 2012 and 15 November, 2007, respectively when the Court ordered for the release of the Liquidator and a certificate of release was granted. The Kenya Deposit Insurance Corporation communicated this decision to the Public Trustee on 8 April, 2019 stating that the balances held in their account could not be paid since the institutions had been dissolved indicating doubt in its recoverability and therefore loss of funds.

In the circumstances, the accuracy and existence of the balance of Kshs.230,704,509 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Public Trustee of Kenya 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.

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, I confirm that, nothing 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

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 Internal Controls, Risk Management and Governance, 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. Failure to Automate Beneficiaries Financial Records

As previously reported, review of financial records and business processes revealed that the Public Trustee of Kenya maintained its records in a manual form and had over 50,000 ledgers and average annual disbursement of Kshs.3,000,000,000 to beneficiaries in the Headquarters and twelve (12) regional offices. However, the records had aged over the years despite reasonable precautions to guard against damage and the task of updating them was challenging.

In the circumstances, the Public Trustee did not perform periodic risk assessments in relation to beneficiaries' financial records to identify threats, assess vulnerability, and design automated systems that could help in keeping up to date beneficiaries financial records.

2. Understaffing of Key Staff Positions

As previously reported, the Public Trustee of Kenya has its operation at the headquarters and twelve (12) regional offices with operational bank accounts and other accounting records for estates. However, review of the staffing revealed that the Headquarters has two accountants against the required number of five accountants and five (5) regional offices, which includes Nyeri, Kisumu, Garissa, Meru and Eldoret, have accountants in

service while the other eight (8) regions did not have accountants after the previous ones exited from service without replacement.

Further, three posts of records management staff were vacant as of 30 June 2023 and three (3) clerical officers who were experienced in Public Trustee operations were re-designated and subsequently transferred without being replaced which result to excess workload on the existing staff who are forced to work long hours.

This compromised maintenance of effective internal control measures and posted the risk of error and misstatements in the accounting records.

3. Lack of an Operational and Approved Enterprise Risk Management Strategy

As previously reported, the audit observed that Management did not have an operational and approved enterprise risk management strategy contrary to the provisions of Regulation 165(1) of the Public Finance Management (National Government) Regulations, 2015, which requires heads of public institutions to develop risk management strategies, which include fraud prevention mechanism and a system of risk management and internal control that build robust business operations.

In the circumstances, the policies, strategies and procedures put in place to assess, identify, measure, prioritize and mitigate risks in the Public Trustee of Kenya could not be confirmed.

4. Management of the Public Trustee Agents Activities

Review of the Public Trustee records revealed that fees collected by the ex-official agents were deposited directly to the revenue collection account of State Law Office. However, surrenders of revenue collected were not made available to the Public Trustee. Further, the returns about the value of estate administered and balances in the books of accounts are not made available to the Public Trustee of Kenya regularly.

In the circumstances, failure to account for revenue collected affect planning and follow-up on the ex-official agents of the Public Trustee of Kenya.

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 Public Trustee'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 Public Trustee or to cease its 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 manner.

Those charged with governance are responsible for overseeing the Public Trustee's financial reporting process, reviewing the effectiveness of how Management 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 overall 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 overall 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 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 Public Trustee's ability 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 Public Trustee 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 Public Trustee 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.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

08 January, 2024

Public Trustee of Kenya
Annual Report and Financial Statements for Financial Year Ended 30th June, 2023

11. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE, 2023

	Note	2022/2023 KSHS	2021/2022 KSHS
Revenue			
Income From Exchange Services			
Public Trustee Fees	4(a)	71,555,419	76,135,938
Income From Non-Exchange Services			
Finance income- External Investments			
Interest earned from investment in Treasury Bills & Deposits	5(a)	171,275,009	89,745,907
Interest received on current Account	6	267,500,848	334,623,479
Other income	7	1,648,886	2,411,409
Finance income- outstanding receivables			
Accrued interest on Treasury bills & Deposits	8	219,996,831	168,113,075
Total revenue		731,976,993	671,029,808
Expenses			
Administrative Expenses	9	24,314,523	19,697,775
General Expenses	10	6,779,045	5,911,000
Total Expenses		31,093,568	25,608,775
Surplus/(Deficit) before appropriation		700,883,425	645,421,033
Public Trustee Fees		71,555,419	76,135,938
Interest paid Less of Provision	5(c)	(85,404,129)	(46,419,618)
Provision for interest due to beneficiaries	17	540,368,746	526,600,256
Surplus/(Deficit) after appropriation		174,363,388	89,104,457

The notes set out on pages 6 to 16 form an integral part of the Financial Statements

Lucy W. Mugo
Ag. Head Public Trustee
Date: 29/11/2023


CPA Antony M Gilbert
Assistant Acc. General
ICPAK.NO: 8251
Date: 29-11-2023

Public Trustee of Kenya
Annual Report and Financial Statements for Financial Year Ended 30th June, 2023

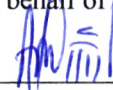
12. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2023

		2022/2023		2021/2022
		KSHS		KSHS
Current Assets				
Cash and Cash Equivalents	11	4,218,417,516		4,608,766,739
Receivable from Non Exchange Transactions				
Treasury Bills	12	5,481,916,475		4,780,167,100
Interest Receivable	13	219,996,831		169,786,075
Total Current Assets		9,920,330,822		9,558,719,914
Non-Current Assets				
Deposits	14	108,381,817		109,400,000
Investments	15	230,704,509		231,159,644
Total Non-Current Assets		339,086,326		340,559,644
Total Assets		<u>10,259,417,148</u>		<u>9,899,279,558</u>
Non-Current Liabilities				
Beneficiaries Fund	16(a)	6,754,609,324		6,582,503,201
Interest provision due to beneficiaries	17	540,368,746		526,600,256
Beneficiaries Fund		7,294,978,070		7,109,103,457
Total Liabilities		7,294,978,070		7,109,103,457
Other Assets				
Accumulated Surplus		2,790,075,691		2,701,071,644
Surplus/(Deficit)for the Year		174,363,388		89,104,457
Total Net Assets		2,964,439,079		2,790,176,101
Total Net Assets and Liabilities		<u>10,259,417,148</u>		<u>9,899,279,558</u>

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Public Trustee by:



 Lucy W. Mugo
 Ag. Head Public Trustee
 Date: 29/11/2023

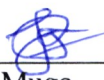


 CPA Antony M. Gilbert
 Assistant Acc. General
 ICPAK.NO: 8251
 Date: 29/11/2023


Public Trustee of Kenya
Annual Report and Financial Statements for Financial Year Ended 30th June, 2023

13. STATEMENT OF CHANGE IN NET ASSETS FOR YEAR ENDED 30TH JUNE, 2023

	2022/2023		2021/2022
	KSHS		KSHS
Balance as at 1st July 2022	2,790,176,101		2,701,071,644
Prior year adjustment	(100,410)		
Sub Total	2,790,075,691		
Surplus/(Deficit)for the period	174,363,388		89,104,457
Balance as at 30th June 2023	<u>2,964,439,079</u>		<u>2,790,176,101</u>



 Lucy W. Mugo
 Ag. Head Public Trustee
 Date: 29/11/2023



 CPA Antony M Gilbert
 Assistant Acc. General
 ICPAK.NO: 8251
 Date: 29/11/23


Public Trustee of Kenya
Annual Report and Financial Statements for Financial Year Ended 30th June, 2023

14. STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30TH JUNE 2023

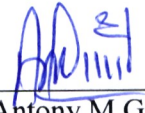
	Notes	2022/2023	2021/2022
		KSHS.	KSHS.
Cash Flow From Operating Activities			
Receipts			
Other Income	7	1,648,886	2,411,409
Total Receipts		1,648,886	2,411,409
Payments			
Administrative Expenses	9	24,314,523	19,697,773
General Expenses	10	6,779,045	5,911,000
Total Payments		31,093,568	25,608,775
Net cash flow from operating activities		<u>(29,444,682)</u>	<u>(23,197,366)</u>
Cash Flow From Investing Activities			
Receipts			
Interest received from investment in treasury bills & deposits	5(b)	341,061,084	236,861,907
Interest received from current accounts	6	267,500,848	334,623,479
Increase/(Decrease) in treasury bills	12	(701,749,375)	385,166,900
Increase/(Decrease) in investments	15 (b)	354,725	—
Increase/(Decrease) in Deposits		1,018,183	—
Net Cash flow from investing activities		<u>(91,814,536)</u>	<u>956,652,286</u>
Cash flow from financing activities			
Receipts			
Receipts from administration account	16(b)	2,777,112,457	3,076,076,867

Public Trustee of Kenya
Annual Report and Financial Statements for Financial Year Ended 30th June, 2023

Receipts from trust account	16(b)	216,190,904	218,790,000
Total receipts from financing activities		<u>2,993,303,361</u>	<u>3,294,866,867</u>
Payments			
Advances and final dues administration account	16(c)	2,667,742,338	3,081,186,666
Advances and final dues trust account	16(c)	153,454,900	217,860,000
Interest paid	16(d)	441,196,128	355,580,382
Total payments		3,262,393,365	3,654,627,048
		<u>(269,090,005)</u>	<u>(359,760,181)</u>
Net cash inflows from financing activities			
Net increase(decrease) in cash and cash equivalents		(390,349,222)	(573,694,739)
Cash and cash equivalents as at 1st July 2022		4,608,766,739	4,035,072,000
Cash and cash equivalents as at 30th June 2023		4,218,417,517	4,608,766,739



 Lucy W. Mugo
 Ag. Head Public Trustee
 Date: 29/11/2023



 CPA Antony M Gilbert
 Assistant Acc. General
 ICPAK.NO: 8251
 Date: 29.11.23

15. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Public Trustee is established under the Public Trustee Act (Chapter 168 Laws of Kenya). It operates within the organizational framework of the Department of the Administrator-General in the Office of the Attorney-General and Department of Justice.

2. Statement of Compliance and Basis of Preparation

The Public Trustee financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Republic of Kenya. The accounting policies 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.

3. Summary of Significant Accounting Policies

a) Revenue Recognition

(i) Revenue from Non-Exchange Transactions

- **Public Trustee Fees**

Public Trustee recognizes revenues from fees upon and after finalization of estates and termination of trusts and also after the asset recognition criteria are met. 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.

- **Transfers from other Government Entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. However, during the year, Public Trustee did not have such revenue.

Public Trustee of Kenya
Annual Report and Financial Statements for Financial Year Ended 30th June, 2023

(ii) Revenue from exchange transactions

• **Interest income**

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 main source of interest is Treasury Bills. Public Trustee also earns interest from current account and fixed deposits.

b) Taxes

Public Trustee main source of income is interest from Treasury Bills and fixed deposits from various financial institutions of which withholding tax is charged at source.

c) Financial instruments

Financial assets:

• **Treasury Bills**

Public Trustee invests on Treasury Bills due to their nature in terms of risk (risk free). It therefore recognizes Treasury Bills whose maturity date falls beyond the end of the financial year being reported on. These Treasury Bills are recognized as a current asset and are quoted at face value less withholding tax and interest.

• **Deposits**

Fixed deposits held with various banks are reported under non-current assets and recognized as assets. These deposits are stated at the recoverable amounts. Accrued interest (interest receivable) on Treasury Bills, current accounts and fixed deposits is also recognized as a current asset pro rata.

Deposits held in financial institutions under the management of Kenya Deposit Insurance Corporation include institution under liquidation and also those wound up awaiting approval to write off the unrecoverable amount.

d) Provisions for Interest due to beneficiaries

Public Trustee invests in Treasury Bills. The interest earned is distributed among the various estates and trusts. The rate of provision is determined by the prevailing interest rates on Treasury Bills in the year under review which constitutes more than 99% of the total Public Trustee investments. During the financial year under review, the Treasury Bills earned an average interest rate of eight point five percent. The interest distributed in the year was at eight per cent. The variance was caused by withholding tax deducted and money on call which cannot be invested because it should be available for payment to beneficiaries on demand.

Public Trustee of Kenya
Annual Report and Financial Statements for Financial Year Ended 30th June, 2023

e) Contingent Liabilities

Public Trustee did not have a contingent liability in the year under review, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

f) Contingent Assets

Public Trustee did not have a contingent asset in the year under review, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within its control in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

g) Nature and Purpose of Reserves

The Public Trustee creates and maintains reserves in terms of specific requirements such as interest to beneficiaries, statutory requirements and any other contingent liabilities.

h) Changes in Accounting Policies and Estimates

Public Trustee has recognized the effects of changes in accounting policy retrospectively. We have therefore adopted the accrual basis of accounting for the year ended June 30th 2023 as well as the preceding financial year (year ended June 30th 2022) for comparative purposes.

In order to make the financial statements more concise and clear, we have consolidated expenditure into two classes whose details are now presented in the notes. This has no effect on the financial performance and position.

i) Cash and cash equivalents

Cash and cash equivalents comprise bank account balances. Bank account balances include amounts held in various commercial banks at the end of the financial year.

Subsequent events

There have been no events subsequent to the end of the financial year with a significant impact on the financial statements for the year ended June 30th, 2023.

Public Trustee of Kenya
Annual Report and Financial Statements for Financial Year Ended 30th June, 2023

4. (a) Public Trustee Fees

Public Trustee fees are a statutory charge for the administration of Estates and Trusts Estates. Fees are charged on finalized Estates and Trusts, and remitted to the State Law office revenue account.

Summary of revenue raised as per table below:

Details	2022/2023	2021/2022
	Kshs	Kshs
Administration- Nairobi	7,438,865	11,271,433
Trust Estates-Nairobi	11,320,915	11,004,329
Nakuru- Administration	6,518,968	5,512,614
Nyeri- Administration	5,779,398	5,518,577
Machakos-Administration	9,053,073	8,333,571
Malindi- Administration	1,294,295	577,502
Mombasa- Administration	4,934,407	5,600,126
Embu- Administration	1,999,052	2,961,091
Eldoret- Administration	3,488,634	5,522,532
Kakamega- Administration	7,235,699	8,150,864
Kisii- Administration	5,775,614	4,522,641
Kisumu- Administration	5,964,011	6,604,699
Garissa- Administration	453,345	282,083
Meru- Administration	299,153	273,876
Total	<u>71,555,419</u>	<u>76,135,938</u>

4.(b). Public Trustee fee –Ex officio Agents

Public trustee fees collected by Deputy County Commissioners and deposited directly to State law Office revenue collection account at KCB Bank was Kshs.473,283.50

5. (a). Interest earned from investment in Treasury Bills & Deposits

Account	2022/2023	2021/2022
	Kshs	Kshs
Public Trustee Administration Account	239,378,700	153,874,640
Public Trustee Trust Estates	44,176,200	35,521,500
Public Trustee Investment	32,255,800	25,341,900
Public Trustee Sundry	19,788,000	19,372,340
Interest on Deposit	5,462,384	2,751,507
Total	<u>341,061,084</u>	<u>236,861,907</u>
Less: Receivable	169,786,075	147,116,000
Total	<u>171,275,009</u>	<u>89,745,907</u>

Public Trustee of Kenya
Annual Report and Financial Statements for Financial Year Ended 30th June, 2023

b). Interest received from investment in Treasury Bills and Deposits

Accounts	2022/2023	2021/2022
	Kshs	Kshs
Public Trustee Administration Account	239,378,700	153,874,650
Public Trustee Trust Estates	44,176,200	35,521,500
Public Trustee Investment	32,255,800	25,341,900
Public Trustee Sundry	19,788,000	19,372,350
Sub total	335,598,700	234,110,400
Interest on Deposit	5,462,384	2,751,507
Total	341,061,084	236,861,907

c). Interest Paid Less of provision

Details	2022/2023	2021/2022
	Kshs	Kshs
Interest Paid	441,196,127	355,580,382
Interest Provision to Beneficiaries Fy 2021/2022	526,600,255	402,000,000
Total	(85,404,129)	(46,419,618)

6. Interest Received on Current Account

Accounts	2022/2023	2021/2022
	Kshs	Kshs
Public Trustee Administration Accounts	199,607,720	249,184,598
Public Trustee Trust Estate Account	61,152,084	77,360,195
Public Trustee Investment Income Account	3,573,413	4,438,721
Public Trustee Sundry Expenses Account	3,167,630	3,639,965
Total	267,500,848	334,623,479

Public Trustee of Kenya
Annual Report and Financial Statements for Financial Year Ended 30th June, 2023

7. Other Income

Details	2022/2023	2021/2022
	Kshs	Kshs
Public Trustee Administration account	1,326,485	2,008,909
Public Trustee Trust account	322,400	402,500
Total	1,648,886	2,411,409

8. Accrued Interest on Treasury Bills and deposits

Details	2022/2023	2021/2022
	Kshs	Kshs
Interest receivable on deposits	921,248	1,117,305
Interest receivable on treasury bills	219,075,583	166,995,770
Total	<u>219,996,831</u>	<u>168,113,075</u>

9. Administrative Expenses

Details	2022/2023	2021/2022
	KSHS	KSHS
Daily Subsistence Allowance	9,268,560	7,171,620
Community sensitization	7,486,120	6,927,940
Field services	6,959,700	5,218,660
Sub total	23,714,380	19,318,220
Financial Cost	600,143	379,555
Total	<u>24,314,523</u>	<u>19,697,775</u>

10. General Expenses

Details	2022/2023	2021/2022
	Kshs	Kshs
Hospitality Supplies and Services	5,584,040	2,566,140
Repairs and Maintenance	0	1,035,120
Printing, Postages, and courier	1,195,005	2,309,740
Total	<u>6,779,045</u>	<u>5,911,000</u>

Public Trustee of Kenya
Annual Report and Financial Statements for Financial Year Ended 30th June, 2023

11. Cash and cash equivalents

Accounts	2022/2023	2021/2022
	Kshs	Kshs
Public Trustee Administration- Account	3,005,659,356	3,247,804,408
Public Trustee Trust Estates	907,201,012	838,063,588
Public Trustee Investment Account	162,262,739	264,138,696
Public Trustee Sundry Expenses Account	143,294,409	258,760,047
Total	<u>4,218,417,516</u>	<u>4,608,766,739</u>

12. Treasury Bills

Accounts	2022/2023	2021/2022
	Kshs	Kshs
Public Trustee Administration- Account	3,957,149,950	3,160,621,300
Public Trustee Investment Account	190,743,500	483,510,000
Public Trustee Trust Account	643,100,150	555,823,800
Public Trustee Sundry Expenses Account	690,922,875	580,212,000
Total	<u>5,481,916,475</u>	<u>4,780,167,100</u>

13. Interest receivable

Details	2022/2023	2021/2022
	Kshs	Kshs
Interest receivable on deposits	921,248	2,790,305
Interest receivable on treasury bills	219,075,583	166,995,770
Total	<u>219,996,831</u>	<u>169,786,075</u>

14. Deposits

Details	2022/2023	2021/2022
	Kshs	Kshs
Public Trustee Administration Account	32,750,000	32,750,000
Public Trustee Investment Income Account	70,231,817	71,250,000
Public Trustee Trust Estates Account	5,400,000	5,400,000
Total	<u>108,381,817</u>	<u>109,400,000</u>

Public Trustee of Kenya
Annual Report and Financial Statements for Financial Year Ended 30th June, 2023

15. Investment

Investments refers to deposits held with various financial institutions which were converted into non-cumulative preference shares, ordinary shares and deposits with financial institutions under the management of the Kenya Deposit, Insurance Corporation and The Official Receiver.		
	2022/2023	2021/2022
Details	Kshs	Kshs
Consolidated bank of Kenya Ltd 2,420,000 4% non-cumulative preference shares of Kshs 20@	48,400,000	48,400,000
Consolidated bank of Kenya Ltd 660,000 ordinary shares of Kshs 20@	13,200,000	13,200,000
Kingdom bank Ltd 25,126 ordinary shares of Ksh 1,000@	25,126,000	25,126,000
Trust Bank Ltd 415,761 ordinary shares of Kshs 5@ at a discounted rate of Kshs 4	1,336,403	1,336,403
Sub-total	<u>88,062,403</u>	<u>88,062,403</u>
Deposits- financial institutions under the management of Kenya Deposit, Insurance Corporation and Official Receiver.	142,642,106	144,097,597
Liquidation of Deposits- Thabiti Finance Co. ltd (Note 18)	-	(1,000,356)
Total	<u>230,704,509</u>	<u>231,159,644</u>

16. (a) Beneficiary Fund

Analysis	2022/2023	2021/2022
	Kshs	Kshs
Public Trustee Trust estate account	1,060,109,578	997,373,574
Add: Provision for the Year	84,808,766	79,789,886
Trust Estates Total Beneficiary fund	<u>1,144,918,344</u>	<u>1,077,163,460</u>
Public trustee Administration Account	5,694,499,746	5,585,129,627
Add: Provision for the year	455,559,980	446,810,370
Administration Total Beneficiary fund	<u>6,150,059,726</u>	<u>6,031,939,998</u>
Total Beneficiary Fund	<u>7,294,978,070</u>	<u>7,109,103,457</u>
Less: Provision for the year	540,368,746	526,600,256
Beneficiary Fund	<u>6,754,609,324</u>	<u>6,582,503,201</u>

The beneficiary fund of ksh.6,754,609,324 includes funds received in bank amounting to ksh36,251,153.75 whose beneficiaries details are yet to be received by the Public trustee.

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16.(b) Beneficiary Fund Receipts

	2022/2023	2021/2022
	Kshs.	Kshs.
Receipts		
Trust Estates	216,190,904	218,790,000
Administration Estates	2,777,112,456	3,076,076,867
TOTAL RECEIPTS	2,993,303,360	3,294,866,867

16.(c). Beneficiary Receipts and Payments

Details	2022/2023	2021/2022
	Kshs.	Kshs.
Opening Balance	6,582,503,201	6,586,683,000
Add: Total Receipt	2,993,302,360	3,294,866,867
Subtotal	9,575,806,561	9,881,549,867
Less Total Payments		
Advances and Final-Trust Estates	153,454,900	217,860,000
Advances and Final dues-Administration Estates	2,667,742,338	3,081,186,666
Sub Total	2,821,197,238	3,299,046,666
Closing Balance	6,754,608,324	6,582,503,201

16.(d). Interest Paid to Estates

MONTH	2022/2023	2021/2022
	Kshs.	Kshs.
July 2022	0	1,406,182
August 2022	619,786	4,948,658
September 2022	6,090,980	4,303,386
October 2022	6,636,881	4,892,136
November 2022	9,961,217	32,735,442
December 2022	6,927,384	59,659,050
January 2023	46,625,301	5,460,935
February 2023	6,819,393	7,181,142
March 2023	170,688,555	144,270,428
April 2023	31,109,205	12,679,077
May 2023	4,873,929	4,802,841
June 2023	150,843,496	73,241,105
TOTAL	441,196,127	355,580,382

Public Trustee of Kenya
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17. Provision due to beneficiaries –Interest

Details	2022/2023	2021/2022
	Kshs	Kshs
Public Trustee Administration Estates	455,559,980	446,810,370
Public Trustee Trust Estates	84,808,766	79,789,886
Total	<u>540,368,746</u>	<u>526,600,256</u>


The above provision of interest due to beneficiaries results from the interest earned from treasury bills within the year under review taking into consideration the reserves and Cash on call for payments to beneficiaries within the year. In the year under review, the provision for the interest to beneficiaries was eight percent.

18. Prior Year Adjustment

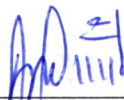
This relates to the adjustments for investment (Thabiti Finance Co. Ltd) under liquidated and erroneously treated as revenue under stated in previously.

19. Immovable Properties

Public Trustee does not own immovable properties.



 Lucy W. Mugo
 Ag. Head Public Trustee
 Date.....29/11/2023.....



 CPA Antony M Gilbert
 Assistant Acc. General
 ICPAK.NO: 8251
 Date.....29/11/2023.....

Public Trustee of Kenya
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APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor and management comments that were provided to the auditor. Public Trustee is following up various issues raised with a view to having them resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
526	Unsupported investments	The management appeared before the PAC and the recommendation was that management should seek approval to write off the deposit as a loss since its unrecoverable after the dissolution of central Finance Kenya Ltd and Allied Credit Ltd on 13th September 2012 and 15 th November 2007 respectively. A loss report for the balance of Kshs. 29,693,938 was prepared and the request has been forwarded to the National Treasury now awaiting treasury approval to write off the unrecoverable amount.	SOLICITOR GENERAL AND PUBLIC TRUSTEE	PARTIALLY RESOLVED	ON GOING
534	Deposits-Imperial Bank	The Public Trustee held deposits in the sum of Kshs. 85 Million in Imperial Bank (in liquidation). A sum of Kshs. 13 Million was paid through NIC bank on 28th December 2018 leaving an outstanding balance of Kshs. 72 Million. By a letter dated 7th July 2021, Imperial Bank (in receivership) confirmed that it had transferred a sum of Kshs. 4,072,732.10 to KCB payable to the Public Trustee as part payment as at 20th June 2020 after KCB Ltd assumed certain assets and liabilities of Imperial Bank Ltd. Out of a sum of Kshs. 4,072,732, KCB deposited Kshs. 1,018,183 to the Public Trustee Bank Account on 27th February 2023. The Office has written to KCB requesting for payment of the balance out of the total sum of Kshs. 4,072,732.10.	SOLICITOR GENERAL AND PUBLIC TRUSTEE	PARTIALLY RESOLVED	ON GOING

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.



Lucy W. Mugo
 Ag. Head Public Trustee
 Date: 27/11/2023