

REPUBLIC OF KENYA



*Enhancing Accountability*

THE NATIONAL ASSEMBLY  
PAPERS LAID

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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**SPORTS, ARTS AND SOCIAL DEVELOPMENT  
FUND**

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





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**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING  
30<sup>TH</sup> JUNE 2021**

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



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**Annual Reports and Financial Statements**  
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**■ KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

The Sports, Arts and Social Development Fund (SASDF) is established under Legal Notice No. 194, the Public Finance Management (Sports, Arts and Social Development Fund) Regulations, 2018. The mandate of SASDF is to provide funding to support the development and promotion of sports, arts, and the promotion of social development including universal health care.

The main source of funds for SASDF is proceeds from betting and lotteries under section 69(A) of the Betting, Lotteries and Gaming Act. Other sources include taxes levied under section 35 (5A) of the Income Tax Act and section 36 (5) of the Excise Duty Act, 2015, grants and donations and such other monies as may be appropriated by the National Assembly.

The Fund is located at Flamingo Towers, 7<sup>th</sup> Floor, Upper hill, Mara Road, Nairobi. It comprises of three main directorates namely: Programs and Linkages Directorate, Research, Planning and M&E Directorate and Corporate Services Directorate.

**(b) Principal Activities**

The mandate and purpose of the Fund as outlined in the PFM (Sports, Arts and Social Development Fund) Regulations 2018 is:

- i) Promote social development including universal health care;
- ii) Finance the development of sports and recreation facilities including stadia, gymnasiums, buildings, tracks;
- iii) Enhance support and access to funding for sportspersons and sports organizations to enable their participation in sporting events and competitions;
- iv) Facilitate acquisition and provision of equipment to sports and recreation facilities;
- v) Support for the identification, nurturing and development of talent in sports and arts;
- vi) Facilitate training and capacity building programmes for persons involved in sports and recreation, creative arts, artistic production, contemporary and cultural practitioners;
- vii) Facilitate the identification, development and capacity building of technical personnel and sports support personnel involved in sports and recreation;
- viii) Support for the promotion and development of artistic production of contemporary or cultural goods and services;
- ix) Facilitate the marketing and promotion of artistic productions and contemporary or cultural goods and services;

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- x) Support linkages with domestic, regional and international markets for sports, artistic productions and contemporary or cultural goods and services;
- xi) Facilitate for exhibition and promotion of contemporary or cultural artistic production of goods and services for national identity and pride;
- xii) Finance the acquisition, development and preservation of, among others, heritage sites, cultural centres, national monuments, tangible and intangible heritage and culture and heritage equipment and tools; and
- xiii) Facilitate innovation, research and documentation in arts, culture and the creative industry, sports and social development.

**(c) Key Management**

The Sports, Arts and Social Development Fund day-to-day management is under the following key organs:

- Fund Oversight Board
- Fund Administrator
- Fund Secretariat

**(d) Fiduciary Management**

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

No.	Designation	Name
1.	Fund Administrator	<b>Joe Okudo, CBS</b>
2.	Ag. Chief Executive Officer	<b>Mark Wambugu</b>
3.	Director Planning, Research, Monitoring and Evaluation	<b>Hassan Boru</b>
4.	Ag. Director Programs and Linkages	<b>Dr. Job Aiyabei</b>
5.	Ag. Director Corporate Services	<b>Doreen Diki</b>

**(e) Fiduciary Oversight Arrangements**

- i) All disbursements from the Fund are approved and recorded in minutes of the Oversight Board.
- ii) All disbursements from the Fund are to support the objects and purpose of the Fund.
- iii) Transfers to defray the expenses in respect of the administration of the Fund are approved by the Oversight Board for the respective financial year.
- iv) The Oversight Board has set out other conditions and requirements for release of funds, to ensure efficient and effective management of resources.

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**(f) The Sports, Arts and Social Development Fund Headquarters**

P.O. Box 4644-00200  
Flamingo Towers, 7th Floor  
Upper Hill, Mara Road  
NAIROBI, KENYA

**(g) SASDF Contacts**

Tel: +254 0789110088, 0720110088  
Tel: +254-0720110055  
Website: [www.sasdef.go.ke](http://www.sasdef.go.ke)  
E-mail: [info@sasdef.go.ke](mailto:info@sasdef.go.ke), [sasdfund@gmail.com](mailto:sasdfund@gmail.com)

**(h) SASDF Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. Co-operative Bank  
University Way  
P.O Box 48231-00100  
Nairobi, Kenya

**(i) Independent Auditors**




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

**(j) Principal Legal Adviser**



The Attorney General  
Office of the Attorney General and Department of Justice  
Sheria House  
Harambee Avenue  
P.O. Box 40112-00200  
Nairobi, Kenya

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**THE OVERSIGHT BOARD OF THE FUND**

Ref	Oversight Board Members	Details
1.	 <p><b>Lt. Gen (Rtd.) Jackson Tuwei,</b>  <b>MGH, CBS, DCO</b>  Chairperson</p>	<p>Lt. Gen (Rtd.) Jackson Tuwei, MGH, CBS, DCO joined the Military as a cadet rising through the ranks in an illustrious career that saw him retire as Commander, Kenya Army. Lt. Gen (Rtd.) Tuwei, holds a Diploma from the Royal College of Defence Studies (UK) and has attended courses on Executive Development, Senior Management and International Defence Resources Management. Lt. Gen (Rtd.) Tuwei was the African Union Special envoy for the Lords Resistance issues and is currently the President of Athletics Kenya.</p>
2.	 <p><b>H.E. Moody Awori, EGH</b>  Member</p>	<p>HE. Moody Awori, EGH is a retired Vice President of the Republic of Kenya.</p>
3.	 <p><b>Mr. Joe R. Okudo, CBS</b>  <b>Member and Fund</b>  <b>Administrator</b></p>	<p>Mr. Joe R. Okudo, CBS is the Principal Secretary in charge of Sports at the Ministry of Sports and Heritage. He was the Principal Secretary in charge of the State Department for Tourism at the Ministry of Tourism and Wildlife. He was Team Leader of the Business Sector Support Programme and Co- Chair of the Private Sector Donor Co- Coordinating Group in Kenya. He also sat in the Programme Investment Committee (PIC), the highest decision-making organ within the Trade Mark East Africa group. He holds a Bachelor of Arts degree from the University of Nairobi and a Master's Degree in Business Administration (MBA) from Copenhagen Business School/Inoorero University.</p>

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4.	 <p><b>Dr. Julius Muia</b> Member</p>	<p><b>Dr. Julius Muia</b> is the Principal Secretary at The National Treasury. Prior to this, he was the Principal Secretary at the State Department for Planning - The National Treasury and Planning. Before his appointment as PS Planning, he was the Director General, Vision 2030 Delivery Secretariat. Dr. Julius Muia possesses a Degree in Accounting (1<sup>st</sup> Class Honors); Master's Degree and PhD in Finance from the same university. He is a Certified Public Accountant (CPA-K); a Certified Public Secretary (CPS-K), an Associate Kenya Institute of Bankers; an Associate Chartered Institute of Arbitrators; and Certified Coach.</p>
5.	 <p><b>Ms. Susan N. Mochache, CBS</b> Member</p>	<p>Ms. Susan Mochache, CBS is the Principal Secretary (PS), Ministry of Health. She has previously served in the same capacity in the State Department for Co-operatives, Ministry of Environment and Forestry and State Department for Social Protection. Ms. Mochache's career spans over 24 years at management level in both private and public sectors. She holds a Master's of Science degree in Communications Management from the University of Strathclyde in the United Kingdom and a Bachelor of Science in International Business from the United States International University. She is a Chevening Scholar and Fellow of Commonwealth Scholarship Commission (2012) and a certified Practitioner in Prince 2, Project Management and MSP Programme Management.</p>

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6.	 <p><b>Ms. Josephtha O. Mukobe, CBS</b> Member</p>	<p>Ms. Josephtha O. Mukobe, CBS is the Principal Secretary, State Department of Culture and Heritage.</p> <p>Ms. Mukobe holds a MSc. from Manchester University (UK) and a BA (Hons) Humanities and Social Science from the University of Nairobi. Ms. Josephtha Mukobe has a public service career spanning more than twenty-five years. She was previously The Principal Secretary in the State Department of Special Programmes in the Ministry of Devolution and Planning.</p>
7.	 <p><b>Dr. Julius Jwan, PhD, MBS,</b> Member</p>	<p>Dr Julius Jwan is the Principal Secretary, State Department for Early Learning and Basic Education. Dr. Jwan holds a PhD Degree in Educational Leadership &amp; Management from the UK. He also holds a Master of Science (MSc) Degree in Educational Research Methods-from the UK; a Master of Philosophy (MPhil) Degree in Education Communication &amp; Management from Norway and another Master Degree in Linguistics from Moi University - Kenya where he also graduated with a Bachelor of Education Degree. He has attended several fellowships and short courses including: Procurement and Tendering Processes; and Senior Management Course for Public Officers (Kenya); Education for Sustainable Peace (Germany); Enhancing Governance and Financial Administration in Africa (Botswana); Transitional Justice and Governance in Africa (South Africa); Reconciliation as Process and Practice (Sweden); Democratic Governance for Development in Africa (Uganda), among others.</p>

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**MANAGEMENT TEAM**

	Management	Details
1.	 <p><b>Mark Wambugu</b> MBA(Finance) BBA (Finance &amp; Accounts, CPA (K), CPS (K), ISO 9001:2008 Certified QMS Auditor</p>	A.g Chief Executive Officer
2.	 <p><b>Hassan Abdi Boru</b> MA (Environment Planning &amp; Management), BSc Wildlife Management and Conservation</p>	Director Planning, Research, Monitoring and Evaluation
3.	 <p><b>Doreen Diki</b> MBA HRM, BBA (HRM), Higher Dip. HRM, KATC Finalist</p>	A.g Director Corporate Services
4.	 <p><b>Dr. Job Aiyabei</b> PhD (Finance), MBA (Finance) BBA (Accounting and Finance), CPA K</p>	Ag. Director Programs and Linkages

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5.	 <p><b>Naanyu Karbolo</b> MBA (Strategic Management) Bachelors of Arts (Sociology)</p>	Manager, Corporate Communication
6.	 <p><b>Veronica Kanini</b> Msc. Project Management, BBA (Purchasing &amp; Supply Chain Management)</p>	Manager, Supply Chain Management Services
7.	 <p><b>Dr. Nzilu Musyoki</b> PhD.(Business) MBA, B-Com (Marketing)</p>	Manager, Research and Planning

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**CHAIRPERSON'S STATEMENT**

The mandate of the Fund is to provide financial support for the development and promotion of Sports, Arts and Social development including universal health care. The Fund oversight board is tasked to utilize resources at its disposal to restore the country's sporting glory, promote the arts, preserve the rich national heritage and finance social development including universal health care.

In the implementation of its mandate, SASDF is a significant contributor to the achievement of the national development agenda set out in the Kenya Vision 2030 and Big 4 agenda. Kenya Vision 2030 is anchored on three pillars namely: economic, social and political pillars and the Fund plays a key role in the Social Pillar which aims at building a just and cohesive society that enjoys equitable socioeconomic development in a clean and secure environment. This is achieved through funding of sports infrastructure projects, facilitating nurturing of talents, capacity building of key industry stakeholders and undertaking research in sports, arts and culture.

The Fund has been in the forefront in reviving of sports and the arts in the country by building strong national sporting teams through capacity building of sports persons and technical personnel, provision of adequate funding and necessary supplies needed to excel and represent the country locally and internationally therefore enhancing their competitiveness. The fund has also helped alleviate unemployment in the country by enabling sports persons secure employment opportunities as sportspersons, coaches and team captains in their respective federations.

During the financial year under review, Sports, Arts & Social Development Fund was able to provide funding for key priority projects and events in sports, culture and arts as follows : Construction and rehabilitation of sports stadias across the country, Facilitation of Team Kenya to the 2020 Tokyo Olympic and Paralympic games, The World Rally Championships-Safari Rally Kenya, Hosting of the World Athletics Under 20 championships, Completion of Kenya Academy of Sports hostels building, Back filling of sea wall and land scaping of fort Jesus, National arts residency and exhibition, Renovations and mantainance of National Museums of Kenya buildings, among others. SASDF has also facilitated Universal Health care projects that included; Equipping of the Surgical Day-Care Centre and Replacement of Obsolete Equipment at the Kenyatta National Hospital (KHN), Purchasing of new cancer radiotherapy machines at KNH and three regional referral hospitals, reallocation and equipping of Portable Medical Clinics among other universal health care projects.

Despite many challenges as a result of the Covid - 19 pandemic, the Fund continues to build on to all these successes which have been mentioned herein to propel the country to higher levels of prosperity by providing the required resources for the Sports, Arts and Social Development sector.



**Lt. Gen (Rtd.) Jackson Tuwei, MGH, CBS, DCO**  
**CHAIRPERSON**

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**REPORT OF THE FUND ADMINISTRATOR**

Sports, Arts and culture activities play a significant role in the Kenyan society by being a source of entertainment, unifying communities, providing a source of employment and income as well as business enterprises to the sports fraternity.

Sports and culture are key enablers of Vision 2030 and therefore the government of Kenya's continued support towards funding of sports, arts and social development projects and programmes are key to realization of the Fund's strategic objectives and mandate.

SASDF commitment towards development and refurbishment of sports infrastructure places Kenya in a good position to host global events that puts the country on the Global sporting map and bring in the much needed sports tourism revenues into our economy. This was witnessed last year whereby Kenya was privileged to host major international competition namely: World Athletics Under 20 championships held for the first time in the African continent; WRC Safari rally championships: Magical Kenya golf open and savannah classic tournament, World athletics continental gold tour -Kip Keino classic among others.

In the current Financial Year 2020/2021, the Fund realized Kshs 6,793,907,917 against projected revenue of Kshs 7.3 billion. This was a 28 % decrease in revenue collection from the previous financial year 2019/2020. The Fund did not meet its revenue targets as a result of effect on betting revenue due to Covid 19.

During the Financial Year 2020/2021, the Fund Oversight Board approved financial support amounting to Kshs 8,986,829,006. The Oversight Board approved disbursement of Kshs 6,946,550,168 for the promotion of sports, Kshs 218,098,442 for promotion of arts and culture and Kshs 1,756,080,820 for Social Development including Universal Healthcare and Kshs 66,099,576 for monitoring and evaluating projects and programmes funded by SASDF.

The key projects and programmes financed during the Financial Year under review include; completion and renovation of various national stadia's across the country; Funding of the World Athletics U20 Championships in Nairobi; WRC Safari Rally Championship 2021; Facilitation for preparation and participation of Team Kenya in the 2021 Tokyo Olympic and Paralympics games; The 1<sup>st</sup> Kip Keino Classic continental tour; Purchasing of new cancer radiotherapy machines at KNH and three regional referral hospitals, reallocation and equipping of Portable Medical Clinics and the back filling of sea wall and landscaping of fort Jesus

With funding guidelines in place as provided for in the regulations and the visionary leadership of the Oversight board, these are sufficient indicators that the Fund continues to play an integral role in the achievement of the government's development agenda and promote Kenyan creative and sporting prowess.



Joe Okudo, CBS

**Fund Administrator**

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**REPORT OF THE CHIEF EXECUTIVE OFFICER**

The Sports, Arts and Social Development Fund plays an integral role in the government four-point agenda to improve the living standards of Kenyans and grow the economy.

The Fund through a Presidential Directive acquired NOC-K plaza and undertook competitive procurement process for completion of the now renamed SASDEF plaza in Upper hill. This will ensure that the Fund secures permanent office space in the prestigious Upper hill address that will house the Ministry of Sports, Culture and Heritage and also earn rent revenue and hence diversification and sustainability of the Fund.

The Fund is in the final stage of developing its Strategic Plan. Further, the Fund developed Human Resource Instruments and Job Description Manual that has been forwarded to the Salaries and Remuneration Commission (SRC) for Job Grading and approval of Salaries Structures.

With great stewardship of the Oversight Board in ensuring that all financial proposals comply with the funding requirements and timely processing of requests, the Fund trained over 20 Sports federations on application requirements, implementation and reporting. In addition, the ongoing implementation of the ERP system will be improve efficiency and productivity while enhancing customer experience.

The Fund is committed to providing financial support to the sectors of sports, arts and social development. Kenyatta National Hospital and three regional referral hospitals received financial support to purchasing new cancer radiotherapy machines; the National Museum of Kenya was funded to restore Fort Jesus and NOC-K was funded to Facilitate Team Kenya in the 2021 Tokyo Olympic and Paralympics games. Many Sports federations and national teams were also funded to attend various domestic and international competition to represent the country especially Olympic, Paralympic and world qualifiers competitions.

With these key achievements and the successful funding and implementation of the above programs, it is evident that the Fund will continue to play a key role in promoting and providing financial support to the sectors of sports, arts and social development.



Mark Wambugu

**Ag. Chief Executive Officer**

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**■ STATEMENT OF SASDF PERFORMANCE AGAINST PREDETERMINED  
OBJECTIVES FOR FY 2020/2021**

SASDF has 5 strategic pillars/ themes/issues and objectives within the 2020 - 2025 strategic plan. These strategic themes are as follows:

1. Fund Administration;
2. Resource Mobilization;
3. Legal and Regulatory Framework;
4. Research, Monitoring and Evaluation; and
5. Organisational Capacity.

SASDF develops its annual work plans based on the above five themes. The Fund achieved its performance targets set for the FY 2020/2021 period as indicated in the diagram below:

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<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Indicators</b>	<b>Performance</b>	<b>Activities</b>	<b>Achievements</b>
Fund Administration	Promotion of Sports activities and events, development of sports infrastructure and nurturing of sports talent	No. of sports institutions, organizations and sports persons funded to enable participation in sporting events and competitions	No. of Sports and recreational facilities funded	Provision of funding to sports organisations to participate and host sports events	Successfully funded 75 sports organisations to participate in various sporting events across the globe.
		No. of Sports and recreational facilities funded		Provision of financing to MDAs of Sports for development of sports stadiums and recreational facilities	Provided funds for construction of 14 Sports facilities at various stages of completion.
		No. of programs funded to facilitate talent development, training and capacity building for technical personnel		i. Provision of funding for the development and nurturing of talent ii. Capacity building for various stakeholders	iii. Undertook training and capacity building for federation officials on access to financing from SASDF
	Promotion of Universal Health	No. of programs funded to facilitate acquisition of specialized equipment		Provision of funding for purchase of specialized equipment	Provided funds for Operationalization of Portable Medical Clinics, Equipping Day Care Surgical Centre and Replacement of obsolete equipment and Machinery at KNH and National Cancer Radio



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<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Indicators</b>	<b>Performance</b>	<b>Activities</b>	<b>Achievements</b>
	Promote the creative arts industry	No. of health infrastructure funded		Provision of funding for construction of health facilities	Therapy Equipment in three counties (Nakuru, Mombasa and Garissa ). Funded Mathare Nyayo Hospital
		No. of programs funded to facilitate development and maintenance of cultural centres, cultural heritage sites, National monuments and arts		Provision of funding for preservation of cultural centres, heritage and monuments	Provision of funding for six programs for culture and arts including Fort Jesus sea wall backfilling and landscaping, National arts and residency exhibition and construction of breeding cages for primate biomedical research
		Amounts of funds externally mobilized		Mobilise additional resources from other sources, such as county governments, development partners and the private sector, in order to supplement government financing	In the Financial Year under review, we made Interest income of Kshs 2,920,274 from investing in the Call account.
Resource Mobilization;	To mobilise additional resources from other sources, such as county governments, development partners and the private sector, in order to supplement government financing.				
Legal and Regulatory Framework;	Provide a supportive legal framework	No. of Legal Notices reviewed		Review of the LN 194 of 2018 to make the Fund	



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<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Indicators</b>	<b>Performance</b>	<b>Activities</b>	<b>Achievements</b>
				a body corporate and also enhance the Fund's governance and administration structure and Section 4 (2) of LN to facilitate allocation of most of the resources to sports and arts programmes	
Research, Monitoring and Evaluation	Research will help determine the current status of the subsectors hence inform the appropriate programmes that will lead to development in sports and arts, and in promoting social development in the country	Research Report		Undertake one research on Impact of Sports on the economy	Board Paper prepared for approval of the research
	Monitoring and evaluation of funded programmes will be useful in enhancing accountability in the use of allocated resources and in	Four quarterly M&E reports on funded projects		Field visits to Monitor funded projects	Undertook M&E on select projects every quarter



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<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Indicators</b>	<b>Performance</b>	<b>Activities</b>	<b>Achievements</b>
	determining impact of the programs	the the			
Organisational Capacity	To enhance service delivery	No. of ICT Programs adopted		reengineering of operational processes, adoption of emerging ICT systems, and enhanced communication and teamwork.	In the Financial year under review, the Fund implemented an Integrated Enterprise Resource Planning system and a Fund management Core system to improve efficiency in work processes.



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**■ CORPORATE GOVERNANCE STATEMENT**

The Sports, Arts and Social Development Fund (SASDF) was established by the Legal Notice No. 194 of the Public Finance Management (PFM) Act dated 25<sup>th</sup> October 2018

**Constitution of the Board**

Part III of Legal Notice no. 194 States that there shall be a Board established to be known as the Sports, Arts and Social Development Oversight Board.

The Oversight Board Shall Consist of:

- (i) The Principal Secretary for the time being responsible for matters relating to finance
- (ii) the Principal Secretary for the time being responsible for matters relating to sports;
- (iii) the Principal Secretary for the time being responsible for matters relating to arts
- (iv) the Principal Secretary for the time being responsible for matters relating to health
- (v) the Principal Secretary for the time being responsible for matters relating to education;
- (vi) one person not being a public officer nominated by the Cabinet Secretary responsible for sports with competence in matters relation to sports;
- (vii) one person not being a public officer nominated by the Cabinet Secretary responsible for health with competence in matters relating to health; and
- (viii) one person not being a public officer nominated by the Cabinet Secretary with competence in matters relating to finance.
- (ix) The President shall appoint one of the members appointed under this regulation to be the Chairperson of the Board.

The Current Oversight Board with Eight (8) members is therefore properly constituted as provided above.

**Functions of the Board**

The Functions and roles of the Oversight Board as outline in the Legal Notice No. 194 is as follows:

- i. Provide overall oversight of the Fund;
- ii. Approve the ceilings for funding under sports, arts and social development in each financial year;
- iii. Develop policy guidelines relating to disbursements by the Fund;
- iv. prescribe other guidelines for the administration of the Fund;
- v. Review the estimates of annual revenue and expenditure of the Fund and recommend them to the Cabinet Secretary responsible for Sports for approval and submission to the Cabinet Secretary responsible for finance;

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- vi. Review guidelines on the fund priorities and criteria for allocation and disbursement of funds to implementing agencies in furtherance of the objects of the Fund;
- vii. Monitor and evaluate the programmes and activities under the Fund;
- viii. Facilitate and develop sectoral linkages to the Fund;
- ix. Review the performance of the Fund and make recommendations on the operations of the Fund to the administrator of the Fund;
- x. Review and approve the financial statements of the Fund before submission to the Auditor General;
- xi. Review policy on the management of assets, equipment and all properties under the Fund;
- xii. Receive reports on the performance of the Fund; and
- xiii. Any other activity that in the opinion of the Board, will promote and facilitate the realization of the objects and purposes of the Fund.
- xiv. The Oversight Board shall prepare and submit a quarterly report to the Cabinet Secretary responsible for finance on the performance of the Fund with copies to the Cabinet Secretaries responsible for sports, arts, health and education.

### **Board Charter**

Being a newly established, Oversight board is in the process of developing its board charter and manual.

### **Board Remuneration**

Remuneration of the Oversight Board members is determined by the appointing authority in line with guidelines and recommendations of the Salaries and Remuneration Commission.

### **Oversight Board Meetings Attendance for the FY 2020/2021**

In the financial year 2020/2021, the Oversight Board held fourteen meetings as shown below.

		<b>July 2020</b>	<b>December 2020</b>	<b>March 2021</b>	<b>June 2021</b>	<b>June 2021</b>
<b>S/No</b>	<b>Month Date</b>	<b>14</b>	<b>16</b>	<b>23</b>	<b>15</b>	<b>22</b>
1	Lt. Gen (Rtd) Jackson Tuwei	x	x	x	x	x
2	H.E. Moody Awori	x	x	x	x	x
3	Joe Okudo	x	x	x	x	x
4	Dr. Belio Kipsang	x				
5	Ms. Susan Mochache	x		x	x	
6	Ms. Josephta Mukobe	x	x	x	x	x
7	Dr. Julius Muia					
8	Dr. Julius Jwan				x	x

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**MANAGEMENT DISCUSSION AND ANALYSIS**

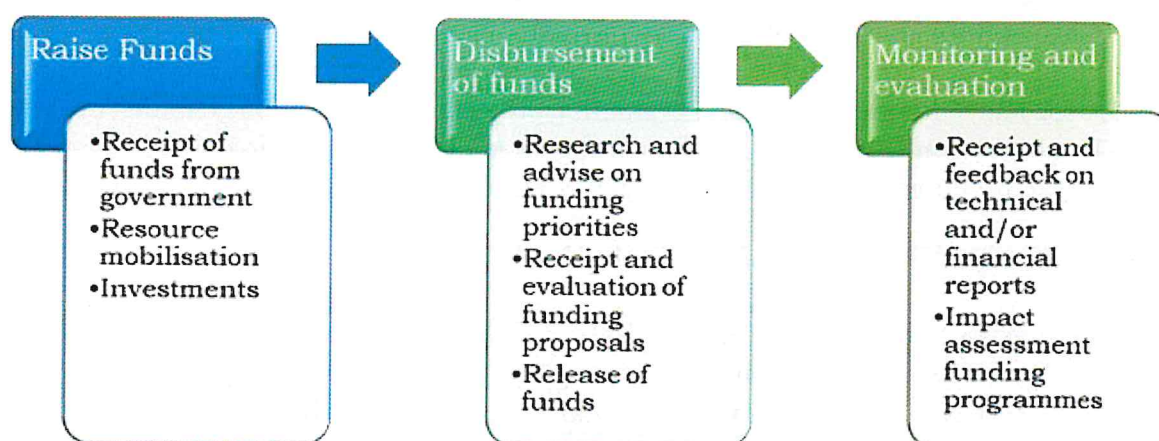
The Sports, Arts and Social Development Fund (SASDF) was established by the Legal Notice No. 194 Public Finance Management (Sports, Arts and Social Development Fund) Regulations, 2018 dated 25th October 2018 and commenced its operations in the Third Quarter of the Financial Year 2018/2019. The mandate of SASDF is to provide funding to support the development and promotion of sports, arts, and the promotion of social development including universal health care.

In apportioning the proceeds of the Fund, the Oversight Board ensures that the following requirements of the Regulations are adhered to. These are that:

- a) an amount not exceeding sixty percent be apportioned to social development including universal health care;
- b) an amount not exceeding thirty-five percent be apportioned to the promotion and development of sports;
- c) an amount not exceeding twenty percent be apportioned to the promotion and development of arts; and
- d) an amount not exceeding five percent be apportioned to government strategic interventions whose expenditure shall be subject to approval by Cabinet.

The sources of funding for the Fund emanate from the collection as outlined under Section 69(A) of the Betting and Gaming Act, Section 35(5A) of the Income Tax Act and Section 36(5) of the Excise Duty Act, 2015 as mandated in the Legal Notice No. 194 of the Public Finance Management (Sports, Arts and Social Development Fund) Regulations, 2018.

SASDF value chain in the discharge of its functions can be summarised as depicted in Figure 1 below:



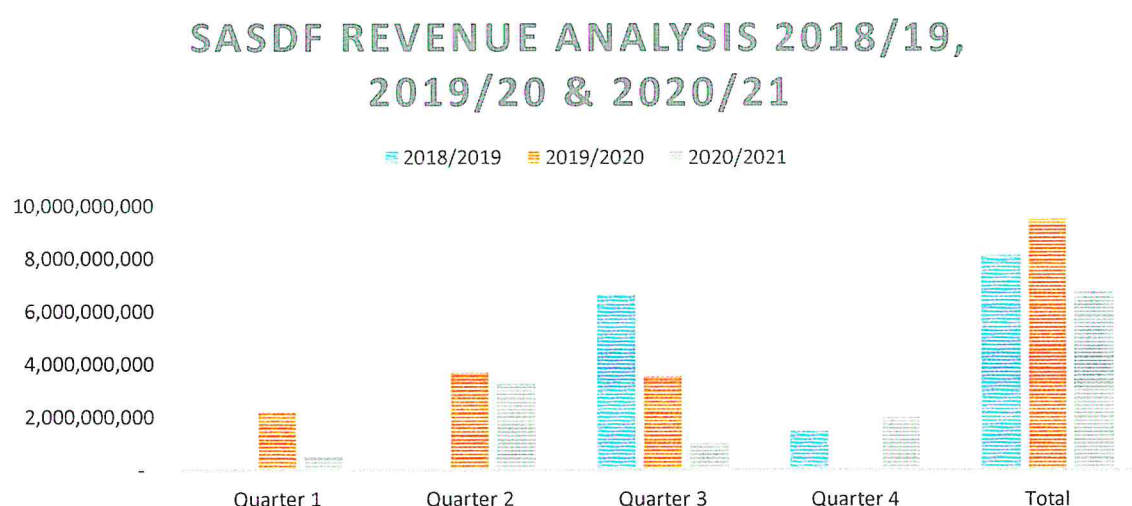
## Sports, Arts and Social Development Fund Annual Reports and Financial Statements For the year ended June 30<sup>th</sup>, 2021.

The Fund has made significant strides in its operationalization. These include initiating the development of a Strategic plan, Funding policy guidelines, HR instruments and Job description manual whose results will inform the future Fund's strategic and operational direction. Also, the ongoing implementation of ERP system will improve the efficiency and operations of the Fund.

In addition, the acquisition and on ongoing completion of the SASDEF plaza will ensure sustainability of and additional sources of revenue and financial resources for the fund.

During the financial year 2020/2021, the Fund realized revenue of Kshs 6.79 billion against a projected revenue of Kshs 7.3 billion. The shortfall in revenue collection was occasioned by the effects of Covid-19 Pandemic.

The revenue trend for the year 2018/19, 2019/20 and 2020/21 is as shown in the graph below:



During the Financial Year 2020/2021, the Fund Oversight Board approved financial support amounting to Kshs 8,986,829,006. The Oversight Board approved disbursement of Kshs 6,946,550,168 for the promotion of sports, Kshs 218,098,442 for promotion of arts and culture and Kshs 1,756,080,820 for Social Development including Universal Healthcare and Kshs 66,099,576 for monitoring and evaluating projects and programmes funded by SASDF. The Fund is committed to fully implementing its mandate as provided in the Regulations, and is grateful for the unwavering support it continues to receive from the stakeholders.

### ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The Fund exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the SASDF's policies and activities that promote sustainability.

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**i) Sustainability strategy and profile**

Sustainable development is about balancing needs of the present generation without compromising the needs of future generations. The key aspect is balancing business, social and environmental aspects of the organization. The Fund has been providing financial support to youth who are mainly the athletes representing the country in various sporting activities and also supporting cultural activities. Further, the Fund has acquired NOCK Plaza and is currently undertaking completion of the building. The building will house the Fund, the ministry of Sports and heritage and additional space leased out.

**ii) Environmental performance**

The Fund recognizes environmental protection as one of the guiding principles and a key component of sound business performance. The Constitution of Kenya is quite coherent in the need to promote Environmental Management and Sustainability in Kenya. Its preamble commits the people of Kenya to be respectful of their environment as their heritage. Article 10 (2d) in particular identifies sustainability as one of the national values and principles of governance. Additionally, article 42 provides for the right to a healthy environment for all Kenyans.

Kenya's development blue print (Kenya Vision 2030) identifies environmental management and sustainability as a critical undertaking needed to help Kenyans realize the aspirations of our Constitution and the Vision 2030.

The key objectives of the environment and sustainability policy is to:

- a) Adhere to all applicable environmental regulations and other requirements that relate to our environmental aspects.
- b) Implement and maintain a structured Environmental Management System based on the continual improvement of the environmental performance and regular review of the set environmental objectives, targets and programmes of all significant environmental aspects.
- c) Adopt and implement environment-friendly strategies prevent pollution, reducing waste generation and minimizing the consumption of resources.

To promote a more ecologically sustainable environment the Fund has:

- a) Encouraged responsiveness to environmental management and sustainability challenges
- b) The Fund has supported tree planting activities through the World Rally Championship as a legacy activity. Towards this end, the project has planted 18 million trees in Kakamega Forest
- c) The Fund has gone digital and implemented an ERP system that is paperless and helps to reduce wastages while enhancing efficiency
- d) The Fund is utilizing pooled transport in order to reduce emission of the green- house gas

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- e) In line with the government directives on the COVID-19 protocols, the Fund has been regularly fumigating the offices and providing sanitizers for clean working environment
- f) Undertaking energy saving activities

**iii) Employee welfare**

The Fund developed Human Resource Instruments whose results will inform the future Fund's strategic and operational direction. In an effort to ensure continuous personal development and coping with the technological changes the Fund engaged its staff in identifying the Training Needs Analysis and thereafter supported various trainings for its staff. The Performance Contracting process in the public sector has been adopted and targets cascaded down to employee's which forms the basis for Performance Appraisals at the end of the Financial Year.

A Job Description Manual for the Fund was also developed and forwarded to the Salaries and Remuneration Commission (SRC) for Job grading and approval of competitive salary structures which will lead to attraction and retention of qualified personnel.

A Health and Safety committee was appointment to ensure strict adherence to health and safety rules at the work place.

**iv) Market place practices**

**a) Responsible Competition practice.**

The Fund has been collaborating and partnered with other persons and institutions financing sports, arts and social development activities. The Fund has been giving equal opportunity and fair review to all financial requests from eligible institutions and organizations.

**b) Responsible Supply chain and supplier relations (Procurement to advice)**

The Fund performs all procurement through a competitive process as provided for by the relevant acts and regulations guiding procurement in Public entities. Further, all procurements done are posted on the Public procurement and information portal for transparency and competitiveness.

**c) Responsible marketing and advertisement**

The Fund has adhered to the synergized and coordinated marketing and advertisement approach as directed by the presidential delivery unit. All branding, advertisement and public communication for the fund has co-branded with vision 2030 and Big 4 agenda logos to ensure that the successes and achievements of the government are effectively communicated.

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**d) Product Stewardship**

The Fund is committed to safeguarding its clients' rights and interest through timely processing and disbursement of funding requests and maintaining the highest level of confidentiality on all documents received from beneficiary institutions and organizations.

**v) Corporate Social Responsibility / Community Engagements**

The Fund is an obliging and proactive organization and has mainstreamed corporate social responsibility (CSR) in its operations. Beyond SASDF matters, the Fund has expanded its jurisdiction to improve the well-being of humanity and impact society to be better.

The Fund approach towards Corporate Social Responsibility (CSR) is focused on identifying and formulating projects guided by its CSR policy and in response to specific needs that CSR committee members assess as a priority. The committee consulted widely on best practices in order to make corporate social responsibility an integral part of its undertakings and implement projects that impact positively on society.

To this end, the Fund actively participated in several engagements with various stakeholders towards improving the quality of life and making the society a better place. These included: Government Intervention of Covid-19 stimulus package to Cushion Artists and sports persons from the effects of the Covid-19 Pandemic. Over 2,000 sports persons benefited from this noble initiative and Kshs 100M was disbursed by the Fund as government intervention to artists to help them during the pandemic.

In partnership with WRC- Kenya Safari Rally Greening Legacy Project, SASDF funded planting of 18 million trees to commemorate the 19 years that the Safari Rally was out of the World Rally Championship Circuit.

The Fund was also able to donate over 50 reflectors to NTSA to support the road safety initiative by the organization.

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**REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of the SASDF's affairs.

**Principal activities**

The principal mandate of the Sports, Arts and Social Development Fund is to provide funding to support the development and promotion of sports and arts and the promotion of social development including universal health care.

**Results**

The results of the SASDF for the year ended June 30, 2021 are set out on page 1.

**Directors**

The members of the Oversight Board who served during the year are as shown on page vi and viii. During the year, one member of the Oversight Board was replaced as per the respective appointments.

**Surplus remission**

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Fund did not have a surplus for the Financial year 2020/2021.

**Auditors**

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Oversight Board



**Joe Okudo, CBS  
Fund Administrator  
25<sup>th</sup> September 2021**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and Regulation 3 of the Legal Notice No. 194 of the Public Finance Act dated 25<sup>th</sup> October 2018, require the Directors to prepare financial statements in respect of the Sports, Arts and Social Development Fund, which give a true and fair view of the state of affairs of the Fund at the end of the financial year/period and the operating results of the Fund for that year/period. The Directors are also required to ensure that the Fund keeps proper accounting records which disclose with reasonable accuracy the financial position of the Fund. The Directors are also responsible for safeguarding the assets of the SASDF.

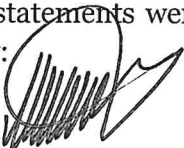
The Directors are responsible for the preparation and presentation of the SASDF's financial statements, which give a true and fair view of the state of affairs of the SASDF for and as at the end of the financial year (period) ended on June 30, 2021. This responsibility includes; (i) Maintaining adequate financial management arrangements 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 SASDF; (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 of the SASDF; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the SASDF's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Legal Notice No. 194 of the Public Finance Act (the Sports, Arts and Social Development Fund) Regulations 2018 dated 25<sup>th</sup> October 2018. The Directors are of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2021 and of the Fund's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the Financial Statements**

The Fund's financial statements were approved by the Board on 25<sup>th</sup> September 2021 and signed on its behalf by:

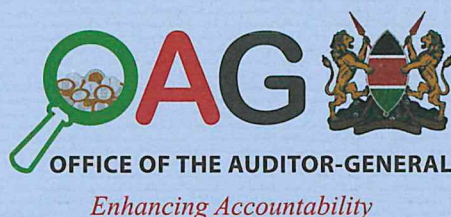
  
Lt. Gen (Rtd.) Jackson Tuwei  
**CHAIRPERSON**

  
Joe Okudo, CBS  
**FUND ADMINISTRATOR**



# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND FOR THE YEAR ENDED 30 JUNE, 2021**

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### **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 Sports, Arts and Social Development Fund set out on pages 1 to 32, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget

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*Report of the Auditor-General on Sports, Arts and Social Development Fund for the year ended 30 June, 2021*



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 Sports, Arts and Social Development 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, Sports Act, 2013, and Sports, Arts and Social Development Fund Regulation, 2018.

### **Basis for Qualified Opinion**

#### **1. Unsupported Disbursements to Various Federations**

The statement of financial performance reflects transfers to Government implementing agencies and sports organizations amount of Kshs.8,986,829,006 as disclosed in Note 18 to the financial statements. The amount includes Kshs.6,946,550,167 for development of sports, Kshs.1,756,080,820 for social development including universal health, Kshs.218,098,442 for promotion and development of arts and Kshs.66,099,576 for monitoring and evaluation costs. However, bills of quantities, governing body minutes, designs, approved plans and monitoring and evaluation reports were not provided for audit review.

Consequently, the propriety of Kshs.8,986,829,006 transferred to Government implementing agencies and sports organizations could not be confirmed.

#### **2. Irregular Procurement of Air Tickets for Members of Parliament**

The statement of financial performance reflects Kshs.8,986,829,006 in respect to transfers to Government implementing agencies and sports organizations. The figure includes an amount of Kshs.1,176,695 paid to a travelling agent for procurement of return air tickets to Mombasa for a parliamentary committee retreat under the World Under 20 Championship.

Although authority was sought from the Cabinet Secretary to approve the expenditure for Ministry of Sports, Culture and Heritage officers to attend the retreat, only four (4) received tickets, while twenty nine (29) tickets were for Members of Parliament whose names were not included in the approved request. It was not explained why the Management of World Under 20 procured return air tickets for Members of Parliament yet their expenses are funded by the Parliamentary Service Commission. Further, there were no boarding passes, attendance register and back to office report to confirm that the retreat took place.

Consequently, the propriety of Kshs.1,176,695 expenditure on air tickets could not be confirmed.

#### **3. Unconfirmed Expenditure on Social Development Including Universal Health**

The statement of financial performance reflects transfers to Government implementing agencies and sports organizations amount of Kshs.8,986,829,006 and as disclosed under

Note 18 to the financial statements. The balance includes an amount of Kshs.1,756,080,820 disbursed to the Ministry of Health (MOH) as a Sports Fund Agency relating to social development including universal health.

However, no evidence was provided to confirm that the quarterly and annual progress reports from the social development including universal health (MOH) were submitted to the Sports Fund to confirm the expenditure of Kshs.741,581,520 for the year under review.

Further, no evidence was provided to confirm that Kshs.1,014,499,300 which was not utilized during the year under review was returned to Sports, Arts and Social Development Fund in line with Section15(3) of Legal Notice No.194 dated 25 October, 2018.

In the circumstances, the accuracy and completeness of social development including universal health expenditure of Kshs.1,756,080,820 could not be confirmed.

#### **4. Unsurrendered Imprests - World Rally Championship (WRC) Safari Rally**

Examination of imprest register maintained by World Rally Championship revealed that imprests issued to nine (9) officers totalling to Kshs.17,126,719 were not surrendered as at 30 June, 2021. In addition, personal numbers for four (4) officers were not indicated as tabulated below:

<b>Personal No.</b>	<b>Imprest Register Folio No.</b>	<b>Date of Issue</b>	<b>Imprest Warrant No.</b>	<b>Unsurrendered Imprest (Kshs.)</b>
2016005779	14	28 June, 2021	3898892	6,251,000
2018101050	3	26 February, 2021	3898859	2,000,000
1982021799	23	15 May, 2021	3898878	2,774,750
N/A	16	26 April, 2021	3898869	139,400
N/A	15	26 April, 2021	3898872	170,100
2018101043	13	26 April, 2021	3898874	1,543,500
N/A	4	24 November, 2020	3898853	244,069
2016005779	14	26 April, 2021	3898876	3,679,900
N/A	28	15 June, 2021	3898886	324,000
<b>Total</b>				<b>17,126,719</b>

Further, it was noted that one officer had retired and was no longer in service. No reasons were provided for failure to account for the imprests or have them recovered from the officers' salaries.

Consequently, the recoverability of imprests totalling to Kshs.17,126,719 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Sports, Arts and Social Development 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**

#### **1. Unresolved Prior Year Audit Matters**

In the audit report of the previous year, a number of issues were raised under the Report on Financial Statements. However, Management has not resolved the issues nor disclosed all the prior year matters as required by the Public Sector Accounting Standards Board template and The National Treasury's Circular Ref: PSASB /1/12 Vol.1 (44) of 25 June, 2019.

#### **2. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts indicates that the Fund received Kshs.7,010,832,192 against an approved budget of Kshs.7,514,000,000 resulting to a shortfall of Kshs.503,167,808 or 7% of the approved budget.

However, actual expenditure amounted to Kshs.10,126,342,500 against the approved budget of Kshs.7,514,000,000 resulting to an over absorption of Kshs.2,612,342,500 or 35% of the budget. No approval was provided for the over-expenditure.

Consequently, the regularity for the excess expenditure could not be ascertained.

### **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 matter 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**

#### **Excess Transfers to Government Implementing Agencies and Sports Organizations**

The statement of financial performance reflects transfers to Government implementing agencies and sports organizations amount of Kshs.8,986,829,006 and as disclosed in Note 18 to the financial statements. The figure includes an amount of Kshs.6,946,550,168 for promotion and development of sports, and an amount of Kshs.218,098,422 promotion and development of arts all totalling to Kshs.7,164,648,610. However, the transfers of Kshs.7,164,648,610 exceeds the actual total revenue of

Kshs.7,010,832,191 resulting to excess transfer of Kshs.153,816,419 or 102% expenditure.

Further, the expenditure of Kshs.7,164,648,610 exceeded the social development threshold of 60% of the Fund's apportionment, contrary to Section 4(2) of Legal Notice No.194. No reason was provided for exceeding the apportionment rate.

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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

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 effective 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 Fund's 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 noncompliance. 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 Fund's 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 appropriate 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**

**24 March, 2022**



**Sports, Arts and Social Development Fund  
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For the year ended June 30<sup>th</sup>, 2021.**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2021**

	Notes	2020-2021	2019-2020
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Government Grants	6	214,000,000	251,000,000
Betting & Lotteries Tax, Income tax and Excise Duty Tax	7	6,793,907,917	9,499,845,499
Public contributions and donations	8	-	17,500,000
Finance Income	9	2,920,274	-
Other Income	10	4,000	-
<b>Total revenue</b>		<b>7,010,832,191</b>	<b>9,768,345,499</b>
<b>Expenses</b>			
Use of goods and services	11	2,918,096	1,079,928
General Administrative Expenses	12	100,904,963	57,996,735
Employee costs	13	69,276,577	62,351,393
Remuneration to Oversight Board	14	5,922,174	6,165,066
Depreciation and amortization expense	15	12,019,919	15,113,897
Repairs and maintenance	16	6,579,305	2,601,234
Contracted services	17	2,805,200	-
Transfers to Government implementing Agencies and Sports Organizations	18	8,986,829,006	11,068,734,782
<b>Total expenses</b>		<b>9,187,255,240</b>	<b>11,214,043,035</b>
<b>Deficit for the period</b>		<b>(2,176,423,049)</b>	<b>(1,445,697,536)</b>
Taxation		-	-
<b>Deficit for the year</b>		<b>(2,176,423,049)</b>	<b>(1,445,697,536)</b>
<b>Net Surplus for the year</b>			
Attributable to:			
Surplus/(deficit) attributable to minority interest		-	-
Surplus attributable to owners of the controlling the Fund		<b>(2,176,423,049)</b>	<b>(1,445,697,536)</b>
		<b>(2,176,423,049)</b>	<b>(1,445,697,536)</b>

The notes set out on pages 8 to 27 and appendixes from page 28 to 32 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 7 were signed on behalf of the Board of Directors by:

  
**Fund Administrator**

Name: Joe Okudo, CBS

On 25<sup>th</sup> September 2021

  
**Ag. Director Programs & Linkages**

Name Dr. J.C. Aiyabei

ICPAK No: 8208

On 25<sup>th</sup> September 2021

  
**Chairperson, Oversight Board**

Name: Lt Gen (Rtd.) Jackson

Tuwei

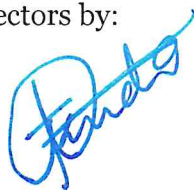
On 25<sup>th</sup> September 2021

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**STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup>, JUNE 2021**

	Notes	2020-2021	2019-2020
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	19	2,191,958,230	4,454,324,863
Receivables from non-exchange transactions	20	61,531,932	859,606,923
<b>Total Current Assets</b>		<b>2,253,490,162</b>	<b>5,313,931,786</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	21	1,014,101,781	75,014,521
<b>Total Non- Current Assets</b>		<b>1,014,101,781</b>	<b>75,014,521</b>
<b>Total Assets</b>		<b>3,267,591,943</b>	<b>5,388,946,307</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	22	107,190,026	52,121,341
<b>Total Current Liabilities</b>		<b>107,190,026</b>	<b>52,121,341</b>
<b>Total Liabilities</b>		<b>107,190,026</b>	<b>52,121,341</b>
<b>Net assets</b>		<b>3,160,401,917</b>	<b>5,366,824,966</b>
Reserves		(2,176,423,049)	(1,445,697,536)
Accumulated surplus		5,316,824,966	6,763,522,502
Prior year Adjustments		-	(1,000,000)
Capital Fund		20,000,000	20,000,000
<b>Total Net Assets</b>		<b>3,160,401,917</b>	<b>5,336,824,966</b>

The Financial Statements set out on pages 1 to 7 were signed on behalf of the Board of Directors by:



**Fund Administrator**

Name: Joe Okudo, CBS

On 25<sup>th</sup> September 2021



**Ag. Director Programs & Linkages**

Name Dr. J.C. Aiyabei  
ICPAK No: 8208

On 25<sup>th</sup> September 2021



**Chairperson, Oversight Board**

Name: Lt Gen (Rtd.) Jackson Tuwei

On 25<sup>th</sup> September 2021

**Sports, Arts and Social Development Fund  
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**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	Ordinary share capital	Revaluati on reserve	Fair value adjustm ent reserve	Retained earnings	Capital/ Developme nt Grants/Fun d	Total
As at July 1, 2019		-	-	-	6,763,522,502	20,000,000	6,783,522,502
Deficit for the year		-	-	-	(1,445,697,536)	-	(1,445,697,536)
Prior year Adjustments		-	-	-	(1,000,000)	-	(1,000,000)
As at July 30 <sup>th</sup> June 2020		-	-	-	5,316,824,966	20,000,000	5,336,824,966
As at 1 <sup>st</sup> July 2020		-	-	-	5,316,824,966	20,000,000	5,336,824,966
Deficit for the year		-	-	-	(2,176,423,049)	-	(2,176,423,049)
As at June 30, 2021					3,140,401,917	20,000,000	3,160,401,917

**Note:**

**Prior year adjustment**

The prior year adjustment of Kshs 1 million relates to audit fees for the FY 2018/2019 not earlier recognized.



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**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021**

		<b>2020-2021</b>	<b>2019-2020</b>
	<b>Notes</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Government Grants	6	214,000,000	251,000,000
Betting & Lotteries Tax, Income tax and Excise Duty Tax	7	6,793,907,917	9,499,845,499
Public contributions and donations	8	-	17,500,000
Finance Income	9	2,920,274	-
Other Income	10	4,000	-
<b>Total Receipts</b>		<b>7,010,832,191</b>	<b>9,768,345,499</b>
<b>Payments</b>			
Use of goods and services	11	2,918,096	1,079,928
General Administrative Expenses	12	100,904,963	57,996,735
Employee costs	13	69,276,577	62,351,393
Remuneration to Oversight Board	14	5,922,174	6,165,066
Repairs and maintenance	16	6,579,305	2,601,234
Contracted services	17	2,805,200	-
Transfers to Government implementing Agencies and Sports Organizations	18	<b>8,986,829,006</b>	11,068,734,782
<b>Total payments</b>		<b>9,175,235,321</b>	<b>11,198,929,138</b>
<b>Net cash flows from/(used in) operating activities</b>		<b>(2,164,403,130)</b>	<b>(1,430,583,639)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets	21	(951,107,179)	(90,128,418)
Decrease(increase) in non- current receivables	20	798,074,991	(834,606,923)
Increase(Decrease in Payables)	22	55,068,685	43,751,457
Decrease in prior year adjustments		-	(1,000,000)
<b>Net cash flows from/(used in) investing activities</b>		<b>(97,963,503)</b>	<b>(881,983,884)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(2,262,366,633)</b>	<b>(2,312,567,523)</b>
Cash and cash equivalents at 1 July	19	4,454,324,863	6,766,892,386
<b>Cash and cash equivalents at 30<sup>th</sup> June</b>		<b>2,191,958,230</b>	<b>4,454,324,863</b>

The Financial Statements set out on pages 1 to 7 were signed on behalf of the Board of Directors by:

  
**Fund Administrator**

Name: Joe Okudo, CBS

On 25<sup>th</sup> September 2021

  
**Ag. Director Programs & Linkages**

Name Dr. J.C. Aiyabei  
 ICPAK No: 8208

On 25<sup>th</sup> September 2021

  
**Chairperson, Oversight Board**

Name: Lt Gen (Rtd.) Jackson  
 Tuwei

On 25<sup>th</sup> September 2021



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**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021**

	Original budget Kshs	Adjustments Kshs	Final budget Kshs	Actual on comparable basis Kshs	Performance difference Kshs	% of utilization
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
<b>Revenue</b>						
Government Grants & Subsidies	236,000,000	(22,000,000)	214,000,000	214,000,000	-	-
Betting & Lotteries tax, Income Tax and Excise Duty Tax	14,000,000,000	(6,700,000,000)	7,300,000,000	6,793,907,917	506,092,083	93%
Finance income	-	-	-	2,920,274	(2,920,274)	
Other income	-	-	-	4,000	(4,000)	
<b>Total income</b>	<b>14,236,000,000</b>	<b>(6,722,000,000)</b>	<b>7,514,000,000</b>	<b>7,010,832,192</b>	<b>503,167,808</b>	
<b>Expenses</b>						
Use of goods and services	1,750,935	456,000	2,206,935	2,918,096	(711,161)	132%
Employee costs	79,876,861	-	79,876,861	69,276,577	10,600,284	87%
Remuneration to Oversight Board	25,695,854	(19,651,854)	6,044,000	5,922,174	121,826	98%
Repairs and maintenance	5,174,000	1,350,000	6,524,000	6,579,305	(55,305)	101%
Contracted services	5,600,000	4,798,560	10,398,560	2,805,200	7,593,360	27%
General Administration Expenses	107,002,350	(8,952,706)	98,049,644	100,904,963	(2,855,319)	103%
Acquisition of Non-Financial Assets	1,310,900,000		1,310,900,000	951,107,179	359,792,821	73 %
Transfers & Disbursement's to Government	12,700,000,000	(6,700,000,000)	6,000,000,000	8,986,829,006	(2,986,829,006)	150%



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	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
Implementing Agencies and Sports Federations						
<b>Total expenditure</b>	<b>14,236,000,000</b>	<b>(6,722,000,000)</b>	<b>7,514,000,000</b>	<b>10,126,342,500</b>	<b>(2,612,342,500)</b>	<b>135%</b>
<b>Surplus for the period</b>	<b>-</b>					

**Budget Performance notes:**

**Betting & Lotteries tax, Income Tax and Excise Duty Tax 93%**

The original budget projections for FY 2020/21 was Kshs 14 billion which was revised downwards to 7.3 billion due to Covid 19 Pandemic effect on betting revenues. Further, the proceeds from excise duty majorly from mobile transfer levies was temporarily suspended as a way of cushioning Kenyans from effects of the pandemic affecting SASDF revenue collections.

**Finance income**

The Fund received funds to settle outstanding bills relating to acquisition of NOCK Plaza. As part of prudent financial management, the Fund placed the funds in a Call account which earned an interest income of Kshs 2.92 million that had not been planned for during budgeting.

**Use of goods and services 132%**

The original budget was overspent by 32% as a result of purchase of PPEs, cleaning and fumigation services to mitigate against the spread of Covid 19 based on the recommendations of the Ministry of Health.

**Employee costs 87%**

The Fund underspent by 23% as it had planned to recruit key staff as provided for in the staff establishment. A Job description manual has been forwarded to the Salaries and Remuneration Commission for approval. Once approved, the planned recruitment will commence.



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**Contracted services 27%**

The Fund underspent the budget by 73% as it had planned to hire consultants for development of the Fund's Strategic Plan, development of funding guidelines and capacity building for Fund's beneficiaries.

**Acquisition of Non-Financial Assets 73%**

The budget of Kshs 1.3 billion was for the purchase of NOCK Plaza which was a presidential directive. This budget included liabilities incurred by National Olympic Committee of Kshs 937,138,396.20, legal fees relating to conveyancing at a cost of Kshs 11,553,813 and other construction costs. Having cleared the outstanding debts, the Fund thereafter procured a contractor to complete the construction of the building. The delay in the construction was due to one of the bidders petitioning through Public procurement administrative review board and thereafter the issues were resolved and the contractor is on site. The budget was underspent by 27% as the works are currently ongoing.

**Transfers & Disbursement's to Government Implementing Agencies and Sports Federations 135%**

The Fund overspent by 35% due to three major events namely World rally championship, IAAF World under 20 championships and the Tokyo 2020 Olympic games which were to take place in FY 2019/20 but were rescheduled to FY 2020/21 due to effects of Covid 19. Cumulatively the three events had an accrued budget of Kshs 3.6 billion. Further, due to Covid, the budget went up as a result of additional requirements by the ministry of health on Covid 19 control measures such as Covid 19 vaccinations and purchase PPEs.



## ■ NOTES TO THE FINANCIAL STATEMENTS

### 1. General Information

The Sports Arts and Social Development Fund is established by and derives its authority and accountability from Legal Notice No. 194 Public Finance Management (Sports, Arts and Social Development Fund) Regulations. The Fund is wholly owned by the Government of Kenya and is domiciled in Kenya.

The principal mandate of the Sports, Arts and Social Development Fund is to provide funding to support the development and promotion of sports and arts and the promotion of social development including universal health care.

The object and purpose of the Fund as outlined in the PFM (Sports, Arts and Social Development Fund) Regulations 2018 is:

- i. promote social development including universal health care;
- ii. financing the development of sports and recreation facilities including stadia, gymnasiums, buildings, tracks;
- iii. enhancing support and access to funding for sportspersons and sports organizations to enable their participation in sporting events and competitions;
- iv. facilitation for the acquisition and provision of equipment to sports and recreation facilities;
- v. support for the identification, nurturing and development of talent in sports and arts;
- vi. facilitation of training and capacity building programmes for persons involved in sports and recreation, creative arts, artistic production, contemporary and cultural practitioners;
- vii. facilitation for the identification, development and capacity building of technical personnel and sports support personnel involved in sports and recreation;
- viii. support for the promotion and development of artistic production of contemporary or cultural goods and services;
- ix. facilitation for the marketing and promotion of artistic productions and contemporary or cultural goods and services;
- x. support linkages with domestic, regional and international markets for sports, artistic productions and contemporary or cultural goods and services;
- xi. facilitation for exhibition and promotion of contemporary or cultural artistic production of goods and services for national identity and pride;
- xii. financing the acquisition, development and preservation of, among others, heritage sites, cultural centres, national monuments, tangible and intangible heritage and culture and heritage equipment and tools; and
- xiii. facilitate innovation, research and documentation in arts, culture and the creative industry, sports and social development.



## **2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the SASDF accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Fund.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the PFM (Sports, Arts and Social Development Fund) Regulations 2018 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

### **3. Adoption of New and Revised Standards**

*i. New and amended standards and interpretations in issue effective in the year ended 30 June 2021.*

<b>Standard</b>	<b>Impact</b>
Other Improvements to IPSAS	<p><b>Applicable: 1<sup>st</sup> January 2021:</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>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.</li> </ul>

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

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 41:</b> Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></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.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• 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;</li> </ul>

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Standard	Effective date and impact:
	<ul style="list-style-type: none"> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul>
<b>IPSAS 42:</b> Social Benefits	<b>Applicable: 1<sup>st</sup> January 2023</b> 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. The information provided should help users of the financial statements and general purpose financial reports assess: <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ul>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<b>Applicable: 1<sup>st</sup> January 2023:</b> <ul style="list-style-type: none"> <li>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.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ul> 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.

**iii. Early adoption of standards**

The Fund did not early – adopt any new or amended standards in year 2020/2021.

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Fees, taxes and fines**

The Fund recognizes revenues from fees, taxes and fines 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.

**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. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

**Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

**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 method applies this yield to the principal outstanding to determine interest income each period.

**b) Budget information**

The original budget for FY 2020-2021 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals by the Oversight Board. The additional appropriations are added to the original budget by the Fund upon receiving the respective approvals in order to conclude the final budget.

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The Fund'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.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 7 of these financial statements.

**c) Property, plant and equipment**

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.

Depreciation is calculated on reducing balance basis to write down the cost of each asset to their reducing balance over their estimated useful life as follows:

Motor vehicle	25.0%
Plant & Equipment	12.5%
Office Equipment	12.5%
Computers	30.0%
Furniture	12.5%
Building	2.0%

Equipment, furniture and fittings are periodically reviewed for impairment where the carrying amount of an asset is greater than estimated recoverable amount it is written down immediately to its carrying amount.

Gain and losses on disposal of equipment furniture and fittings are determined by reference to their carrying amount and are considered in determining the surplus or deficit for the year.

**d) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Fund. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments.

The Fund also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Fund. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**e) Nature and purpose of reserves**

The Fund creates and maintains reserves in terms of specific requirements.

**f) Changes in accounting policies and estimates**

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) Employee benefits**

**Retirement benefit plans**

The Fund provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The

**Sports, Arts and Social Development Fund  
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contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**h) Foreign currency transactions**

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.

**i) Related parties**

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 Fund, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

**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 Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for 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.

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**1) Subsequent events**

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.

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the SASDF financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made: e.g

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The SASDF based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- a) The condition of the asset based on the assessment of experts employed by SASDF.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

**6. (a) Transfers from Other Government Entities**

Description	2020-2021	2019-2020
	Kshs	Kshs
<b>Unconditional grants</b>		
Government Recurrent Grants	214,000,000	251,000,000
Other grants	-	-
<b>Total government grants and subsidies</b>	<b>214,000,000</b>	<b>251,000,000</b>

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The Fund receives its operational budget from the exchequer that is appropriated by the National assembly annually.

**6 b) Transfers from Ministries, Departments and Agencies (MDAs)**

Name of the Entity sending the grant	Amount recognized to Statement of Financial performance Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund. Kshs	Total transfers 2020/21 Kshs	Prior year 2019/2020 Kshs
State Department of Sports	214,000,000	-	-	214,000,000	251,000,000
<b>Total</b>	<b>214,000,000</b>	<b>-</b>	<b>-</b>	<b>214,000,000</b>	<b>251,000,000</b>

**7. Betting and Lotteries Tax, Income tax and Excise duty Tax**

Description	2020-2021 Kshs	2019-2020 Kshs
Proceeds from Betting & Lotteries tax, income Tax and Excise duty tax	6,793,907,917	9,499,845,499
<b>Total</b>	<b>6,793,907,917</b>	<b>9,499,845,499</b>

The Legal Notice 194, Public Finance Management (Sports Arts and Social Development Fund) Act 2018 provides that the Fund's revenue consists of;

- All proceeds required to be paid into the Fund under section 69 A of the Betting, Lotteries and Gaming Act
- All proceeds required to be paid into the Fund under section 35 (5A) of the Income Tax Act
- All proceeds required to be paid into the Fund under section 36 (5) Excise duty Act 2015

**8. Public Contributions and Donations**

Description	2020-2021 Kshs	2019-2020 Kshs
Corvid -19 Stimulus program for Vulnerable Sports persons	-	17,500,000
<b>Total transfers and sponsorships</b>	<b>-</b>	<b>17,500,000</b>
<b>Reconciliation of public contributions and donations</b>		

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<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Balance unspent at beginning of the year	-	-
Current year receipts	-	17,500,000
Conditions met - transferred to revenue	-	-
Conditions to be met - remain liabilities	-	-

**9. Finance Income**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Interest income from Call Account	2,920,274	-
<b>Total finance income</b>	<b>2,920,274</b>	<b>-</b>

The Fund received funds to settle outstanding bills relating to acquisition of NOCK Plaza. As part of prudent financial management, the Fund placed the funds in a Call account which earned an interest income of Kshs 2.92 million that had not been planned for during budgeting.

**10. Other Income**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
SASDF Plaza Tender Application fees	4,000	-
<b>Total other income</b>	<b>4,000</b>	<b>4,000</b>

**11. Use of Goods and services**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Electricity & Other Utilities	424,594	111,532
Cleaning Services	1,860,759	315,540
Security	520,043	525,657
Professional services	112,700	127,200
<b>Total Use of Goods and Services</b>	<b>2,918,096</b>	<b>1,079,928</b>

**12. General and Administrative Expenses**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Advertising	7,830,265	1,145,252
Audit fees	1,300,000	1,000,000
Bank Charges	947,510	741,329

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<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Conferences and delegations	676,545	68,720
Consumables	354,241	900,908
Computer Accessories	5,043,671	859,831
Development of Fund Policy documents	13,287,300	2,521,900
Fuel and oil	4,718,988	2,013,175
Motor Vehicle Insurance	299,685	1,934,699
Newspapers and Periodicals	369,059	26,080
Publishing and Printing	100,219	58,500
Hospitality & Entertainment	2,457,224	1,306,787
Staff Medical	14,088,185	18,217,809
Monitoring & Evaluation Costs	18,358,950	4,129,300
Office Stationery	298,337	1,052,217
Office Rental Costs	11,890,326	12,420,222
Telephone & Internet Costs	1,092,800	1,633,087
Training Costs	5,246,020	1,325,580
Travel, accommodation, subsistence and other allowances	12,231,638	6,641,339
Legal fees	14,000	-
Corporate Social Responsibility	300,000	-
<b>Total General Expenses</b>	<b>100,904,963</b>	<b>57,996,735</b>

**13. Employee Costs**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Staff Salaries	48,865,766	55,427,126
Employer contribution to pension schemes	19,990,811	6,924,267
Wages Contracted Staff	420,000	-
<b>Employee costs</b>	<b>69,276,577</b>	<b>62,351,393</b>

**14. Remuneration to Oversight Board**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Chairman's Honoraria	960,000	960,000
Sitting allowances	520,000	3,210,000
Other allowances	4,442,174	1,995,066
<b>Total</b>	<b>5,922,174</b>	<b>6,165,066</b>

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**15. Depreciation and Amortization Expense**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Property, plant and equipment	12,019,919	15,113,897
<b>Total depreciation and amortization</b>	<b>12,019,919</b>	<b>15,113,897</b>

**16. Repairs and Maintenance**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Equipment and machinery	117,395	641,060
Motor Vehicles	6,323,610	1,654,340
Furniture and fittings	-	14,500
Computers and accessories	38,300	-
Office Repairs	100,000	291,334
<b>Total repairs and maintenance</b>	<b>6,579,305</b>	<b>2,601,234</b>

**17. Contracted Services**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Development of Strategic Plan	2,805,200	-
<b>Total contracted services</b>	<b>2,805,200</b>	<b>-</b>

**18. Transfers to Government Implementing Agencies and Sports Organisations**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Promotion and Development of Sports	6,946,550,168	3,375,043,331
Social Development Including Universal Health	1,756,080,820	7,114,118,000
Promotion and Development of Arts	218,098,442	579,573,451
Monitoring and Evaluation Costs	66,099,576	-
<b>Total grants and subsidies</b>	<b>8,986,829,006</b>	<b>11,068,734,782</b>

**19. (a) Cash and Cash Equivalents**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Current account	2,182,584,086	4,454,050,719
On - call deposits	9,000,000	-
Petty Cash	374,144	274,144
<b>Total cash and cash equivalents</b>	<b>2,191,958,230</b>	<b>4,454,324,863</b>

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**19 . (b) Detailed Analysis of the Cash and Cash Equivalents**

		<b>2020-2021</b>	<b>2019-2020</b>
<b>Financial institution</b>	<b>Account number</b>	<b>KShs</b>	<b>KShs</b>
<b>a) Current account</b>			
Central Bank of Kenya	1000404868	35,399,965	4,279,540,578
Central Bank of Kenya	1000404671	2,094,057,992	-
Central Bank of Kenya	1000404892	22,222	22,222
Co-operative Bank of Kenya	01141174153400	9,578,046	70,038,225
Co-operative Bank of Kenya	01141174153401	43,525,861	104,449,694
<b>Sub- total</b>		<b>2,182,584,086</b>	<b>4,454,050,719</b>
<b>b) On - call deposits</b>			
Co-Operative Bank Of Kenya		9,000,000	-
<b>Sub- total</b>		<b>9,000,000</b>	<b>-</b>
<b>c) Others</b>			
cash in hand		374,144	274,144
<b>Sub- total</b>		<b>374,144</b>	<b>274,144</b>
<b>Grand total</b>		<b>2,191,958,230</b>	<b>4,454,324,863</b>

**20. (a) Receivables from Non-Exchange Transactions**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Prepaid Fuel	596,052	129,925
Staff Salary Advances	278,718	874,664
Receivable from State Department of Sports	55,973,623	
Receivable from Toyota Kenya	955,060	-
Receivable from World Under 20 Championship	-	400,000
Staff Imprests	3,428,479	2,638,479
Interbank Transfers	-	854,608,795
Motor Vehicle Service Deposit	300,000	-
<b>Total current receivables</b>	<b>61,531,932</b>	<b>859,606,923</b>



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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**21. (a) Property, Plant and Equipment**

<b>Cost</b>	<b>Land and Buildings KShs</b>	<b>Motor vehicles KShs</b>	<b>Furniture and fittings KShs</b>	<b>Computers KShs</b>	<b>Other Assets (specify) KShs</b>	<b>Office Equipment KShs</b>	<b>Capital Work in progress KShs</b>	<b>Total KShs</b>
As at 1 July 2019	-	-	-	-	-	-	-	-
Additions	-	54,438,440	349,500	3,560,228	-	3,140,250	28,640,000	90,128,418
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2020</b>	<b>-</b>	<b>54,438,440</b>	<b>349,500</b>	<b>3,560,228</b>	<b>-</b>	<b>3,140,250</b>	<b>28,640,000</b>	<b>90,128,418</b>
Additions	-	-	-	2,180,000	-	234,970	948,692,209	951,107,179
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2021</b>	<b>-</b>	<b>54,438,440</b>	<b>349,500</b>	<b>5,740,228</b>	<b>-</b>	<b>3,375,220</b>	<b>977,332,209</b>	<b>1,041,235,597</b>
<b>Depreciation and impairment</b>								
At 1 July 2019	-	-	-	-	-	-	-	-
Depreciation	-	13,609,610	43,688	1,068,068	-	392,531	-	15,113,897
Impairment	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-
<b>As at 30 June 2020</b>	<b>-</b>	<b>13,609,610</b>	<b>43,688</b>	<b>1,068,068</b>	<b>-</b>	<b>392,531</b>	<b>-</b>	<b>15,113,897</b>
Depreciation	-	10,207,208	38,227	1,401,648	-	372,836	-	12,019,919
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-



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Transfer/adjustment	-	-	-	-	-	-	-	-	-
As at 30 <sup>th</sup> June 2021	-	23,816,818	81,915	2,469,716	-	765,367	-	27,133,816	-
Net book values									
As at 30 <sup>th</sup> June 2021	-	30,621,622	267,585	3,270,512	-	2,609,853	977,332,209	1,014,101,781	
As at 30 <sup>th</sup> June 2020	-	40,828,830	305,812	2,492,160	-	2,747,719	28,640,000	75,014,521	

***Work in Progress***

The Work in progress of 28 Million relates to accrued ERP expense that was being implemented during the FY 2020/2021. Implementation is still ongoing after year end and trainings for staff is still ongoing.

The Capital work in progress of Kshs 948M relates to purchase of NOCK Plaza which was a presidential directive. The funds cleared outstanding debts and legal fees relating to conveyancing fees. Having cleared the outstanding debts, the Fund thereafter procured a contractor to complete the construction of the building. The delay in the construction was due to one of the bidders petitioning through Public procurement administrative review board and thereafter the issues were resolved and the contractor is on site.



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**Valuation**

The Sports Arts and Social Development Fund purchased Nock Plaza Building through a presidential directive. The valuation was done by the State Department for public works to ascertain the actual amount of works done. The building has been recognised in the books as work in progress of Kshs 948M. This amount will be transferred from Work in Progress to land and buildings once the construction is completed and completion certificates issued.

**21 (b) Property, Plant and Equipment at Cost**

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>NBV</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Motor vehicles, including motorcycles	54,438,440	(23,816,818)	30,621,622
Computers and related equipment	5,740,228	(2,469,716)	3,270,512
Office equipment	3,375,220	(765,367)	2,609,853
Office Furniture and Fittings	349,500	(81,915)	267,585
	<b>63,903,388</b>	<b>(27,133,816)</b>	<b>36,769,575</b>

The Sports Arts and Development Fund does not have Property, plant and equipment that are fully depreciated:

**22. Trade and Other Payables**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Trade payables	106,849,515	51,791,970
Other payables- Staff Salary Advances payable to Ministry	329,371	329,371
Other payables	11,140	0
<b>Total trade and other payables</b>	<b>107,190,026</b>	<b>52,121,341</b>

**23. Financial Risk Management**

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund does not hedge any risks and has in-place policies to ensure that credit is only extended to customers with an established credit history.



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The Fund's financial risk management objectives and policies are detailed below:

**i) Credit risk**

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

**Financial Risk Management**

The carrying amount of financial assets recorded in the financial statements representing the Fund's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>As at 30 June 2021</b>				
Receivables from non-exchange transactions	61,531,932	61,531,932	-	-
Bank balances	2,182,584,086	2,182,584,086	-	-
<b>Total</b>	<b>2,244,116,018</b>	<b>2,253,490,162</b>		
<b>As at 30 June 2020</b>				
Receivables from non-exchange transactions	859,606,923	859,606,923	-	-
Bank balances	4,454,324,863	4,454,324,863	-	-
<b>Total</b>	<b>5,313,931,786</b>	<b>5,313,931,786</b>		

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Fund has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The Oversight Board sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

## **24. Related Party Disclosures**

### **Government of Kenya**

The Government of Kenya is the principal shareholder of the Fund, holding 100% of the Fund's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Fund, both domestic and external.

### **Oversight Board**

Part III of Legal Notice no. 194 States that there shall be a Board established to be known as the Sports, Arts and Social Development Oversight Board that approves all disbursements of the fund.

### **Chief Executive Officer**

The Public Finance Management (Sports Arts and Social Development Fund) 2018 provides that there shall be a secretariat of the Fund which shall consist of the Chief Executive officer who shall be subject to the direction of the administrator and shall be responsible for the day to day operations of the Fund.

### **Directors**

The Fund has directorates that are headed by Directors. The Directors are the senior management of the Fund.

### **Sports Organisations, Sports persons and Government Implementing agencies**

The Public Finance Management (Sports Arts and Social Development Fund) 2018 section 13 (a) provides that the above mentioned shall be eligible for funding.

### **Ministry of Sports and Heritage**

The Ministry of Sports and Heritage is the parent ministry.

#### **i. Surplus Remission**

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Fund did not have a surplus for 2020/2021 Financial year.

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**ii. Events after the Reporting Period**

There was a material adjusting event after the reporting period. The Fund had processed part of the approved budget for the Tokyo 2020/2021 Olympic games. Further, the Fund sort reimbursement of the same and received Kshs 352 million after year end.

**iii. Ultimate and Holding Entity**

The Sports Arts and Social Development Fund is a Semi- Autonomous Government Agency under the Ministry Sports and Heritage. Its ultimate parent is the Government of Kenya.

**iv. Currency**

The financial statements are presented in Kenya Shillings (Kshs).

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**APPENDIX**

**APPENDIX 1: 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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status	Timeframe:
1.	Unsupported Revenue from Non-Exchange Transactions	SASDF received Khs.17.5 Million from three (3) companies to be utilized to cushion sportspersons from effects of the covid-19 Pandemic. This was as a result of the Ministry of Sports through the Office of the Cabinet Secretary reaching out to various organizations for support. Although the Ministry of Sports did not sign any Memorandum of Understanding with these companies, the funds were received and receipted accordingly. Further, the Oversight Board was informed of and approved the utilization of these funds for the intended purpose.	Resolved	30/12/2021
2.	Irregular Disbursements of grants and subsidies to federations	Kenya open Golf facilitated the Magical Kenya Open Golf Tournament an international event held in March 2020. The KOGL was formed for the purposes of running the operations of the Magical Kenya Open Tournament and is 100% owned by the Kenya Golf Union that is a registered Sports organisation.	Resolved	30/12/2021
3.	Unsupported Trade and other payables- Payments to Kenya School of Government	The engagement between the Fund and the Kenya School of Government was in relation to services relating to the preparation of various policy documents relating to the administration of the Fund. The Fund realized that Kenya School of Government was not able to provide this service, and this engagement was discontinued.	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status	Timeframe:
4.	Unresolved prior years issues	<b>i. Unsupported Disbursements</b> Disbursements to Government implementing agencies are recognised in the books as transfers. The government implementing agencies will implement the programs and projects within the relevant laws and regulations. Further, they are required to prepare and submit AFS to the Office of the auditor general. The sports federations returns were submitted and verified and cleared after during the year. This was also verified by the external auditors	Resolved	
		<b>Lack of Capacity to Monitor Disbursed funds.</b> For the FY 2018/19, the Fund was operating with an interim secretariat. However, in March 2020 the staff from the defunct National Sports Fund were been transitioned to SASDF.	Resolved	
5.	Budget Control and Performance	The revenues of the Fund as provided for in the regulations includes proceeds required to be paid into the Fund under Section 69 (A) Betting Lotteries and Gaming Act, Section 35 (5A) Income tax Act and Section 36 (5) Excise duty Act 2015. The underperformance. These funds are collected by KRA on behalf of the Fund and the Fund has no control of the amounts raised. Further the projections for the year are done by the National Treasury.	Resolved	
6.	Irregular Disbursements to Sports Organisations	The beneficiaries that had not submitted their returns have since submitted to the Directorate of Monitoring and Evaluation and have since been cleared. Further, as part of the Fund's internal control any	Resolved	

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status</b>	<b>Timeframe:</b>
		new funding has to be cleared by the Monitoring and Evaluation Department before funds can be disbursed.		



**Joe Okudo, CBS  
Fund Administrator  
25<sup>th</sup> September 2021**

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**APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY**

Projects implemented by SASDF Funded by the Government.

<b>Project title</b>	<b>Project Number</b>	<b>Donor</b>	<b>Period/duration</b>	<b>Donor commitment</b>	<b>Separate donor reporting required as per the donor agreement (Yes/No)</b>	<b>Consolidated in these financial statements (Yes/No)</b>
1	Presidential Directive issued on 4 <sup>th</sup> May 2020	GOK	24 Months	None	No	Yes

**Status of Projects completion**

	<b>Project</b>	<b>Total project Cost</b>	<b>Total expended to date</b>	<b>Completion % to date</b>	<b>Budget</b>	<b>Actual</b>	<b>Sources of funds</b>
1	Phase 1 of the project-Acquisition and Completion of works Nock Plaza	1,300,000	948,692,209	73%	1,300,000	948,692,209	Funded through revenues from the SASDF

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**APPENDIX III: INTER-ENTITY TRANSFERS**

<b>ENTITY NAME:</b>				
<b>Break down of Transfers from the State Department of Sports</b>				
<b>FY 2020/2021</b>				
<b>a.</b>	<b>Recurrent Grants</b>			
		<b><u>Bank Statement Date</u></b>	<b><u>Amount (KShs)</u></b>	<b><u>Indicate the FY to which the amounts relate</u></b>
	07/09/2020		59,000,000	2020/2021 FY
	21/04/2021		59,000,000	2020/2021 FY
	13/05/2021		96,000,000	2020/2021 FY
		<b>Total</b>	<b>214,000,000</b>	
		<b>Total</b>	<b>214,000,000</b>	

The above amounts have been communicated to and reconciled with the parent Ministry

Head of Finance  
**Sports Arts and Social Development Fund**

Head of Accounting Unit  
**State department of Sports**

Sign



Sign-----