

REPUBLIC OF KENYA



*Enhancing Accountability*

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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**WEST POKOT COUNTY COOPERATIVE  
DEVELOPMENT FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2023**

PAPERS LAID	
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COMMITTEE	
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WEST POKOT COUNTY COOPERATIVE DEVELOPMENT FUND.

ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2023.

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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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**WEST POKOT COUNTY CO-OPERATIVE DEVELOPMENT FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**1. Acronyms and Glossary of Terms**

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
WPCCDF	West Pokot County Cooperative Development Fund
CDF	Cooperative Development Fund
ERP	Enterprise Resource Planning

b) Glossary of Terms

Fiduciary Management      The key management personnel who had financial responsibility

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**2. Key Entity Information and Management**

**a) Background information**

West Pokot County Cooperative Development Fund is established by and derives its authority and accountability from west Pokot County Cooperative Development Act on 24<sup>th</sup> may 2018. The Fund is wholly owned by the County Government of West Pokot and is domiciled in Kenya.

The fund's objective is to provide loans to cooperatives so as to continue growing their businesses.

The Fund's principal activity is to lend out loans to cooperatives.

**b) Principal Activities**

The principal activity/mission/ mandate of the Fund is to provide loans to cooperatives at an affordable interest rate.

**c) Board of Fund Administration Committee.**

Ref.	Position	Name
1.	Chairman of the Fund	HENRY KATURIA.
2.	Chief Officer ( <i>Responsible department</i> )	MUSA RUTO LOSIANGOLE.
3.	Chief Officer finance	PRISCILLAH CEBET MUNGO.
4.	Other trustees/Committee Members	WILLIAM PETOT.
5.	Member	JULIA CHEPKORIR LOYATUM.
6.	Member	ROBERT KATINA.
7.	Member	RICHARD MWARENG.
8.	Member	NANCY CHEROP.
9.	Fund Administrator	MUSA RUTO LOSIANGOLE.

**d) Key Management Team.**

Ref	Position	Name
1	Fund Administrator	MUSA RUTO LOSIANGOLE.
2	Chief Officer finance	PRISCILLAH CEBET MUNGO.
3	Chairman of the Fund	HENRY KATURIA.

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**Key Entity and Management (Continued)**

**e) Fiduciary Oversight Arrangements**

SN	Position	Name
1	Directorate Internal Audit	THOMAS LOTIAKA, CPA.
2	Directorate Internal Audit	REHEMA CHEBET
3	Chairperson	MR. PAUL LOITANGIRO, CPA
4	Member	MS. IRENE CHEBET LOROT.

**f) Registered Offices**

P.O. Box 222-30600  
Office of the Governor  
Off Kapenguria County Hospital Road  
Kapenguria, KENYA.

**g) Fund Contacts**

Telephone:  
E-mail: [trade@westpokot.go.ke](mailto:trade@westpokot.go.ke).  
Website: [www.westpokot.go.ke](http://www.westpokot.go.ke).

**h) Fund Bankers**

Kenya Commercial Bank  
P.O BOX 396- 30600  
KAPENGURIA

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**Key Entity and Management (Continued)**

**i) Independent Auditors**

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

**j) Principal Legal Adviser**

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

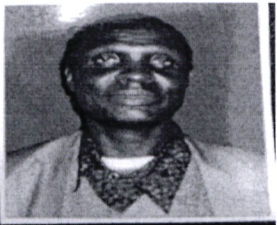



**k) County Attorney**

The county Attorney  
P.O. Box 222-30600  
Kapenguria Kenya.







**WEST POKOT COUNTY CO-OPERATIVE DEVELOPMENT FUND**  
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**3. Fund Administration Committee.**

Name	Details of qualifications and experience
<p>1. Henry Katuria</p> 	<p>Currently Chairperson of the West Pokot County Co-operative Development Fund, Eco-pillar chairperson 2003-2017, former District Education Officer of the Government of Kenya. He is a Seasoned actor in the Co-operative Movement.</p>
<p>2. Priscillah Chebet Mungo</p> 	<p>Member of key management of the West Pokot County Cooperative Development Fund. She is also the chief Officer Finance and Economic Planning at the County Government of West Pokot; she holds Master of Science in Business Administration with over 20 years of experience in both Public and private sector.</p>
<p>3. Musa Ruto Losiangole</p> 	<p>Mr. Musa Ruto is the current Chief Officer for Trade, Industry, Investment, Energy and Co-operative Development. He is also the secretary of the WPCCDF. He was appointed into office in December 2022. He has over 15 years' experience in the public sector. He is passionate on value addition in the co-operative Movement in a bid to take forward the Economy of Kenya. He is renown researcher, Worked as regional centre head for Bungoma technology transfer centre, he is BSc holder with major in food science.</p>
<p>4. Nancy Cherop</p> 	<p>She is the member of West Pokot County Co-operative Development Fund, representing the youth, she is also tourism officer County Government of West Pokot.</p>

**WEST POKOT COUNTY CO-OPERATIVE DEVELOPMENT FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**


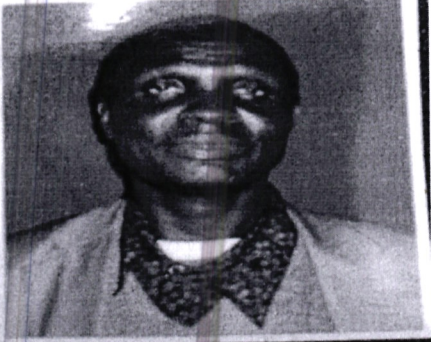

<p>5. William Petot</p> 	<p>Mr. William Petot is the current County Executive Committee Member for Trade, Industry, Investment, Energy and Co-operative Development. He was Appointed into office in October 2022. He has over 25 years of Work experience in the Public Sector. He is passionate about the Economic Empowerment of the People of West Pokot County through the Co-operative Movement.</p>
<p>6. Julia Loyatum</p> 	<p>Member of the West Pokot County Co-operative development fund, she is also administrator in the department of gender west Pokot County government; she holds degree in public administration and political science from Kisii University.</p>
<p>7. Richard Mwareng</p> 	<p>Member West Pokot County Development Fund. He is along serving businessman in West Pokot County, he represents the Kenya National Chamber of Commerce and Industry (KNCCI), West Pokot Chapter.</p>
<p>8. Robert Katina</p> 	<p>SC Robert Katina is a member of the West Pokot County Co-operative Development Fund by virtue of his office. He is the Current County Attorney of the County Government of West Pokot. SC Katina has over 25 years of experience in the legal Sector. He has litigated and given guidance to many Private and Public Institutions. His membership in the West Pokot County Co-operative Fund will be valuable as he will guide and advice the Fund Board on Legal matters.</p>

**WEST POKOT COUNTY CO-OPERATIVE DEVELOPMENT FUND**  
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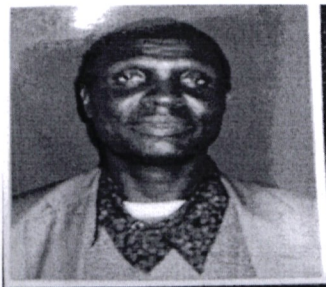
<p>9. Jacob Kapelile</p> 	<p>Director Trade, Investment and Cooperative Development- West Pokot County Government. He is also the fund director. He previously worked the Credit Manager at Magereza SACCO. He also served as the Head of Revenue for the County Government of West Pokot</p>

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**4. Management Team**

Name	Details of qualifications and experience
<p>1. Musa Ruto Losiangole</p> 	<p>Mr. Musa Ruto is the current Chief Officer for Trade, Industry, Investment, Energy and Co-operative Development. He is also the secretary of the WPCCDF. He was appointed into office in December 2022. He has over 15 years' experience in the public sector. He is passionate on value addition in the co-operative Movement in a bid to take forward the Economy of Kenya.</p> <p>The Fund Administrator is responsible for the day-to-day operations of the fund.</p>
<p>2. Henry Katuria</p> 	<p>Currently Chairperson of the West Pokot County cooperative development fund, Eco-pillar chairperson 2003-2017, former District Education Officer.</p>
<p>3. Priscillah Chebet Mungo</p> 	<p>Member of key management of the West Pokot County Cooperative Development Fund. She is also the chief Officer Finance and Economic Planning at the County Government of West Pokot; she holds Master of Science in Business Administration with over 20 years of experience in both Public and private sector.</p>

## 5. Board Chairperson's Report



The West Pokot County Co-operative Development Fund is a vision Fund to jumpstart the Economic Empowerment of Co-operative Societies in West Pokot County. This revolving fund gives cheap and affordable credit to Co-operative Societies in West Pokot County so as to spur the Economic situation of the County. Co-operative Societies play a very important role in ensuring the smallholder Farmers are able to pull resources together, trade their farm Products and be able to enjoy the Economies of scale which in one way or another contribute the economic development in the community.

The fund, during the year, had its key management changes. This affected the Fund Administrator, Fund Director and the Fund Accountant as a result of change of government after the 2022 August elections. This also happened since the previous office holder's employment contracts lapsed necessitating the change in compliance to the WPCCDF act 2018 that require the fund administrator to be an employee of the county government of West Pokot.

In the 2022/2023 financial year, the fund received financial support from the USAID-KUZA donors amounting to **Kshs. 16.8** Million to assist in capacity building and enhance the fund reach to more cooperatives. We were able to lend to three new Co-operative Societies during the year bringing the number of cooperatives supported as of close of the financial year to fourteen:-

1. West Pokot County Economic Sacco Society limited.
2. Muruny Farmers' Co-operative Society Limited.
3. Kaptabuk Farmers' Co-operative Society Limited.
4. Kamelei Famers Co-operative Society Limited.
5. Kaibos Farmers' Co-operative Society Limited.
6. Kamco Farmers co-operative society limited.
7. Kodich Farmers co-operative society limited.
8. Kiletat women group co-operative society limited.
9. Siyoi Multi-Produce co-operative society limited.
10. Pokot Farmers co-operative society limited.
11. Tulwet Farmers' co-operative society limited.
12. Kapenguria Traders Sacco.
13. Kapsangar Farmers' co-operative society limited.
14. Weiwei Farmers' Co-operative Development

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There is still a huge demand from the rest of the other 120 Plus Co-operative Societies from across the County to access the Funds from the West Pokot County Co-operative Development Fund. On average, the Current Co-operative Societies that have taken the Loans are servicing on well apart from a few which are a bit struggling and it is our hope that they will continue to service these loans to completion.

There is need to prepare and train more co-operatives so as to prepare them well to qualify for the loans in the subsequent years.

As the Chair of the West Pokot County Co-operative Development Fund, we will ensure that we have closely monitored the loans so that we have a 100% repayment so that we can be able to grow this fund to reach more co-operatives in the County so that the Co-operative Movement will be more vibrant.

We will also work together with the County Government of West Pokot and other development partners so as to train Co-operatives societies in Governance and leadership so as to make Co-operative Societies have excellent leadership so as to make it easy for the West Pokot County Co-operative Development Fund and other financial institutions lend money to co-operatives so as to help grow these Co-operatives.

It is my hope that the County Government of West Pokot will increase the allocation to the West Pokot County Co-operative Develop Fund kitty so that we can be able to support more and more Co-operative Societies.

May God Bless all of you, partners, Co-operators and the County Government of West Pokot and we look forward to a good working relationship in the coming years.

Thank you.

Name: **Mr. Henry Katuria**

Signature.....



Date.....

17/01/2024

Chairperson of the Board

**6. Report of the Fund Administrator.**



The West Pokot County Cooperative Development Fund is one of the smartest ideas The County Government of West Pokot has ever implemented practically since inception of devolution, Sincerely speaking, it has touched and changed many lives of co-operators. It is estimated that more than one thousand five hundred individuals received direct positive impact from this fund from different cooperative beneficiaries.

The fund came into full operation on 7<sup>th</sup> December 2020. The West Pokot County Government is the main source of funds, in its first year of operation ,financial year 2020/2021 county government budgeted and transferred forty million (Ksh. 40M) to the fund, this was incredible as it gave the fund best financial footing. In the preceding financial year 2021/2022. The County Government of West Pokot approved the budget of twenty five million (25,000,000) to this fund. I really want to thank the County Treasury for considering this newly founded initiative which is looking forward to growing its operations to another admirable level of excellence and be of help to many cooperatives in this fastest growing Economy, with cooperative proving to be great.

During the year under review, the fund was able to lend out to four cooperatives whose total loan amounted to Seven million. This therefore means that the total number of cooperatives supported to date is fourteen, for sure the fund has truly lived to its mission and vision of lending out loans to cooperatives at extremely low interest rates.

The fund adopted and installed very effective appraisal secretariat whose work is to make sure that all loan applications are evaluated based on set and agreed conditions, this way the

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fund will be able to lend out its loans to cooperatives deemed fit to take loan. Secondly the fund undertakes thorough training of successful loan applicants to make sure that the loan granted gets used in a prudent manner. In the same way the fund is implementing very ambitious loan recovery strategies in order to curb completely cases of late loan repayment. The fund is facing funding deficits, for the last three months we have received many loan application requests from cooperatives who need capital to jumpstart their specific development plans fully. In this regard therefore, fund management recently made request to the department of finance and economic planning , County Government Of West Pokot for more funding in order to meet this overwhelming loan demand. I would like also to appreciate and applaud to the USAID-KUZA for the enormous financial support they gave us last year translating to Ksh.16.8M meant for capacity building of board, technical officers and training of cooperatives. From the grant received from the donor we were also able to amend West Pokot County Development Act 2018 and Regulations 2019 in order to respond to the needs of the fund that include inclusion of insurance fees to the loans advanced, loan processing fees , interest rates charged to loans and management fees On the other hand, we intend to institute a new board on planned gradual manner as the term of existing board is coming to an end in few months to come, finally fund management is seeking funding from County Government of West Pokot and other donors . We also need to have an ERP system to manage the loans since the manual register will not be adequate to handle all the tasks in real time. We therefore intend to be the best and most effective and efficient service provider in terms of loan advancement to cooperatives and other registered entities in the long run.

Thank you and God bless.

Name: **Mr. Musa Losiangole** Signature..........Date.....17/01/2024.....

**Fund Administrator**



**WEST POKOT COUNTY CO-OPERATIVE DEVELOPMENT FUND**  
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**7. Statement of Performance Against the County Fund’s Predetermined Objectives**

**Introduction.**

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity’s performance against predetermined objectives.

The key development objectives of the Fund as per the strategic plan are to:

- a) *Provide affordable loans to cooperatives in the county.*

**Progress on attainment of Strategic development objectives.**

Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Training of Cooperatives	To build capacity for the cooperatives.	Increased number of cooperatives accessing training opportunities.	16% of cooperatives trained.	19 cooperatives invited and trained.
Loan advancement to cooperatives	To support cooperatives with capital	Increased number of cooperatives accessing loans	<b>26% of all audited cooperatives get loans from fund</b>	<b>in FY 2022/2023 all cooperatives showed promising trend in loan repayment</b>

## **8. Corporate Governance Statement.**

The West Pokot County Co-operative Development Fund has a Board in place consisting of nine members appointed by the County Executive Committee Member for Finance, in accordance with sections 8 of the West Pokot County Co-operative Development Fund Act 2018 who support the Administrator of the Fund in the day to day Management of the Fund. The Fund Board holds at least two meetings every year enabling the fund to be able to effectively execute its functions.

The Fund Board has been Inducted and trained in Fund Management so as to be able to execute their functions as the Fund Board.

We have put in Place a succession mechanism so as to ensure that we not only have a good succession in the office of the Board but also a good institution memory. The Current tenure of the Current Board is three years but we will stagger the retirement of Board members so that we have good succession of the board members.

We will continue to work with development partners like USAID KUZA so as to capacity build the members of the Board in a bid to enhance good management of the West Pokot County Co-operative Development Fund.

We will endeavour to ask for more budgetary allocation in the County Budget so as to increase the Fund Kitty to the required seed capital of Kenya Shillings **Three Hundred Million (KSh. 300M)** in a bid to reach more corporative societies in the County with financing thus supporting the Co-operative Movement in the County.

We have a conflict of register that each of the Board Members and Management do sign on an annual basis.

The remuneration of the Board is in line with the SRC allowances structure and the same is drawn from 3% of the Fund's Annual Budget.

We have a laid down process in the Appointment and removal of the Board Members of the Fund.

We regularly have Board members trained on Ethics, Integrity and Risk Management training so as to strengthen the capacity of the Fund Board in Ethics, Integrity and Risk Management.

The accounts of the Fund are examined, audited and reported upon annually and presented to the County Assembly.

## **9. Management Discussion and Analysis.**

West Pokot county cooperative development fund for the last one year demonstrated high standards of efficiencies effectiveness with regard to service delivery to its target clients-cooperative societies, secondly all the funds were prudently appropriated and all resources geared towards set goals subject to the act 2018 and regulation 2019 respectively .On the other hand, board members embraced teamwork and complied to the chapter six of Kenya constitution 2010 with more guidelines provided for in the act and regulations.

The funds key priority area of investment is that of loan advancement to cooperatives with 3% interest rate, this interest lowest compared to the one charged by commercial banks, up to 30<sup>th</sup> June 2023, the fund managed to give out loans to fourteen cooperatives societies with a an outstanding loan book of over fifty million shillings. Seven Million Shillings (7,000,000) was disbursed in the year under review.

The fund is fully compliant to the PFM act and with West Pokot County cooperative Development Act 2018 and regulations 2019 and it is committed to adhering to provided norms every time as it is provided for from relevant authorities .Additionally the fund has put measures in place to make sure that there no cases of fraud and default scenarios this way the fund has installed very strong appraisal unit which determines loan applicants upon which board members further does more checks to establish truthfulness of information supplied.

We are determined to making this fund one of the most admired institutions handling large tasks solving cooperatives financial needs in West Pokot County.

## **10. Environmental and Sustainability Reporting.**

### **1. Sustainability Strategy and Profile.**

In order to protect sustainability of the fund, board management resolved to strengthen tenure and independence of board through an amendment to its regulations which provides for strong and powerful board free from political changes in the county government and any other external factors deemed threat to its operations. This is a great move considering that county governments experience change in leadership after every general elections.

The seed capital expected from the county government is Ksh. 300m. This will ensure sustainability of the fund through revolving the funds.

### **2. Environmental Performance.**

With one accord, the fund through board and management is in the process making an amend to its regulations that will provide for fund budgeting for tree planting in water catchment areas within West Pokot County done once each year. Secondly, we are training cooperatives management on waste management practices.

### **3. Employee Welfare.**

West Pokot County Cooperative Development Fund does not hire employees instead it enjoys technical staff deployed from department of trade, energy, industry, investment and cooperative development to serve in different capacities when required. Further the fund is under full control by the board as the act and regulations spells out clearly roles, functions and powers conferred to board management. It should be noted that both board and technical only qualify for allowances upon attendances of board meetings. The technical staff and the board are trained to improve their skills and

### **4. Market Place Practices.**

- (a) West Pokot County Cooperative Development Fund lends out loans to successful loan applicants at 3% interest rate, this is the most affordable rate compared to other commercial banks. Similarly this rate is within acceptable limit. Again this rate is provided for in the act and regulations and is within confines of PFM ACT 2012. Furthermore this rate is also charged by many government mortgage schemes which means it is within responsible competition practice.
- (b) The fund fully complies with laws and regulations of the procurement process and asset disposal. Further, all its purchases are done within laid down procedures as it is contained in the act and regulations respectively. West Pokot county cooperative development makes display of its products through

**WEST POKOT COUNTY CO-OPERATIVE DEVELOPMENT FUND**  
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print media, radio talks, users of banners and public address system .The fund has zero rated the use of noise pollutants in its marketing campaigns, additionally its clearly spelt out in its marketing policy that the fund should work towards holistic marketing approach.

- (c) Product stewardship- outline efforts to safeguard consumer rights and interests. The fund though the Act and Regulations transparently communicates to its customers all rights and responsibilities. This prevents exploitation and ensure equal treatment by the fund officials.

**5. Corporate Social Responsibility / Community Engagements.**

The WPCCDF engages in tree planting in schools and communities. We also organize community financial education programs. However, during the year under review, we did not engage in any CSR activities but we hope to continue in the new financial year.

**WEST POKOT COUNTY CO-OPERATIVE DEVELOPMENT FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**11. Report of The Trustees**

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the Fund affairs.

**Principal activities.**

The principal activity of the Fund is to give out affordable loans to cooperatives within West Pokot County.

**Results.**

The results of the Fund for the year ended June 30, 2023 are set out on page 1.

**Trustees.**

The members of the Board of Trustees who served during the year are shown on page iv. The changes in the Board during the financial year are as shown below:

**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 Board

Sign:



Mr. Henry Katuria

**Chair of the Board/Fund Administration Committee**

Date: 17/01/2024

**WEST POKOT COUNTY CO-OPERATIVE DEVELOPMENT FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**12. Statement of Management’s Responsibilities**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by *West Pokot county cooperative act 2018* shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2023. 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 Fund; (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 Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund’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 *West Pokot county cooperative act 2018*. The Administrator of the Fund is 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, 2023, and of the Fund’s financial position as at that date. The Administrator 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.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund’s ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. OR

Nothing has come to the attention of the Administrator to indicate that the Fund 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 .....19/09/.....2023 and signed on its behalf by:

  
.....

**Musa Ruto Losiangole**

**Administrator of the County Public Fund**

# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON WEST POKOT COUNTY COOPERATIVE DEVELOPMENT FUND FOR THE YEAR ENDED 30 JUNE, 2023**

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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 the Government achieves value for money and that such funds are applied for intended purpose; and,
- C. Report on the 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, risk management environment and 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 West Pokot County Cooperative Development Fund set out on pages 1 to 22, which comprise the statement of financial

*Report of the Auditor-General on West Pokot County Cooperative Development Fund for the year ended 30 June, 2023*



position as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of West Pokot County Cooperative Development Fund as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the West Pokot County Cooperative Development Fund Act, 2018 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Inaccurate Current and Long Term Receivables from Exchange Transactions**

The statement of financial position reflects current portion of long-term receivables from exchange transactions of Kshs.15,997,110 and long-term receivables from exchange transactions of Kshs.33,468,721 all totalling to Kshs.49,465,831. However, the movement schedule was not provided for audit. Further, the interest income schedule reflects total receivables balance brought forward of Kshs.49,492,698 that differed with the prior year balance of Kshs.53,411,801 resulting to unreconciled variance 3,919,103.

In the circumstances, the accuracy and completeness of the current and long-term receivables from exchange transactions balance of Kshs.49,465,831 could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the West Pokot County Cooperative Development Fund Management in accordance with ISSAI 130 on the 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 judgement, are of most significance in the audit of the financial statements. There were no key audit matters during the year under review.

## **Other Matter**

### **Prior Year Audit Matters**

The prior year audit report highlighted various issues under the report on financial statements and the report on lawfulness and effectiveness in use of public resources. Although Management has indicated in the report on progress made in follow up of auditor's recommendations that the matters were resolved immediately while others were unresolved, the actual status of the matters will be confirmed after they are discussed by the legislature.

### **Other Information**

The Management is responsible for the other information set out on page iv to xxi which comprise of Key Entity Information and Management, Fund Administration Committee, Management Team, Board Chairperson's Report, Report of the Fund Administrator, Statement of Performance Against the County Fund's Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Trustees and Statement of management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

My opinion on the financial statements does not cover the other information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Irregular Public Contribution and Donations**

The statement of financial performance reflects public contributions and donations of Kshs.16,858,331 as disclosed in Note 1 to the financial statements. The amount was a grant given to the Fund by a donor agency through two agreements dated 28 November, 2022 for USD.50,000 or Kshs.6,139,202 and agreement dated 4 May, 2023 for USD 80,000 or Kshs.10,719,129.

The funds were deposited directly to the West Pokot County Cooperative Development Fund Bank account maintained at a local bank without first being channeled to the County Revenue Fund contrary to Regulation 74(1) of Public Finance Management (County Governments) Act, 2015 which requires that all monies received by way of grants and donations shall constitute public monies and shall be paid into the County Revenue Fund.

In addition, the agreements were all signed by an officer in the Department of Trade, Industry and Cooperative Development on behalf of the County Government. No evidence was made available of the approval of the grant by the County Executive Committee Member for Finance as provided for by Section 138(3) of the Public Finance Management Act, 2012 which states that a county government or county government entity may receive a grant or donation from a development partner with the approval of the County Executive Committee Member for Finance and only as provided by this section.

In the circumstances, the Management breached the law.

## **2. Irregular Disbursement of Loans**

The statement of financial position reflects current portion of long-term receivables from exchange transactions of Kshs.15,997,110 and long-term receivables from exchange transactions of Kshs.33,468,721 all totaling Kshs.49,465,831. The amount includes Kshs.7,000,000 disbursed to four (4) cooperative societies without meeting the terms and conditions of loan disbursements as provided in Regulation 13(1) of West Pokot County Cooperative Development Fund Regulations, 2019, which states that co-operative institution intending to borrow from the Fund shall be required to submit amongst others, latest financial statements of its audited accounts, cash flow statements, latest bank or any other financial institution statements and a business plan.

In the circumstances, the loans were advanced irregularly and Management was in breach of the law.

## **3. Expenditure in Excess of Statutory Limit**

The statement of financial performance reflects use of goods and services expenditure of Kshs.13,921,838. However, this amount exceeded the threshold of 3% or Kshs.531,728 of the total revenue of Kshs.17,724,269 by Kshs.13,390,110 or 96% contrary to Regulation 197(1)(d) of Public Finance Management (County Government) Regulations, 2015 which provides that, the administration costs of the Fund shall be a maximum of three (3%) percent of the approved budgets of the Fund.

In the circumstances Management was in breach of the law.

## **4. Unsecured Loans**

During the year under review, the Fund disbursed loans amounting to Kshs.7,000,000 to four (4) cooperative societies. However, Management did not obtain and hold in custody the collateral or securities for the loans advanced. This is contrary to Regulation 19(1) of

the West Pokot County Co-operative Development Fund Regulations, 2019, which provides that all loan facilities shall carry acceptable securities, subject to the above, the board may charge the title deed, exercise lien over the property or proceeds, get shares, insurance policy with adequate surrender value.

In the circumstances, the Management was in breach of the law and the recoverability of the loans is in doubt in case of default.

## **5. Unbalanced Budget**

The statement of comparison of budget and actual amounts reflects a revenue final budget of Nil against actual receipts of Kshs.17,724,269. The statement also reflects a final expenditure budget of Nil against actual expenditure of Kshs.13,921,838 resulting to unbalanced budget by Kshs.3,802,431. Further, the Fund budget was not prepared or approved in accordance with the law.

In the circumstances, Management was in breach of the law.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (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 comply, 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015 and 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 governance were not effective.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) 2315 and 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, 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 the Management and the Fund Administration Committee**

The 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 controls as the Management determines is necessary to enable the preparation of financial statements that are free

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from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

The 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, the Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

The Fund Administration Committee are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud May involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that May cast significant doubt on the Fund's ability to 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.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**


**31 January, 2024**

**WEST POKOT COUNTY CO-OPERATIVE DEVELOPMENT FUND**  
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**14. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2023.**

Description	Note	FY2022/2023	FY2021/2022
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
Public Contributions and Donations	<b>1</b>	16,858,331	-
Transfers From the County Government	<b>2</b>	-	25,000,000
		<b>16,858,331</b>	<b>25,000,000</b>
<b>Revenue From Exchange Transactions</b>			
Interest Income	<b>3</b>	865,938	1,325,926
		<b>865,938</b>	<b>1,325,926</b>
<b>Total Revenue</b>		<b>17,724,269</b>	<b>1,325,926</b>
<b>Expenses</b>			
Use of goods and services	<b>4</b>	13,921,838	4,988,477
<b>Total Expenses</b>		<b>13,921,838</b>	<b>4,988,477</b>
<b>Surplus/(Deficit) for the Period</b>		<b>3,802,431</b>	<b>(3,663,919)</b>

  
 .....  
**Name: MUSA LOSIANGOLE**  
**Administrator of the Fund**

  
 .....  
**Name: SAMUEL LOMWAI**  
**Fund Accountant**  
**ICPAK Member Number:30638**







**WEST POKOT COUNTY CO-OPERATIVE DEVELOPMENT FUND**  
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**15. Statement of Financial Position As at 30 June 2023.**

Description	Note	FY2022/2023	FY2021/2022
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	5	14,884,455	7,136,055
Current Portion of Long- Term Receivables From Exchange Transactions	6	15,997,110	53,411,801
<b>Total current assets</b>		<b>30,881,565</b>	<b>60,547,856</b>
<b>Non-Current Assets</b>			
Long Term Receivables from Exchange Transactions	6	33,468,721	-
<b>Total non- current assets</b>			
<b>Total Assets</b>		<b><u>64,350,286</u></b>	<b><u>60,547,856</u></b>
<b>Liabilities</b>			
<b>Net Assets</b>			
Revolving Fund		65,000,000	65,000,000
Reserves		-	-
Accumulated Surplus		(649,714)	(4,452,144)
<b>Total Net Assets and Liabilities</b>		<b><u>64,350,286</u></b>	<b><u>60,547,856</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 19/09/2023 and signed by:

  
 Name: MUSA LOSIANGOLE  
 Administrator of the Fund

  
 Name: SAMUEL LOMWAI  
 Fund Accountant  
 ICPAK Member Number:30638

**WEST POKOT COUNTY CO-OPERATIVE DEVELOPMENT FUND**  
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**16. Statement of Changes in Net Assets for the year ended 30th June 2023**

Description	Revolving Fund	Revaluation Reserve	Accumulated Surplus	Total
		KShs	KShs	KShs
<b>Balance as at 30 June 2021</b>	40,000,000	-	-	40,000,000
Surplus/(deficit) for the period	-	-	(788,225)	(788,225)
Funds received during the year	25,000,000	-	-	25,000,000
<b>Balance as at 30 June 2022</b>	<b>65,000,000</b>	-	<b>(3,663,919)</b>	<b>60,547,856</b>
<b>Balance as at 1 July 2022</b>	<b>65,000,000</b>	-	<b>(4,452,144)</b>	<b>60,547,856</b>
Surplus/(deficit) for the period	-	-	3,802,430	3,802,430
<b>Balance as at 30 June 2023</b>	<b>65,000,000</b>	-	<b>(649,714)</b>	<b>64,350,286</b>

**WEST POKOT COUNTY CO-OPERATIVE DEVELOPMENT FUND**  
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**17. Statement of Cash Flows For the Year Ended 30 June 2023.**

Description	Note	FY2022/2023	FY2021/2022
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations	1	16,858,331	-
Transfers from the county government	2	-	25,000,000
Interest received	3	865,938	1,325,926
Receipts from other operating activities		-	-
<b>Total receipts</b>		<b>17,724,269</b>	<b>26,324,558</b>
<b>Payments</b>			
Use of goods and services	4	13,921,838	4,988,477
<b>Total Payments</b>		<b>13,921,838</b>	<b>4,988,477</b>
<b>Net cash flows from operating activities</b>	7	<b>3,802,431</b>	<b>21,336,081</b>
<b>Cash flows from investing activities</b>			
Proceeds from loan principal repayments		10,945,969	6,841,065
Loan disbursements paid out		(7,000,000)	(40,700,000)
<b>Net cash flows used in investing activities</b>		<b>3,945,969</b>	<b>(33,684,340)</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		<b>7,748,400</b>	<b>(12,348,259)</b>
Cash and cash equivalents at 1 July		7,136,055	19,484,313
<b>Cash and cash equivalents at 30 June</b>		<b>14,884,455</b>	<b>7,136,055</b>

**WEST POKOT COUNTY CO-OPERATIVE DEVELOPMENT FUND**  
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**18. Statement of Comparison of Budget and Actual Amounts for The Period**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	b	C=(a+b)	d	e=(c-d)	f=d/c*100
<b>Revenue</b>						
Public Contributions and Donations	-	-	-	16,858,331	-	-
Interest Income	-	-	-	865,938	-	-
<b>Total Income</b>	-	-	-	<b>17,724,269</b>	-	-
<b>Expenses</b>						
Use of goods and services	-	-	-	13,921,838	-	-
<b>Total Expenditure</b>	-	-	-	<b>13,921,838</b>	-	-
<b>Surplus For the Period</b>	-	-	-	<b>3,802,431</b>	-	-
<b>Capital expenditure</b>	-	-	-	-	-	-

**WEST POKOT COUNTY COOPERATIVE DEVELOPMENT FUND**  
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**19. Notes to the Financial Statements**

**1. General Information**

West Pokot County cooperative development Fund entity is established by and derives its authority and accountability from west Pokot County cooperative development Act 2018A. The entity is wholly owned by the County Government of West Pokot and is domiciled in Kenya. The entity’s principal activity is lent out loans to cooperatives.

**2. Statement of compliance and basis of preparation**

The Fund’s financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

**3. Adoption of new and revised standards**

(i) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023*

Standard	Effective date and impact
<p><b>IPSAS 41:</b> Financial Instruments</p>	<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</li> </ul>

**WEST POKOT COUNTY COOPERATIVE DEVELOPMENT FUND**  
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Standard	Effective date and impact
	<p>asset's cash flows and the objective for which the asset is held;</p> <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>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <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>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <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> </ul>

**WEST POKOT COUNTY COOPERATIVE DEVELOPMENT FUND**  
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Standard	Effective date and impact
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p>

(ii) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p>



**WEST POKOT COUNTY COOPERATIVE DEVELOPMENT FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

Standard	Effective date and impact:
	The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

**(iii) Early adoption of standards**

The Entity did not early – adopt any new or amended standards in the financial year.

**4. Significant accounting policies**

**a) Revenue recognition**

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

**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.

**ii. Revenue from exchange transactions**

**Interest income**

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

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

**Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

**b) Budget information**

The original budget for FY 2022/2023 was approved by the County Assembly on June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of 0 on the FY 2022/2023 budget following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

**WEST POKOT COUNTY COOPERATIVE DEVELOPMENT FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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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 18 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.

**d) Intangible Assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

**e) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. (entity to amend appropriately)* Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

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**f) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**Financial assets**

**Classification of financial assets**

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

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**Summary of Significant Accounting Policies (Continued)**

**Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

**Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in.

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**Significant Accounting Policies (Continued)**

**Financial liabilities**

**Classification**

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

**g) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

**h) Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**i) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

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**j) Contingent liabilities**

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**Contingent assets**

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

**k) Nature and purpose of reserves**

The Entity did not create or maintained reserves in terms of specific requirements.

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

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

**m) Employee benefits – Retirement benefit plans**

The Entity 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 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.

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**n) 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.

**o) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**p) Related parties**

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

**q) 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.

**r) Comparative figures**

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



**5. Significant judgments and sources of estimation uncertainty**

The preparation of the Entity's 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.

**a) 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 Entity 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.

**b) 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:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

**c) Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Notes.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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**6. Notes to The Financial Statements**

**1. Public contributions and donations**

Description	2022/2023	2021/2022
	KShs	KShs
Donation From Development Partners	16,858,331	-
<b>Total</b>	<b>16,858,331</b>	<b>-</b>

(USAID-KUZA Grant)

**2. Transfers from County Government**

Description	2022/2023	2021/2022
	KShs	KShs
Transfers From County Govt. –Operations	-	25,000,000
<b>Total</b>	<b>-</b>	<b>25,000,000</b>

**3. Interest income**

Description	2022/2023	2021/2022
	KShs	KShs
Interest Income from Investments in financial assets	865,938	1,325,926
<b>Total Interest Income</b>	<b>865,938</b>	<b>1,325,926</b>

**4. Use of Goods and Services**

Description	FY2022/2023	FY2021/2022
	Kshs.	Kshs.
Administration Fees	13,905,500	4,976,200
Bank Charges	16,338	12,277
<b>Total</b>	<b>13,921,838</b>	<b>4,988,477</b>

**5. Cash and cash equivalents**

Description	2022/2023	2021/2022
	KShs	KShs
Current account(acc.no.1257402498)	14,884,455	7,136,055
<b>Total Cash and Cash Equivalents</b>	<b>14,884,455</b>	<b>7,136,055</b>

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**Notes to the Financial Statements Continued**

Detailed analysis of the cash and cash equivalents are as follows:

Financial Institution	Account number	2022/2023	2021/2022
		Kshs	Kshs
<b>a) Current Account</b>			
Kenya Commercial Bank	1257402498	14,884,455	7,136,055
<b>Sub- Total</b>		<b>14,884,455</b>	<b>7,136,055</b>
<b>Grand Total</b>		<b>14,884,455</b>	<b>7,136,055</b>

**6. Receivables from exchange transactions**

Description	2022/2023	2021/2022
	KShs	KShs
<b>Current Receivables</b>		
Interest Receivable	118,632	-
Current Loan Repayments Due	15,878,478	-
<b>Non-Current receivables</b>		
Long term loan repayments due	33,468,721	53,411,801
<b>Total Non- current receivables</b>	<b>49,465,831</b>	<b>53,411,801</b>
<b>Total receivables from exchange transactions</b>	<b>49,465,831</b>	<b>53,411,801</b>

**7. Cash generated from operations**

Description	2022/2023	2021/2022
	Kshs	Kshs
<b>Receipts</b>		
Interest Income	865,938	1,325,926
Donations	16,858,331	-
Transfers from county government		25,000,000
<b>Total</b>	<b>17,724,269</b>	<b>26,324,558</b>
<b>Payments</b>		
Fund administration Expenses	(13,905,500)	(4,988,477)
General Expenses	(16,338)	-
<b>Net Cash Flow from Operating Activities</b>	<b>3,802,431</b>	<b>21,336,081</b>

**8. Financial risk management**

**a) Capital risk management.**

**WEST POKOT COUNTY COOPERATIVE DEVELOPMENT FUND**

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The objective of the Fund's capital risk management is to safeguard the Fund's ability to continue as a going concern. The entity capital structure comprises of the following funds:

Description	2022/2023	2021/2022
	Kshs	Kshs
Revolving fund	65,000,000	65,000,000
Accumulated surplus	(49,714)	(4,452,144)
<b>Total funds</b>	<b>64,350,286</b>	<b>60,547,856</b>

**9. Events after the reporting period**

There were no material adjusting and non- adjusting events after the reporting period.

**10. Ultimate and Holding Entity**

The entity is a County Public Fund established by West Pokot County Cooperative Development Fund Act under the Ministry of Trade, Industry, Investment, Energy and Cooperative Development. Its ultimate parent is the County Government of West Pokot.

**11. Currency**

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

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**20. Annexes**

**Annex I: Progress on Follow Up of Prior Year Auditor's 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: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Irregular Disbursement of Loans	<p>i)The management had requested the (3) Co-operative Societies to provide Conventional security for the loan they have in the Fund's books.</p> <p>(ii)Amendment of the West Pokot County Co-operative Development Fund Regulations 2019 to provide for the Top up Loans to Co-operative Societies is in final stages.</p> <p>(iii) The Cooperative Society executives appeared before the Fund Board and requested for the Loans.</p> <p>(iv)We have obtained an Internal Auditor's Opinion on the Financial statements of the Sacco.</p> <p>(v)Business plan was provided to support a loan top up requests.</p> <p>(vi)Cash flow statements were provided to support their ability to service the loan that they have with the Fund.</p> <p>(vii) West Pokot County Economic Savings and Credit Society has provided</p>	Unresolved	June 2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>bank statements for the last 12 months that clearly shows positive cash flows that shows the Sacco has the ability to service well the loan they have with the fund.</p> <p>(viii) The names, addresses, signatures and the photos of the Loan guarantors have been provided and updated in the loanee's file for record.</p> <p>(ix) The loan repayment form is been obtained and is enclosed at the loanee's File</p>		
2	Unsecured Loans	<p>The management have written and demanded from all the co-operatives that have taken loan facilities with the Fund and we will follow with the co-operatives to ensure that all the granted loans are fully secured. Going forward, we will only be granting loans to co-operatives that have adequate securities.</p>	Unresolved	June 2024

Fund Manager/Accounting Officer



Date 17/01/2024.....

