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REPORT

OF

THE AUDITOR-GENERAL

ON

WOMEN ENTERPRISE FUND

**FOR THE YEAR ENDED
30 JUNE, 2022**

THE NATIONAL ASSEMBLY
PAPERS

DATE: 19 APR 2023

DAY:

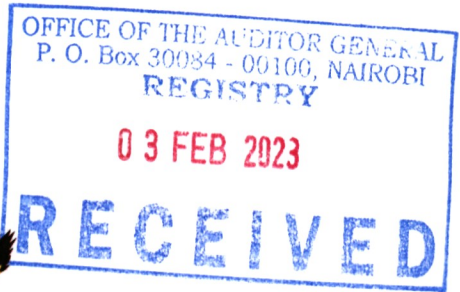
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TABLED
BY:

Hon. Owen Baya, Deputy leader
of the Majority Party

CLERK-AT
THE-TABLE:

Medo



WOMEN ENTERPRISE FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2022**

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

Table of Content	Page
I. KEY INFORMATION AND MANAGEMENT	1
II. THE BOARD OF DIRECTORS.....	6
III. MANAGEMENT TEAM	9
IV. CHAIRPERSON'S STATEMENT	13
V. REPORT OF THE CHIEF EXECUTIVE OFFICER.....	15
VI. REVIEW OF WOMEN ENTERPRISE FUND'S PERFORMACE FOR FY 2021/2022 AGAINST SET OBJECTIVES	17
VII. CORPORATE GOVERNANCE STATEMENT	19
VIII. MANAGEMENT DISCUSSION AND ANALYSIS.....	21
IX. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING.....	28
X. REPORT OF THE DIRECTORS.....	32
XI. STATEMENT OF DIRECTORS' RESPONSIBILITIES.....	33
XII. REPORT OF THE INDEPENDENT AUDITORS ON THE WOMEN ENTERPRISE FUND.....	34
XIII. STATEMENT OF FINANCIAL PERFORMANCE	35
XII. STATEMENT OF FINANCIAL POSITION	36
XIII. STATEMENT OF CHANGES IN NET ASSETS	37
XIV. STATEMENT OF CASH FLOWS.....	38
XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 TH JUNE 2022	39
XVI. NOTES TO THE FINANCIAL STATEMENTS	42
XVII. Appendix 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS	60
XVIII. Appendix 2: PROJECTS IMPLEMENTED BY THE ENTITY	62
XIX. Appendix 3: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES	62

I. KEY INFORMATION AND MANAGEMENT

(a) Background information

The Women Enterprise Fund was incorporated/ established under the Legal Notice No.147 of 2007. The Fund is domiciled in Kenya and has branches in sixteen regions, namely; Eldoret, Embu, Garissa, Isiolo, Kakamega, Kapenguria, Kisii, Kisumu, Machakos, Malindi, Mombasa, Nairobi, Nakuru, Nyeri, Rumuruti and Wajir.

The Fund is a Semi-Autonomous Government Agency under the Ministry of Public Service, Gender, Senior Citizens Affairs and Special Programmes established primarily to provide accessible and affordable credit and business support services to women entrepreneurs to start and/or expand businesses for wealth and employment creation.

(b) Principal Activities

The Fund's Vision is 'A transformed Kenyan woman contributing to sustainable socioeconomic development.'

While the Mission is 'To mobilize resources for sustainable access to affordable financial and business support services to empower Kenyan women.'

The mandates are:

- i. Provision of affordable and accessible credit to women for enterprise development.
- ii. Capacity building of women beneficiaries and their institutions.
- iii. Facilitate and support local and international marketing of goods produced by women
- iv. Promotion of linkages between micro, small and medium enterprises owned by women with larger enterprises.
- v. Facilitate and support investments in infrastructure that support women enterprises e.g., decent market spaces or business incubators.

(c) Key Management

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

- i. Principal Secretary, State Department of Gender in the Ministry of Public Service, Gender, Senior Citizens Affairs and Special Programmes
- ii. Advisory Board
- iii. A Secretariat headed by a Chief Executive Officer

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No	Designation	Name
i.	Chief Executive Officer	Dr. (Eng.) Charles Mwirigi
ii.	Manager, Finance & Administration	Paul Wangai
iii.	Manager, Credit	Raphael Kimolo
iv.	Manager, Audit & Risk	Daniel Rucha
v.	Manager, Marketing, Research & Communication	Ruth Randa
vi.	Manager, M & E	Carilus Okoth
vii.	Assistant Manager, Legal	Mary Anne Ngoima
viii.	Assistant Manager, Supply Chain Management	Catherine Otido

(e) Fiduciary Oversight Arrangements

The Fund is structured to be governed through the following oversight committees:

- i. Finance, Human Resource and Administration Committee**
 - a. Formulate and review human resources policies on recruitment, remuneration, performance, retention and discipline and recommend to the Board for approval.
 - b. Develop policies on capacity building of the institution and women beneficiaries of the Fund services.
 - c. Monitor and evaluate the implementation of policies and make appropriate recommendations to the Board.
 - d. Review the financial performance of the Fund including annual budgets and quarterly management reports and make appropriate recommendations.
 - e. Monitor the execution of the strategic plan.
 - f. Review the staff performance on an annual basis and make appropriate recommendations.
 - g. Monitor staff development and succession planning.
 - h. Monitor and evaluate the impact of the capacity building of women beneficiaries.
 - i. Any other relevant assignment by the Board.

ii. **Credit Committee**

- a. Formulate and periodically review the rules, regulations and procedures for the granting and repayment of loans to women entrepreneurs and financial intermediary partners and make such recommendations as necessary to the Board.
- b. Formulate new loan policies and recommend changes to existing ones when necessary to the Board.
- c. Receive and review loan applications from the approved channels and recommend the same to the Board for necessary action.
- d. Receive and analyse proposals from management on new loan products and make appropriate recommendations to the Board.
- e. Assess and monitor loan repayments from existing channels and make appropriate recommendations to the Board.
- f. Review these terms of reference from time to time to take into account the dynamism of the operating environment and recommend the same to the Board for consideration.
- g. Any other relevant duties that may be assigned by the Board from time to time.

iii. **Strategy, Innovation and Technology Committee**

- a. To consider, vet and approve potential partners for ratification by the Board.
- b. To continuously review the partnership guidelines and if necessary, recommend amendments to the Board.
- c. To monitor the performance of partners.
- d. To engage partners if called upon to do so by management or the Board.
- e. To undertake any other relevant tasks/responsibilities that may be assigned by the Board from time to time.

iv. **Audit and Compliance Committee**

- a. Formulate policies for effective risk management framework for the Fund.
- b. Review the effectiveness of the risk management system and strategies and make appropriate recommendations.
- c. Review the Fund's compliance with the relevant statutes, policies, rules, regulations, administrative government circulars and guidelines.
- d. Review the adequacy of internal policies, procedures and process to ensure necessary and sufficient internal controls are in place.
- e. Review the effectiveness of the internal audit function.
- f. Receive and review external auditor's reports and management responses thereto including the action taken to address any material issues raised.
- g. Review compliance with the Fund's service charter and board charter.
- h. Recommend carrying out of independent special investigations/audits on to a need basis.
- i. Any other relevant assignment by the Board.

Board Committee Composition

The four Board committees are constituted as tabulated below;

<p>Credit Committee</p> <ol style="list-style-type: none"> 1. Julius Mugo (Chairperson) 2. Selina Loitareng 3. Lucy Njenga 4. Eliana Shiroko 5. Eliud Mutwiri 	<p>Strategy, Innovation and Technology Committee</p> <ol style="list-style-type: none"> 1. Andia Chakava (Chairperson) 2. Catherine Waweru 3. Golich Sora 4. Eliana Shiroko 5. Fridah Njue
<p>Finance, Human Resource and Administration Committee</p> <ol style="list-style-type: none"> 1. Fridah Njue (Chairperson) 2. Joseph Kiarri 3. Lucy Njenga 4. Golich Sora 5. Julius Mugo 	<p>Audit and Compliance Committee</p> <ol style="list-style-type: none"> 1. Selina Loitareng (Chairperson) 2. Eliud Mutwiri 3. Joseph Kiarri 4. Andia Chakava 5. Catherine Waweru

(f) Fund Headquarters

P.O. Box 17126 - 00100
Britam Tower 11th Floor
Hospital Road
Nairobi, KENYA

(g) Fund Contacts

Telephone: (254) 714 606 845-7
E-mail: info@wef.co.ke
Website: www.wef.co.ke
Twitter: [wef_kenya](https://twitter.com/wef_kenya)
Face book: women enterprise fund
YouTube: [wef kenya](https://www.youtube.com/wefkenya)

(h) Fund Bankers

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

(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

II. THE BOARD OF DIRECTORS

Photo and Name of Board Member	Board Member's Key qualifications and work experience
 <p>Commissioner Njoki Kahiga (OGW)</p>	<p>Qualifications: Master of Science – Human Resource Management, Postgraduate Qualification in Advanced Management, Bachelor of Education, Member KIM, Honorary Fellow of the Institute of Certified Public Secretaries of Kenya (ICPSK), Committee Member of the Association of Professional Societies of East Africa (APSEA), Certified Professional Mediator.</p> <p>Experience: Over 30 years as a Public Officer.</p> <p>Chairperson of the Advisory Board</p> <p>Responsible for providing overall leadership to the Board in areas of policy development and direction.</p>
 <p>Andia Chakava</p>	<p>Qualifications: Master of Business Administration in Finance with merit from Cass Business School in London and an honours degree in Economics from York University.</p> <p>Experience: Over 18 years in fund management and over 7 years of driving women economic empowerment goals.</p> <p>Independent Member of the Advisory board</p> <p>Chairperson of Strategy, Innovation and Technology Committee and a member of Audit and Compliance Committee</p>
 <p>Fridah Nyawira Njue</p>	<p>Qualifications: Bachelor of Psychology (Counselling)</p> <p>Experience: Over 12 years in Private Sector</p> <p>Independent Member of the Advisory board</p> <p>Chairperson of Finance, Human Resource and Administration Committee and a member of Strategy, Innovation and Technology Committee</p>

**Women Enterprise Fund
Reports and Financial Statements
For the year ended 30th June 2022**

 <p>Julius Mugo Njagi</p>	<p>Qualifications: Master's in human Rights, B.A Political Science and Linguistics, Member of Catholic Church Development Committee – Kerugoya.</p> <p>Experience: Over 39 years of experience in credit management and banking practices.</p> <p>Independent Member of the Advisory board</p> <p>Chair of Credit Committee and a member of Finance, Human Resource and Administration Committee and</p>
 <p>Golich Sora</p>	<p>Qualifications: Master of Business Administration (MBA) in Strategic Management, Bachelor of Business Administration (BBA) in Finance (Honours) and Diploma in Co-operatives Management. He also holds a Diploma in Microfinance for Innovative Rural Finance sponsored by SIDA and Certified Public Accountant of Kenya.</p> <p>Experience: 25 years' experience</p> <p>Independent Member of the Advisory board</p> <p>Member of Finance, Human Resource and Administration Committee and Strategy, Innovation & Technology Committee</p>
 <p>Selina Loitareng Chemasach</p>	<p>Qualifications: Postgraduate Diploma Kenya School of Law, Bachelor's Degree in Law</p> <p>Experience: Over 7 years post admission experience in the legal field</p> <p>Independent Member of the Advisory board</p> <p>Chair of Audit and Compliance Committee and a member of Credit Committee</p>
 <p>Lucy Njenga</p>	<p>Qualifications: MSc in Agricultural Resource Management, University of Nairobi, BSc in Agriculture, (University of Nairobi)</p> <p>Experience: Over 33 years in Civil Service</p> <p>Representative PS, Crop Development and Agricultural Research</p> <p>Member of Finance, Human Resource and Administration Committee and Credit Committee</p>

 <p>Catherine Wairimu Waweru</p>	<p>Qualifications: PHD, Business Administration, MBA Entrepreneurship, BED Business studies, Economics and Education.</p> <p>Experience: Over 30 years as a Public Officer</p> <p>Representative PS Trade</p> <p>Member of Audit and Compliance Committee and Strategy, Innovation & Technology Committee</p>
 <p>Eliana Nekulu Ongulu Shiroko</p>	<p>Qualifications: Master's in economics, B.A Economics</p> <p>Experience: Over 29 years in the civil service.</p> <p>Representative PS, Planning</p> <p>Member of Credit Committee and Strategy, Innovation & Technology Committee</p>
 <p>Eliud Mutwiri Festus</p>	<p>Qualifications: PHD, Community Resource Management, MSC Community Development and Extension, B.A Sociology and Religious studies</p> <ul style="list-style-type: none"> • Experience: Over 27 years in Civil Service • Representative PS, Gender <p>Member of Credit Committee and Audit & Compliance Committee</p>
 <p>Joseph Kiarri</p>	<p>Qualifications: Bachelor of Commerce (Accounting Option)</p> <ul style="list-style-type: none"> • Member: ICIFA • Experience: Over 20 years at the National Treasury • Representative CS, National Treasury <p>Member of Finance, Human Resource and Administration Committee and Audit & Compliance Committee</p>


III. MANAGEMENT TEAM

Name, and key professional/academic qualifications	Main area of responsibility
 <p>Dr. (Eng.) Charles Mwirigi Chief Executive Officer</p> <p>Experience: Over 29 years in both the private and public sector. Qualifications: PhD-Strategic Management, MBA Strategic Management, BSc. Mechanical Engineering, PGD - Entrepreneurship, Certified Credit Analyst (CCA), Certified World Class Leader (WCL), Member IEK, Member KIM, Fellow of the American Academy of Financial Management (FAAM)</p>	<ul style="list-style-type: none"> Responsible for the day to day running of the Fund under the direction and guidance of the Advisory Board. Facilitate the preparation and implementation of annual work plans, procurement plans, budgets, Performance contract, goals and objectives. Ensure maintenance of effective internal / external controls so as to safeguard the Fund's assets and oversee financial audit processes as required. Responsible for providing leadership in the development, execution and achievement of the Fund's strategic objectives. Build effective relationships with the Board, government, regulators, partners and other stakeholders.
 <p>CPA Paul Wangai Manager, Finance & Administration</p> <p>Over 20 years' experience in both the private and public sector. MBA (Finance); B.Com Accounting); Certified Public Accountant, CPA (K), Certified Financial and Investment Analyst, (CIFA). Member: ICPA(K), ICIFA, KAPAM</p>	<ul style="list-style-type: none"> Providing strategic leadership on all matters pertaining to financial management in the Fund Formulation and interpretation of financial policies, strategies and programmes Prioritization of projects and activities for the purpose of financing and reporting; oversight of commitment of funds and expenditure trends; Coordination and management of office accommodation and equipment, customer care services, registry services, transport services, security and records management.
 <p>Raphael Ndambuki Kimolo Credit Manager</p> <p>Over 14 years' experience in Credit Management.</p>	<ul style="list-style-type: none"> Formulation and implementation of lending policies, procedures and practices to minimize credit risks, prevent losses and maximize recoveries. Development and implementation of control systems in compliance with the approved lending policy guidelines Growth of quality loan portfolio. Staff development & performance management

**Women Enterprise Fund
Reports and Financial Statements
For the year ended 30th June 2022**

<p>Master of Science in Entrepreneurship and Innovations Management, Bachelor of Science degree in Applied Statistics, Certificate in Auditing Risk Management Certificate in Sustainable Finance Initiative Certificate in Agricultural Finance Member- Kenya Institute of Management</p>	
 <p>Daniel Muringe Rucha Manager, Audit & Risk</p> <p>Over 15 years' experience in Internal Audit & Risk Management. MBA, B. Com, CPA-K), Certified Information Systems Auditor (CISA), Certified Internal Auditor (CIA), Certification in Risk Management & Assurance (CRMA), Finalist (CSIA), Certified ISO 9001:2015 Internal Quality Auditor. Member ISACA, ICPAK & Institute of Internal Auditors (IIA).</p>	<ul style="list-style-type: none"> • Review and advise on Risk Management, Compliance, Controls and Governance process. • Carry out special assignments including investigations and recommending controls to mitigate risks. • Keep the Board and Audit and Compliance Risk Committee informed on controls and risks facing the Fund and emerging trends and successful practices in Internal Auditing and Risk Management • Championing Corruption Prevention and Business Continuity activities in the Fund
 <p>Ruth Randa Manager, Marketing, Research & Communication</p> <p>Over 12 years' experience in Marketing & Communication.</p> <p>MBA (Strategic Management), BCOM (Marketing), Post Graduate Diploma in Human Resource (IHRM) Member – Marketing Society of Kenya (MSK) and Public Relation Society of Kenya (PRSK)</p>	<ul style="list-style-type: none"> • Managing the strategic communication and outreach/advocacy functions. • Manage Fund's reputation & image and facilitate Fund's publicity to increase awareness on the importance of Women economic empowerment. • Coordination of Partnership engagement and resource mobilization. • Coordination of Market access support & linkages. • Resource Mobilization and partnership management • Brand & Reputation management, Media liaison & monitoring, Event management.

 <p>Carilus Okoth Manager, Monitoring & Evaluation</p> <p>Over 12 years experience in both private and public sectors. MBA(StrategicManagement), BSc. (Appropriate Technology), CCA, M&E Certificate, Member- ESK</p>	<ul style="list-style-type: none"> • Monitoring and evaluation of the Fund's interventions. • Responsible for capacity building activities for the women entrepreneurs. • Responsible for coordinating the formulation, implementation, and evaluation of the Fund's Strategic Plan. • Conduct regular surveys to test effectiveness and quality of interventions/results
 <p>Virginia Ndungu Deputy Manager, ICT</p> <p>M.Sc (Information Systems), B.Sc. (Mathematics), (MCSE, MCT) Member –Computer Society of Kenya</p>	<ul style="list-style-type: none"> • Formulate, implement and monitor ICT policies, strategies, standards and programmes in the Fund. • Implement, maintain and enhance ICT systems. • Management and coordination of the ICT department and supervision of ICT staff • Safeguard the integrity of the organization's data. • Manage usage of ICT resources to ensure effectiveness and efficiency
 <p>Sammy Maiyo Deputy Manager, Human Resource Management & Training</p> <p>Over 11 years' experience in managing Human Capital Master's Degree in Commerce (International Business), Bachelor of Commerce in Human Resource Management, Higher Diploma in Human Resources and a Diploma in Industrial Relations. Member - Institute of Human Resources Management, Kenya.</p>	<ul style="list-style-type: none"> • Custodian of approved human resource documents - Organization Structure, Career Progression Guidelines, Staff Establishment & Human Resources Policy Manual. • Leads in the Development of staff benefits and rewards framework for the Fund to attract and retain talent. • Manages the recruitment and Selection process in the organization to ensure timely filling of vacant positions within the approved establishment. • Maintains Employee relations within the Fund for harmonious work relations

 <p>Mary Anne Ngoima Assistant Manager-Legal Bachelor of Laws (LLB), Post Graduate Diploma in Law (Dip-KSL), Certified Public Secretary (CPS-K) Member – LSK and ICPSK</p>	<ul style="list-style-type: none"> • Fund secretarial services • Contract management • Dispute resolution and management • Ensuring legal compliance by the Fund
 <p>Mrs. Catherine N. Otido Assistant Manager, Supply Chain Over 15 years' cumulative experience, 9 years in Supply Chain Master's in Business Administration, Bachelor of Education, Diploma in Purchasing & Supplies Management (KIM) and Diploma from Chartered Institute of procurement and Supplies Member: KISM, CIPS</p>	<ul style="list-style-type: none"> • Formulate Supply Chain management procedures in compliance with the procurement laws • Prepare the annual procurement plan in consultation with the heads of department • Manage the procurement life cycle

IV. CHAIRPERSON'S STATEMENT

Introduction

It is my pleasure to present to you Financial Year 2021/2022 Annual report and Financial Statements. The Fund remained focused on her mandates as outlined in Legal Notice No.147 of 2007. The Fund targets the unbanked segment of our population at the very bottom of the pyramid and this is aptly captured in her vision 'to Offer accessible and affordable Financial and Innovative Business Support Services to Kenyan Women for transformed Livelihoods through resources mobilization, Collaborations, and partnerships. Expectations within this target market have remained high as demonstrated in increased demand for the Fund's product offering.

Overall performance

Since inception, the Fund has disbursed Ksh 24.62 billion loans to 131,274 Self Help Groups and 2,003,047 individuals. During the year under review the Fund disbursed a total of Ksh 3,044,006,100 benefiting more than 115,600 individuals.

On Capacity building, the Fund has cumulatively trained a total of 1,648,972 on entrepreneurship across the country with last year numbers standing at 139,331.

Market Access and Linkages: - The Fund has supported 40,298 women globally, with 8,852 facilitated in the last financial year. To enhance financial inclusivity, two MOUs were signed with the County Governments of Bomet and Sight Savers on capacity building, market access, linkages and support for Persons with Disability respectively.

The Fund also engaged 65 attachees from various institutions of higher learning and 13 interns from Public Service Commission deployed to various departments/regions.

A total of Ksh 68,209,894 worth of tenders were awarded for the AGPO category during the period against the target of Ksh 27,564,232. While a total of Ksh 141,594,101 worth of tenders were awarded under Buy Kenya Build Kenya against the target of Ksh 82,331,538.

Governance & Board Performance

My Board has endeavored to successfully implement the key issues outlined in the Strategic Plan 2019-2024. At the beginning of the year, we committed to develop efficient and effective service delivery systems for wider reach and increased product uptake; restructure the business model for cost effectiveness and greater impact; reinforce the legal and policy framework of the Fund to ensure long-term impact and sustainability.

The Fund has experienced tremendous growth though the staffing levels for the Secretariat remained the same but we are in the process of implementing the new organizational structure, which proposes implementation of the County Model where the Fund will open additional 31 county offices from the current 16 offices. To ensure the Fund fulfils her mandate, it was critical that we reposition ourselves and adopt appropriate strategies such as reviewing the organization structure & staff establishment, human resource documents including Career Progression guidelines and human resource policies and procedural manual. In September 2020, my Board approved the organizational Structure and subsequently the HR policies and Procedure Manuals approved in May 2021.

New loan products have been launched to expand the product portfolio for the women. These include Chama Plus, Thamini Loan, Business loan, Asset Financing and Kilimo loan.

Prospects and Strategy


During the year, my Board approved various initiatives aimed at improving service delivery to our clients. Some of the initiatives/strategies that were approved and are being implemented include:

- i. Operationalization of the USSD mobile application (*601#) to allow customers to interact with the loans management system, BR.NET where the beneficiaries can now query the system to obtain their loan balance and account statement without any intervention from Fund staff.
- ii. Implementation of Enterprise Resource Planning System (ERP) in Finance, HR & Supply Chain departments and interfaced with BR.Net for purposes of feeding loan data directly into the ERP for purposes of updating the financial statements.
- iii. Information Security Management System (ISMS), an ISO standard, towards the realization of a systematic and structured approach to managing the Fund information so that it remains secure as well as achieve adherence to confidentiality, integrity, and availability of information through application of a risk management process. We commit to have been certified by 30th March 2023.
- iv. Launch of Thamini Loan product that targets the widow led groups on 21st July 2021
- v. Implementation of the medical insurance cover for 291 Credit Assistants, with CIC General Insurance Limited.
- vi. Office Relocation of the headquarter offices to Britam Towers and official opening of the offices was done by the Cabinet Secretary, Prof Margaret Kobia on 20th July 2022.
- vii. Rolled out of the new financial literacy manual

The Fund has continued to carry out virtual training with the aim of developing resilience and key skills necessary to navigate the Covid-19 challenges as well as pursue strategic alliances to enhance financial inclusion and long-term sustainability.

Appreciation

I celebrate the fact that the Kenyan Government through the Ministry of Public Service, Gender, Senior Citizen Affairs & Special Programme, and the National Treasury recognized the potential of women for economic development of the nation and has continued to support the Fund to realize her mandates through provision of grants for loans. I also extend my gratitude to my fellow directors for their continued support and wise counsel, our customers for being faithful and paying their loans on time, our partners for supporting us, the management and staff and all other stakeholders who played a part in one way or another in enabling us to fulfil our mandates.


.....

Prof. Wanjiku Kabira, EBS, CBS.

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

I am delighted to present to you a review of the Women Enterprise Fund's performance and operations for 2021/2022 Financial Year. The Fund has continued to report impressive performance and growth despite the current operational challenges spiraled with increased inflation and a weakened currency.

The global economy made the transition from recovery to expansion during 2021 as a result of strong consumer spending, robust exports, improving business investment and governments' stimulus packages. This transition took place despite ongoing uncertainty from COVID-19, supply chain bottlenecks and inflation. The region's growth challenges remained rising global commodity prices, which are increasing at a faster pace since the onset of the conflict between Russia and Ukraine.

The Fund continues to provide interest free loans to one of the marginalized segments of our population-women who undertake multiple household roles, are time poor and are deprived of assets that can act as security for funding in the mainstream financial sector. About 80% of Women Enterprise fund loans go to the agriculture sector helping to transform livelihoods across the country. The beneficiaries are however exposed to extreme natural events which includes drought, locust invasion, and flood. These conditions have disrupted the borrower's income flows which in turn result to defaults and social tensions.

During the year, the Fund disbursed a total of Ksh 3,044,006,100 benefiting more than 115,600 individuals. The amount represents the loans disbursed through the Fund's delivery channels namely Constituency Women Enterprise Scheme (Tuinuke loans), Thamini loans, LPO financing, and Sacco lending.

In addition, the Fund undertook capacity building/financial literacy and entrepreneurship training to 133,032 beneficiaries and value chain trainings to 6,299 beneficiaries across the Country. Further, under the marketing facilitation mandate the Fund sensitized a total of 6,179 women on online marketing, business clubs, AGPO and SACCO formation. Under the procurement function the Fund awarded a total of Ksh 68,209,894 worth of tenders to the AGPO category translating to 48% of the total tender awards for the year.

During the Financial Year the Fund generated a total of Ksh 173,753,767 as listed below:

i. Administration fee on CWES loan	Ksh 150,535,000
ii. Training Fee for C-WES borrowers	Ksh 3,938,300
iii. Income from sale of Loan Tracker booklets	Ksh 2,113,200
iv. Income from LPO financing	Ksh 892,805
v. Sacco Processing fee & income from Bid bonds & Penalties	Ksh 1,090,733

**Women Enterprise Fund
Reports and Financial Statements
For the year ended 30th June 2022**

On the other hand, the Fund received a total of Ksh 197,220,000 from the National Treasury being allocation in respect of recurrent exchequer for the year bringing the total recurrent income to Ksh 370,973,767.

These amounts were expended on the on personnel emoluments and other operational costs in line with the approved budget for the Fund. The total recurrent costs amounted to Ksh 501,941,937 composed of:

i. Staff Costs	Ksh 304,311,579
ii. Mandate costs	Ksh 71,478,294
iii. Governance costs	Ksh 10,732,283
iv. Operations and Maintenance	Ksh 96,323,061
v. Depreciation and Provisions	Ksh 19,096,720

The operational deficit for the period amounted to Ksh 130,968,170 during the year.

On the development front, the Fund received a total of Ksh 120 million representing 100% of the approved budget for the year. The Fund continues to engage the exchequer for considerate allocation to meet the ever-increasing loan demand by our target market to ensure sustainable financing of entrepreneurs.

The Fund value stood at Ksh 4,441,177,237 compared to Ksh 4,452,143,030 as at 30th June 2021. The drop in value is attributed to inadequate recurrent budget and reduction in Development Exchequer remittances.



**Dr. (Eng.) Charles Mwirigi
CHIEF EXECUTIVE OFFICER**

VI. REVIEW OF WOMEN ENTERPRISE FUND'S PERFORMANCE FOR FY 2021/2022 AGAINST SET OBJECTIVES

The Fund has three strategic pillars within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

- i. Pillar 1: Access to Credit
- ii. Pillar 2: Business Development Services
- iii. Pillar 3: Strengthen Strategic Operations

The Fund develops its annual work plans based on the above three pillars. Assessment of the Fund's performance against its annual work plan is done on a quarterly basis. The Fund achieved its performance targets set for the FY 2021/2022 period for its three strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Access to Credit by women entrepreneur	-To grow the loan portfolio and uptake -To sustain the Fund's high loan repayment rate	-CWES loans disbursed -LPO loans disbursed -SACCO loans disbursed -CWES Repayment rate	-Regular information sharing with key stakeholders -Conduct strategic marketing campaigns guided by a plan -Conduct need driven promos -Rationalize workload (define portfolio size per officer) -Engage FIs/SACCOs	Ksh 3,010,700,000 Ksh 17,856,100 Ksh 27,500,000 98%
Pillar 2: Business Development Services to women entrepreneur	-To enhance capacity for women and their enterprises -To develop linkage for women owned enterprises to large enterprises -To facilitate marketing of women products and services in local and	Beneficiaries trained on entrepreneurship Women linked to large enterprises Women facilitated through exhibitions,	-Capacity building of trainers -Develop digital content with partners. -Sign MOUs with partners -Undertake trainings -Awareness and sensitizations -List all large companies and women enterprises -Facilitate small enterprise to reach agreements with big companies -Participate in international and domestic exhibitions, and trade fairs -Secure market space in the established markets	133,032 women trained Two MOUs signed with the County Government of Bomet and Sight Savers 538 women facilitated in 9 exchange programs

**Women Enterprise Fund
Reports and Financial Statements
For the year ended 30th June 2022**

	international markets -To facilitate and support investment in infrastructure that support women enterprises.	trade fairs, and WEF SOKO Women provided decent workspaces	-Develop business incubation framework	6,179 women sensitized 594 Products uploaded online 1,500 parasols distributed across the country.
Pillar 3: Strengthen Strategic Operations	-Adopt a robust system to drive business growth -To improve physical infrastructure and work environment -To ensure prudent financial management -To enhance Brand Image and Brand Visibility -To promote innovation and culture change -To strengthen Human Resource Management -Governance and Management	Status of automation Status of the work environment Compliance with financial management standards Level of brand visibility Level/rate of innovation Status of human resource Status of risk management practices	-Leverage ICT -Implement ISMS (Information Security Management System). -Implement ERP for the Fund -Implement an ICT incident reporting system -Implement workplace safety -Provide vehicles, working tools, equipment, and furniture -Acquire spacious office -Implement customer service charter -Brand all the offices -Train staff on customer care and complains handling -Implement a PR/ Communication policy -Reward innovations -Conduct regular team building events -Conduct TNAs -Train staff on key skills -Review HR policy and procedures -Entrench a succession plan -Employee satisfaction surveys and implement recommendations -Form a taskforce to spearhead ISO certification -Undertake risk mapping and identify appropriate mitigations	-ERP implementation ongoing -ISMS ISO certification ongoing 100% score on Resolution of Public Complaints -100% score on Implementation of Citizens' Service Delivery Charter -100% score on Application of Service Delivery Innovations -100% score on settlement of bills -100% score on asset management 100% score on corruption prevention

VII. CORPORATE GOVERNANCE STATEMENT

The Administrator of Women Enterprise Fund is committed to ensure that the Fund operates with integrity and ethics maintaining high standards of Corporate Governance in the interest of its stakeholders. The Board believes that the Fund has complied with the guidelines on Corporate Governance Practices as is required of public officers.

In the 2021-2022 FY, the Fund achieved high levels of corporate governance by continuing to adhere to the following principles amongst others:

- i. Adoption of appropriate strategies aimed at enabling and promoting the long-term prosperity of the Fund.
- ii. Timely and relevant disclosures and transparency to provide stakeholders with a clear understanding of the Fund and its products.
- iii. Implementation of strong audit procedures through ensuring audit independence, maintaining strong internationally recognized accounting principles, ensuring the undertaking of a well scoped annual audit and maintenance of robust internal controls.
- iv. Employee participation in enhancing stakeholders' interests.
- v. Compliance with laws and disclosure of policies to all relevant stakeholders; and
- vi. Upholding the highest levels of integrity in the Fund's culture and practices through a well-defined and implemented code of conduct and ethics.

Governance & Board Performance

Advisory Board

The Board is composed a chairperson appointed by the H.E the President and of 10 members - 5 independent members and 5 members representing key Government Ministries appointed by the Cabinet Secretary, Public Service & Gender. The Advisory Board was constituted in October 2019 and the members' attended a Board Induction on Mwongozo in November, 2019.

The directors include: Commissioner Njoki Kahiga, Andia Chakava, Golich Sora, Julius Mugo, Fridah Njue, Catherine Waweru, Elian Shiroko, Joseph Kiarii, Selina Loitareng, Lucy Njenga and Eliud Mutwiri. The directors bring in additional skills and wealth of experience that will further strengthen the Fund.

Roles and Functions of the Board

The Board derives its roles and functions from Legal Notice No. 147/2007 and Mwongozo. Key among its duties and functions are:

- i. Overseeing the management of the Fund and advising the Cabinet Secretary generally on the operations of the Fund.
- ii. Determining the Fund's mission, vision, purpose and core values;

- iii. Setting and overseeing the overall strategy and approve significant policies of the Fund;
- iv. Ensuring that the strategy is aligned with the purpose of the Fund and the legitimate interests and expectations of her stakeholders;
- v. Ensuring that the strategy of the Fund is aligned to the long-term goals of the Fund on sustainability so as not to compromise the ability of future generations to meet their own needs;
- vi. Approving the organizational structure of the Fund;
- vii. Approving the annual budget of the Fund;
- viii. Monitoring the Fund's performance and ensuring sustainability;
- ix. Enhancing the corporate image of the Fund;
- x. Ensuring availability of adequate resources for the achievement of the Fund's objectives
- xi. Hiring the CEO, on such terms and conditions of service as may be approved by the relevant government organ(s) and approve the appointment of senior management staff; and
- xii. Ensuring effective communication with stakeholders.

Communication with stakeholders

The Fund maintains a website, www.wef.co.ke which gives general information about the Fund and various activities undertaken. Further, requests for information are considered as they are received, and appropriate disclosure provided.

Board expenses

The board expenses are as disclosed in the Financial Statements. The allowances paid are as per existing Government circulars and net of tax where applicable. The members are not entitled to loans from the Fund. The employment terms of the Chief Executive are as defined in the employment contract.

Accountability, audit and stakeholder relations

The Fund Administrator recognizes her responsibility to present a balanced and understandable assessment of the Fund's financial position and prospects. The Funds financial statements are prepared in accordance with International Public Sector Accounting Standards (IPSAS) and the requirements of the Public Finance Management Act- 2012 and audited in accordance with International Auditing Standards (IAS). The board members recognize and have confirmed their responsibility over the Financial Statements and have provided information in this report that they consider useful to stakeholders.

Key management staff

The Fund Secretariat is headed by the Chief Executive and has eight departments namely: Finance & Administration, Credit, Human Resource & Training, ICT, Marketing, Research & Communication, Supply Chain Management, Legal and Audit & Risk and Monitoring & Evaluation.

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

The analysis below highlights performance of the Fund for the financial year ended 30th June 2022 in respect of the mandates.

On Provision of Affordable & Accessible Credit to Women for Enterprise Development, which addresses the historical financial exclusion and marginalization of our target clients by the conventional lenders the Fund achieved the following:

- i. CWES loans worth **Ksh 3,010,700,000** disbursed for **10,566 Self Help Groups** benefiting **115,584 individuals** within the period against an annual target of **Ksh 2.92 billion**.
- ii. **Ksh 15.45 million** was disbursed to **84 widow-led groups** benefitting 987 individuals. A total of **Ksh 1,779,003** has been paid back from Thamini loans within the period.
- iii. CWES loan repayment rate stood at **98%**. A total of **Ksh 2,859,516,414** was received as repayments under the CWES channel against the annual target of **Ksh 2.8 billion**.
- iv. **Ksh 17,856,100** disbursed to **22** clients under the LPO financing product while **Ksh 16,959,903** was paid back from LPO lending representing 97% repayment rate. The annual lending target was **Ksh 20 million** while the repayment target was **Ksh 15 million**.
- v. **Ksh 63,333,937** was paid back from SACCO lending representing 109% repayment rate. **Ksh 27.5 million** was approved for disbursement to two (2) SACCOs during the FY, only one (1) perfected security and **Ksh 20 million** was disbursed. Loan applications worth Ksh 31 million to three (3) FIs were deferred pending review of the FI lending criteria.
- vi. Awarded **Ksh 68,209,894** worth of tenders for the AGPO category during the period against the target of **Ksh 27,564,232**. While a total of **Ksh 141,594,101** worth of tenders were awarded under Buy Kenya Build Kenya against the target of **Ksh 82,331,538**.

On Capacity Building of Women Beneficiaries & their Institutions; Promotion of local and international marketing and Promotion of linkages between micro, small and medium enterprises owned by women with larger enterprises, the Fund has achieved the following:

- i. Training undertaken on business skills/entrepreneurship to 133,032 beneficiaries in the 290 Constituencies and to 6,299 beneficiaries in value chain across the Country.
- ii. The Fund's performance for the FY 2020/2021 was moderated by a team from the Public Service Performance Management and Monitoring Unit (PSPMMU). The Fund obtained a Moderated Composite Score of 2.5393 which is graded as VERY GOOD.
- iii. The Performance Contract FY 2021/2022 was vetted, signed and being implemented.
- iv. The new need based Financial Literacy manual was approved for implementation is scheduled to commence in 2022/23 FY.
- v. Participated in the International Widows Day in Siaya County in June. During the event, Thamini loan cheques worth Ksh 10 million were issued to 200 widow led groups.

Women Enterprise Fund
Reports and Financial Statements
For the year ended 30th June 2022

- vi. Participated in the International Women's Celebrations in March at the Kenya School of government. The theme for International Women's Day, 8 March, 2022 (IWD 2022) was, "Gender equality today for a sustainable tomorrow". The Fund also participated at different county levels.
- vii. Participated in the 9th Africities Summit -a Pan-African event of the United Cities and Local Governments of Africa. The goal of the Conference was to improve the role of local and regional governments in the development of the continent and to contribute to the cohesion and unity of Africa through its territories. The theme of the Summit, which took place in Kisumu in May, was "The Role of African Intermediary Cities in the Implementation of the United Nations Agenda 2030 and the African Union Agenda 2063."
- viii. Facilitated participation in Thamini Loan Mini-Launches in 6 counties to create awareness of the product amongst the widow groups. The Mini launches were held in Kilifi, Mombasa, Kirinyaga, Siaya, Elgeyo Marakwet and Meru County between April and June 2022.
- ix. 42 Chief Baraza Sensitization forums were held across the country with 1,448 administrators sensitized on WEF products and services in various
- x. 538 women were facilitated to participate in 9 exchange programs for purposes of networking and learning best practises in various value chains
- xi. 6,179 women sensitized on online marketing, business clubs, AGPO and SACCO formation
- xii. Participated and made presentations during:
 - a. Nairobi Innovation Week held on 27th to 29th April 2022 at the University of Nairobi.
 - b. Kenya Rural Roads Authority Webinar for AGPO suppliers on 2nd June 2022.
 - c. Women's Indian Chamber of Commerce Webinar on Financial Literacy & Wellness - (Women and Money Season 2) on 3rd June 2022
 - d. **Maendeleo Ya Wanawake Organization** (MYWO) 70th Anniversary celebrations for the Coast region held at KSG Mombasa on 7th June 2022
 - e. Regional Center for Mapping of Resources for Development (RCMRD) during the Gender-Sensitive Agricultural Index Based Insurance (GAIINS) Stakeholders Workshop 6th to 8th June 2022
 - f. Launch of the Meru Mwangaza Gender-Based Violence Rescue and Resource Centre in Meru County on 17th June 2022.
 - g. SemaNaSpox forum by the Government Spokesperson on 20th June 2022, Nairobi on access to WEF services and government procurement opportunities
 - h. Clean Start solutions (an organization that supports women ex-prisoners to become self-reliant) on 24th June 2022
 - i. Public Service Week on 21st to 23rd June 2022 at the KICC, Nairobi.

On Institutional Strengthening the following has been achieved:

- i. **ERP Implementation:** Coordinated the implementation of various modules for Finance, Accounts, Human Resources and Procurement on the ERP system. The system is under implementation.
- ii. **Staff Team building:** Organized and Coordinated the staff team building exercise to strengthen team spirit and improve staff cohesiveness & interpersonal relationships.

- iii. **Team Building for the Advisory Board:** This was undertaken in Malindi with the objective of building team cohesiveness and to enhance skills on communication, strategic thinking and effective leadership
- iv. **Youth employment opportunities:** Onboarded 65 attachees and 13 interns from public service commission under the Public Service Internship program for the FY 2021-2022.
- v. **Medical Cover:** Concluded onboarding of new staff medical insurance cover for Credit Assistants, with CIC General Insurance Limited.
- vi. **Office Relocation:** The partitioning works at the Britam Towers finalized and offices handed over to management. Official opening of the offices was done by the Cabinet Secretary on 20th July 2022.
- vii. Coordinated a three-day performance management training for non-management staff to inculcate a performance management culture.
- viii. **USSD Short Code:** Continuous monitoring of the performance of the USSD Shortcode since its launch in July 2021. No cases of Fault have been reported on the same.
- ix. **Implementation of Information Security Management System:** The Fund has continued to implement controls to mitigate the gaps identified in the internal audit.
- x. **No. 23 LPO Defaulters have been listed with the CRB.** Debt collectors have been sourced to trace and recover the LPO loans. Out of these efforts Evacate Enterprises (a defaulter) has paid Ksh 129,981 made up of Ksh 99,303 principal loan, Ksh 9,078 penalty interest and Ksh 21,600 legal fees.
- xi. Follow up on Ksh 71.33 million from the defaulting Financial Intermediaries is ongoing. The status is as follows:
 - a. Advocates were appointed to follow up Ksh 40M from PAWDEP, Ksh 1.6 million from SIDEP, Ksh 20 million for Adok Timo and Ksh 1.06 million from African Women Foundation.
 - b. An Auctioneer has been appointed to repossess the securities provided by Olmalrei Lang (loan of Ksh 4.528M). Valuation of the property is underway to facilitate disposal of security by public auction.
 - c. Judgement was entered in favour of the Fund for the Ksh 40 million owed to the Fund by PAWDEP. Execution of the decree in progress.
 - d. On African Women Foundation, the Fund has filed legal suit no Milimani CMCC No.2850. The matter was heard on 8th of September,2022 and its now awaiting defense hearing.
 - e. On Adok Timo, High Court Civil Case no.69 of 2019 was filed on behalf of the Fund. Mediation process failed and the case was referred back to the high court. Slated for mention before Justice Chacha Mwita on 13th December 2022.
- xii. The Fund obtained authorization to engage new auctioneers on the other matters relating to Kijito Development Project (Ksh 2.55 million), Webuye Development Cooperative Development (Ksh 0.592 million), and Gusii Pensioners (Ksh 1 million),
- xiii. The Fund entered into a consent judgement with a former staff who had defrauded the Fund **Ksh 3.86 million**. So far **Ksh 2.6 million** has been paid back leaving a balance **Ksh 1.26 million**.

- xiv. Coordinated the development of HR Policies and Procedures Manual for the Fund to be in tandem with the Constitution and existing policies in public sector.
- xv. Coordinated the staff performance reviews to assess annual and mid-year performance of staff and the Fund.
- xvi. Coordinated review and approval of Fund Risk Management Framework
- xvii. Coordinated the development, review and approval of Fund Gift Policy
- xviii. Coordinated review and approval of Fund Risk Management Committee Charter

SECTION B: Compliance with statutory requirements

The Board and management of Women Enterprise Fund are committed to ensure that the Fund operates with integrity and ethics maintaining high standards of Corporate Governance in the interest of its stakeholders. The Board believes that the Fund has complied with the guidelines on Corporate Governance Practices as is required of Public officers.

In the period under review, the Fund achieved high levels of corporate governance by continuing to adhere to the following principles amongst others:

- i. Adoption of appropriate strategies aimed at enabling and promoting the long-term prosperity of the Fund.
- ii. Timely and relevant disclosures and transparency to provide stakeholders with a clear understanding of the Fund and its products.
- iii. Implementation of strong audit procedures through ensuring audit independence, maintaining strong internationally recognized accounting principles, ensuring the undertaking of a well scoped annual audit and maintenance of robust internal controls.
- iv. Well defined Board duties and accountabilities.
- v. Employee participation in enhancing stakeholders' interests.
- vi. Compliance with laws and disclosure of policies to all relevant stakeholders; and
- vii. Upholding the highest levels of integrity in the Fund's culture and practices through a well-defined and implemented code of conduct and ethics.

SECTION C: Key projects and investment decisions the Fund is Planning/implementing

The following programs are being undertaken:

- i. Constituency Women Enterprise Scheme (CWES). The Fund offers interest free loans to registered self-help groups for start-ups or expansion of businesses. The loans range from Ksh 100,000 to Ksh 750,000.
- ii. LPO financing. This program targets individual women with registered businesses or women owned companies. The loans range from Ksh 50,000 to Ksh 5,000,000. This product is geared towards ensuring that women gain access to the 30% government procurement opportunities by financing LPOs/LSOs.

**Women Enterprise Fund
Reports and Financial Statements
For the year ended 30th June 2022**

- iii. Financial intermediaries' channel. The Fund partners with SACCOs, Co-operative Unions and women owned institutions for on-lending to women entrepreneurs up to a maximum of Ksh 10 million.
- iv. Implementation of the Information Security Management System (ISMS)
- v. Implementation of the Enterprise Resource Planning (ERP) system.
- vi. Implementation of a loan product for widows dubbed "Thamini"

SECTION D: Major risks facing the Fund

Strategic Risk

Inadequate Resources that affects implementation of Fund strategic objectives as analyzed below:-

- i. Rolling out new products such as individual loan products (Business Loan, Asset financing and Kilimo loan). However, the Fund rolled out Thamini loan product in 2021.
- ii. Implementation of the new organizational structure, this move would resolve segregation of duties challenges experienced in Finance, Supply Chain and Credit department. However, the Fund strives to ensure maker checker controls and segregation of duties is implemented within the current organizational structure

Credit Risk

Default risk attributable to arrears of Ksh 71,330,000 from Financial Intermediaries Partners, Ksh 1,021,530,345 from CWES loans, Ksh 22,333 from Thamini loans, Ksh 13,129,500 from LPO Loans and Ksh 1,692,207 from Sacco loan Product.

The Fund has however intensified loan collection efforts which has yielded significant results. The Fund also initiated Rapid Result Initiatives (RRI) to enhance collection of loan arrears.

Operational Risks

Risk of suboptimal services to our clients emanating from operational challenges such as: -

- i. Loss of loan data integrity due to data errors this is being resolved by continuous reconciliation.
- ii. Risk of loss of staff or man hours due to effects of COVID 19 on both staff and their families. To mitigate this risk the fund has enhanced staff medical cover to include COVID 19 cover. The Fund has in place business continuity and succession plan in place to ensure there is an alternate for any staff who is on leave. Also, the leave form has a place for appointing a staff to sit in for any staff who proceeds on leave

Litigation Risk

Risk of losing court cases where the Fund has Sued for recovery of loans or money defrauded by its officers and cases where it has been sued for Wrongfully dismissing former staff. Currently the fund is dealing with the following cases: -

- i. There are three cases in court where the Fund has sued former staff failing to remit loan repayments from clients worth Ksh 9,557,604

- ii. There are Four cases where the Fund has sued former staff for diverting clients' cheques worth Ksh 6,319,330.
- iii. There are three Cases where the Fund has sued financial intermediaries/saccos to recover overdue debts amounting to Ksh 22,660,000.
- iv. Twelve Court Cases where the Fund is pursuing LPO loan beneficiaries for repayment of loans worth Ksh 4,053,460.
- v. There is one case in court with claims amounting to Ksh 8,221,764 where WEF has been sued for unlawfully terminating staff.

Financial/Liquidity Risk

Risk of Inadequate operational cash due to Low Cash inflows from loan repayment, reduced annual budget allocation from the exchequer and reliance on Government Funding.

To deal with liquidity Risk the Fund has taken the following measures:

- i. Lobbying for increase in budget allocation from the Exchequer
- ii. Trying level best to matching collections and disbursements
- iii. Rapid Result Initiative (RRI) to increase collection of loan arrears.
- iv. Practicing austerity measures to ensure costs are reduced
- v. The Fund undertakes joint sensitization and capacity building functions with other affirmative action Funds i.e., Uwezo Fund and Youth Enterprise Development Fund which lead to economies of scale.

Regulatory & Compliance Risk

The Fund faces risk of being penalized for nonpayment or late payment of statutory obligations such as NHIF, NSSF, HELB, PAYE or submission of mandatory returns to regulatory/Supervisory bodies. This risk is minimal since the Fund is fully compliant with submission of both statutory and requisite regulatory/Supervisory/monitoring returns.

ICT Risks

The Fund faces risk of System, Network or Equipment Failure due to various risk factors such as Cyber-attacks, Loss of Network/ Failure by the ISP and Power failure which interrupts operations in regional offices.

The Fund has however mitigated against these risks by installing a robust antivirus system and a firewall, contracting a reliable ISP provider, Acquiring UPS for all regional offices, reviewing and updating system controls in the core loan system. The Fund is also in advanced stages of implementing ISMS.

SECTION E: Material arrears in statutory/financial obligations

The Fund has settled all financial obligations due to third parties and also complied with submission of statutory returns

SECTION G: Strategic Plan

The 2019-2024 Strategic Plan is on its third year of implementation and midterm review has commenced.

SECTION H: The entity's financial probity and serious governance issues

There are no serious financial Probity and governance issues affecting the Fund reported by either external or internal auditors.

There are no serious governance issues among the board or management staff neither is there any conflict of interest reported.

IX. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

WEF exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on WEF pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Environmental Performance: Tree Planting activity on the Africa Public Service Day on 20th June 2022

Africa Public Service Day is very significant to the institution of public service in the country as it is a day to recognize and appreciate the role played by the Public Service in the socio-economic and political stability of our nation. Public Service Principal Secretary Mary Kimonye said that the celebrations will be held this week (June 21-23,2022) under the theme which is premised on the government's deliberate efforts to transform the Kenya Public Service in order to ensure effective and efficient service delivery to the citizenry.

This year, the celebrations is structured in four ways where the day one will kick off with management of the environment in line with the directive by the President. The two PSs, Mary Kimonye and Nelson Marwa lead the team in the tree planting activity in Ngong forest. The theme this year, is "Transforming the Public Service Ten years journey and beyond".

"We shall also have exhibitions at the Kenyatta International Convention Centre (KICC) dubbed Kenya House 2022 where over 100 Ministries, Departments, and Agencies (MDAs) are going to have stands to showcase to the public their achievements in the 10 years," said Kimonye. She said that at the KICC they will be having Huduma mashinani where members of the public can collect their birth certificates, register their IDs, check if they have unclaimed assets and many other services.

The tree planting exercise took place in collaboration with the UNDP and other key stakeholders among them County governments and The National Administration.

To contribute towards achievement of forest cover in Kenya, Women Enterprise Fund on Friday 22nd May 2022 held a tree planting activity at Ngong Forest. The forest is one of the few indigenous forest existing within the Nairobi capital.

The team of 10 staff from the headquarters led by Ms Ruth Randa-Marketing, Research and Communications Manager undertook this important activity. The team was joined by forest officers and other residents led by Kibiko Community Forest Conservation Group, who assisted in the tree planting exercise.

During the exercise, 1000 indigenous trees were planted on an acreage of 3 acres in a newly established farm in Ngong forest. The 1000 indigenous trees planted will promote the protection of sustainable management of indigenous forests that are critical to wildlife habitats, have low cost of

**Women Enterprise Fund
Reports and Financial Statements
For the year ended 30th June 2022**

maintenance, promote aesthetic beauty, improve climate condition and helps in water conservation. The trees will also enhance the protection of the environment by securing riparian land, water towers, improve the national forest cover and other measures to facilitate the sustainable development goals.



Women Enterprise Fund staff joined other public servants from different ministries and state agencies in the tree planting activity at Ngong Forest

2. Market place practices-

- i. The Fund has embraced a collaborative approach in addressing matters competition. With other Affirmative Funds, WEF participated in joint sensitization programs dubbed Huduma Mashinani where all parties leverage on the strength of each other to achieve their mandates.
- ii. On anti-corruption, the Fund undertakes Corruption Risk Assessment and updates the Corruption Risk Mitigation Plan through publication of awarded contracts and "First Come First Served" in payment to suppliers as well as submitting quarterly performance reports to EACC using the prescribed reporting format.
- iii. The Fund works with National and County administrators to execute her mandate. This has enhanced a spirit of togetherness with the political elites who are our strong brand ambassadors.
- iv. From time to time, we meet with the officials from other financial institutions to compare best practices as well as come up with strategies to complement each other's mandate.

3. Employee welfare

The Fund has in place a recruitment procedure that guides the way it attracts talent that ensures that the talent being recruited to the Fund has the right skills, knowledge, and abilities. The hiring process considers fairness by ensuring the Fund adheres to regional balance and consideration for marginalized communities and person with disabilities.

A review organizations structure, career progression guidelines, and HR Policy and Procedures Manual is currently being undertaken to keep abreast of the dynamic nature of managing organizations. The review will afford the Fund an opportunity to improve its processes and keep up the pace of change in the market.

A key people deliverable for the Fund is improving skills for its staff and the Fund ensures adequate budgetary allocations on annual basis towards training its staff. A career progression guideline is in place to allow to guide staff on the process of upward mobility.

Performance management is carried out on an annual and semi-annual basis focussing on continual improvements. The products of annual performance appraisals feeds to reward and sanction mechanisms.

The Fund also is guided by the policy on Occupational Safety and Health Act of 2007, (OSHA) and we have put all out staff on WIBA/GPA cover to mitigate them against risks associated with work.

Responsible Supply chain and supplier relations

**Women Enterprise Fund
Reports and Financial Statements
For the year ended 30th June 2022**

- i. The Fund has sets aside 30% of each financial year's budget to cater for the AGPO category.
- ii. Supplier are given an equal opportunity to bid for tenders, thus ensuring that all those who were listed in the prequalified list are considered with the financial period.
- iii. The Fund also shares the list of awarded tenders with National Treasury through Public Procurement Information Portal to enhance transparency.
- iv. Evaluation of Tenders is carried out as outlined in the Procurement ACT 2015 and Regulation 2020
- v. Payment to suppliers is honoured promptly as stipulated in the Service Charter. (30 days after invoicing)

Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices

- i. Working together with various media houses to create visibility on the Fund.
- ii. Participation on Corporate Social responsibility activities as guided by the Fund's CSR Policy Guidelines
- iii. Ensuring that all advertisements are truthful in the sense that all information given are factual and can be defended by availing authentic evidence

Product stewardship

- i. The Fund works with producers and retailers on educating the public about the stewardship programs.
- ii. Goals and performance standards are set after consultation with stakeholders. All programs within a product category are accountable to the same goals and performance standards.

X. REPORT OF THE DIRECTORS

The Directors of the Advisory Board submit their report together with the unaudited financial statements for the year ended 30th June 2022 which show the state of the Fund's affairs.

Principal activities

The Fund's mandates as stipulated in the Legal Notice No.147 of August 2007 are:

- i. Provision of affordable and accessible credit to women for enterprise development.
- ii. Capacity building of women beneficiaries and their institutions.
- iii. Facilitate and support local and international marketing of goods produced by women
- iv. Promotion of linkages between micro, small and medium enterprises owned by women with larger enterprises.
- v. Facilitate and support investments in infrastructure that support women enterprises e.g., markets or business incubators etc.

Results

The results of the Fund for the year ended 30th June 2022 are set out on page 31-60

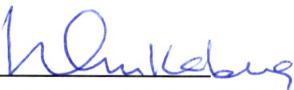
Advisory Board

The members of the Advisory Board who served during the year are shown on page 6-8. The Board is appointed as per guidelines provided in the Legal notice No.147 of 2007.

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with the Section 84 of the Public Finance Management (PFM) Act, 2012 and the Public Audit Act, 2015 which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

By Order of the Board



Chairperson, Advisory Board

Date:.....19/1/2023

XI. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Legal Notice No.147 of August 2007 require the Directors to prepare financial statements in respect of that 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 Fund.

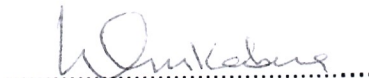
The Directors are responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate 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 entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept 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 Legal Notice No.147 of August 2007. 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, 2022, 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 will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

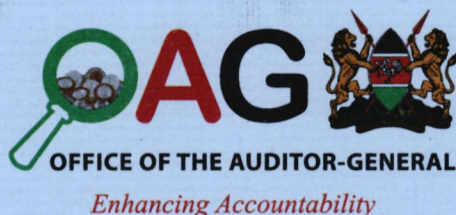
The Fund's financial statements were approved by the Board on 27/09/ 2022 and signed on its behalf by:


.....
Chairperson of the Board


.....
Chief Executive Officer

REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON WOMEN ENTERPRISE FUND FOR THE YEAR ENDED 30 JUNE, 2022

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 control, 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 Women Enterprise Fund set out on pages 35 to 61 which comprise of the statement of financial position as at 30 June, 2022, 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Women Enterprise Fund as at 30 June, 2022, 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 Legal Notice No. 147 of 2004 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Long outstanding Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 17 to the financial statements reflects receivables from exchange transactions balance of Kshs.3,827,354,624 which includes loans relating to LPO financing of Kshs.15,704,964 and Kshs.3,414,175,758 as amounts due from Constituency Women Enterprise Schemes out of which Kshs.6,619,500 and Kshs.915,472,422 respectively have been outstanding for more than one (1) year contrary to the loans policy of the Fund.

Further, the balance includes amounts due from eight (8) financial intermediary partners totalling to Kshs.71,330,000 and pikipiki loan advanced to field officers amounting to Kshs.507,170. However, the financial intermediary partners balance of Kshs.71,330,000 and Kshs.283,333 of the pikipiki loans are non-performing and as previously reported, there are ongoing court cases between the Fund and the Intermediaries. No specific provisions by way of bad debts adjustments have been made in the financial statements to recognize the impairment.

In addition, the balance includes imprests and advances amounting to Kshs.2,174,708 which includes salary advances amounting to Kshs.148,081 owed by former staff who have exited the service.

In the circumstances, the recoverability and completeness of the receivables from exchange transactions balance of Kshs.993,853,336 could not be confirmed.

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

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not resolved the issues or given any

explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, 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 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 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 controls 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 controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its 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 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 of the Financial Statements

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 controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls 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 controls 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 controls 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue 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 controls 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

06 February, 2023

**XIII. STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEAR ENDED 30TH JUNE 2022**

	Note	2021-22	2020-21
		Ksh	Ksh
Revenue from non-exchange transactions			
Transfers from other governments – gifts and services-in-kind	6(a)	197,220,000	151,520,000
Resource Mobilization from partners	6(c)	-	5,134,100
Sub-Total		197,220,000	156,654,100
Revenue from exchange transactions			
Rendering of services	7	158,570,038	157,821,337
Finance income – Interest on Call deposits	8	15,183,729	17,157,288
Sub-Total		173,753,767	174,978,625
Total revenue		370,973,767	331,632,725
Expenses			
Use of goods and services	9	28,518,989	34,826,356
Employee costs	10	304,311,579	287,163,324
Remuneration of directors	11	10,732,283	11,684,352
Repairs and maintenance	12	14,771,104	14,924,291
General expenses	13	124,508,885	113,461,414
Depreciation and amortization expense	14	17,344,540	11,975,764
Increase/ (Decrease) in provision for bad & Doubtful Debts	15 (a)	1,752,180	2,318,453
Total expenses		501,939,560	476,353,954
Deficit for the period		(130,965,793)	(144,721,229)
Attributable to:			
Deficit attributable to owners of the controlling entity		(130,965,793)	(144,721,229)

The notes set out on pages 42 to 59 form an integral part of these Financial Statements

**XII. STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2022**

	Note	2021-22	2020-21
		Ksh	Ksh
Assets			
Current assets			
Cash and cash equivalents	16	601,872,675	816,781,367
Receivables from Exchange transactions	17	3,826,850,526	3,633,751,652
Sub-Total Current assets		4,428,723,201	4,450,533,019
Non-current assets			
Property, plant and equipment	18	74,353,489	42,417,260
Intangible assets	19	1,889,957	851,154
Sub-Total Non-current assets		76,243,446	43,268,414
Total assets		4,504,966,647	4,493,801,433
Liabilities			
Current liabilities			
Trade and Other Payables from exchange transactions	20 (a)	-	914,022
Employee benefit obligation/Gratuity	20 (b)	63,789,410	40,744,381
Total liabilities		63,789,410	41,658,403
Net assets		4,441,177,237	4,452,143,030
Reserves		4,366,274,393	4,246,274,393
Accumulated surplus		74,902,844	205,868,637
Total net assets and liabilities		4,441,177,237	4,452,143,030

The Financial Statements set out on pages 35 to 41 were signed on behalf of the Board of Directors by:



**Chief Executive/Director
Dr. (Eng.) Charles Mwirigi**



**Head of Finance
CPA Paul Wangai
ICPAK Member No. 5935**



**Chairperson of the Board
Prof. Wanjiku Kabira, EBS, CBS.**

Date 19/01/2023

Date 19.01.2023

Date 19/1/2023

Women Enterprise Fund
 Reports and Financial Statements
 For the year ended 30th June 2022

**XIII. STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED 30th JUNE 2022**

Attributable to the owners of the controlling entity					
		Reserves			
		Capital replacement development reserve/Capital Reserve	Revaluation Reserve	Accumulated surplus	Total
	Note	Ksh	Ksh	Ksh	Ksh
Balance as at 1st July 2020		4,144,050,000	27,224,393	350,589,866	4,521,864,259
Surplus (Deficit) for the period 2020/21		-	-	(144,721,229)	(144,721,229)
Grants received during the year	6 (b)	75,000,000			75,000,000
Revaluation gain					-
Balance as at 30th June 2021		4,219,050,000	27,224,393	205,868,637	4,452,143,030
Balance as at 1st July 2021		4,219,050,000	27,224,393	205,868,637	4,452,143,030
Surplus (Deficit) for the period		-	-	(130,965,793)	(130,965,793)
Grants received during the year	6 (b)	120,000,000	-	-	120,000,000
Balance as at 30th June 2022		4,339,050,000	27,224,393	74,902,844	4,441,177,237

**Women Enterprise Fund
Reports and Financial Statements
For the year ended 30th June 2022**

**XIV. STATEMENT OF CASH FLOWS
AS AT 30TH JUNE 2022**

		2021-22	2020-21
		Ksh	Ksh
Cash flows from operating activities			
Surplus / (deficit) for the year/period		(130,965,793)	(144,721,229)
Adjustments for:			
Depreciation	18	16,840,472	11,975,764
Provision for Doubtful Debts	15 (a)	1,752,180	2,089,486
Impairment	15 (b)	504,068	-
Operating profit before working capital changes		(111,869,073)	(130,655,979)
(Increase)/ Decrease in trade and other receivables		(171,806,055)	(256,794,042)
Increase/ (Decrease) in trade and other payables	20 (a)	(914,022)	(8,542,710)
Net cash flows from operating activities		(284,589,150)	(395,992,731)
Cash flows from investing activities			
Purchase of Property, Plant, Equipment, and intangible assets	18	(50,319,542)	(19,721,298)
Net cash flows used in investing activities		(50,319,542)	(19,721,298)
Cash flows from financing activities			
Capitalization from exchequer receipts	6 (b)	120,000,000	75,000,000
Net cash flows used in financing activities		120,000,000	75,000,000
Net increase/(decrease) in cash and cash equivalents		(214,908,692)	(340,714,029)
Cash and cash equivalents as at 1st July	16	816,781,367	1,157,495,396
Cash and cash equivalents as at 30th June	16	601,872,675	816,781,367

IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method

XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2022

	Approved Budget	Adjustments	Final Budget	Actual	Performance Difference	% Utilization
	2021-22	2021-22	2021-22	2021-22	2021-22	2021-22
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue						
Government grants/Exchequer receipts	197,220,000	-	197,220,000	197,220,000	-	100
Rendering of services	126,200,000	30,300,000	156,500,000	158,570,038	2,070,038	101
Finance Income	15,000,000	-	15,000,000	15,183,729	183,729	101
Resource Mobilization	10,000,000	(5,000,000)	5,000,000	0	(5,000,000)	0
Other Income	50,000	-	50,000	0	(50,000)	0
Total income	348,470,000	25,300,000	373,770,000	370,973,767	(2,796,233)	99
Expenses						
Compensation of employees	383,111,312	-53,139,200	329,972,112	304,311,579	(25,660,533)	92
Goods and services	35,950,920	760,800	36,711,720	28,518,989	(8,192,731)	78
Remuneration of directors	11,180,000	-	11,180,000	10,732,283	(447,717)	96
Repairs and maintenance	18,130,160	-	18,130,160	14,771,104	(3,359,056)	81
General expenses	141,179,132	(7,104,750)	134,074,382	124,508,885	(9,565,497)	92
Total expenditure	589,551,524	(59,483,150)	530,068,374	482,842,840	(47,225,534)	91
Surplus/(Deficit)	(241,081,524)	84,783,150	(156,298,374)	(111,869,073)	44,429,301	71
Non-Cash Items						
Depreciation	20,000,000	-	20,000,000	17,344,540	(2,655,206)	87
Increase in provision for bad & Doubtful Debts	4,825,316	-	4,825,316	1,752,180	(3,073,136)	36
Overall actual Surplus/(Deficit)	(265,906,840)	84,783,150	(181,123,690)	(130,965,793)	50,157,643	(72)

Notes to the Budget Statement

1. On the differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14

Government grants/Exchequer receipts. The National Treasury remittances were submitted as per the printed estimates both for recurrent and development allocation attributable to management efforts in following up on the commitments by Government.

Rendering of services- The item includes income from sale of loan trackers, Sacco processing fee & penalties and incomes from Bid Bonds. Overallly, the target for revenue from rendering of services was realized during the year as a result of increased demand for loans. On the specific items of Income from sale of Loan Tracker booklets and Income from Sacco processing there was an under collection of Ksh 386,800 and Ksh 959,267 were as a result of low uptake for the two products during the year.

Resource Mobilization- The Fund partnered with several Agencies/Organizations during the year on targeted areas like capacity building for women beneficiaries. However, none of these partnerships generated financial resources under the resource mobilization item.

Other Income – The budget of Ksh 50,000 for the year targeted incomes from sale of tender documents. However, the current procurement regulations prohibit sale of tender documents therefore no revenue was realized from this item.

Finance Income- Decline in revenues from finance income is also attributable to reduction in Interest rates by banks and as a result of reduced bank balances.

Compensation of Employees-The expenditure was incurred below budgeted amounts owing to vacant positions arising from staff resignations which had not been filled by close of the financial year.

Goods and Services: - The under-expenditure of 8.1 million was as a result of austerity measures undertaken during the year particularly on Hospitality Supplies & Services and Office & General Supplies & Services

Repairs and maintenance: There was an under-expenditure of Ksh 3.3 million as a result of reduction in maintenance of Motor Vehicles since the Fund did not procure an additional fleet of four Pick-Ups planned during the year.

Remuneration of Directors – Actual expenditure was within the budget margins.

Depreciation and Amortization expense- This represents a non-cash outflow item. The item contributed to the reported deficit for the year.

2. On changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

**Women Enterprise Fund
Reports and Financial Statements
For the year ended 30th June 2022**

There was mid-year budget revision that was duly approved in line with the requirements of the Fund's regulations. The changes are reflected under the adjustments column.

3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual).

The annual budget is prepared on accrual basis that is all planned costs and income are presented in a single statement to determine the needs of the Fund. As a result of adoption of the accrual basis for budgeting purposes, there are no basis, timing or Fund differences that would require reconciliation between actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

XVI. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Women Enterprise Fund is a Semi-Autonomous Government Agency under the Ministry of Public Service, Gender, Senior Citizens Affairs and Special Programmes established by and derives its authority and accountability under Legal notice No. 147 of 2007. The Public Finance Management Act of 2012, Categories WEF as a Public Fund. The Fund is wholly owned by the Government of Kenya and is domiciled in Kenya. The Fund's principal activity is to provide accessible and affordable credit and business support services to women entrepreneurs to start and/or expand business for wealth and employment creation.

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 Women Enterprise Fund's accounting policies.

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act 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. Relevant new standards and amendments to published standards effective for the year ended 30 June 2022

There were no new standards or amendments published and applicable to the Fund in year 2021/22.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022

There were no new or amended standards and interpretations applicable to the Fund in year 2021/22.

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2021/22.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i. Revenue recognition

a) Transfers from other government entities

Revenues from non-exchange transactions relating to exchequer receipts is measured at fair value and recognized upon transfer of the Cash to the Fund's account.

b) Revenue from exchange transactions

The interest income from loans to financial partners and interest income from investments in short term/Call deposits in banks shall be recognized when earned respectively. Administrative fee of 5% on gross amount on loans under the Constituency Women Enterprise Scheme (C-WES) shall be recognized upon the actual disbursement of the loans. Generally, Income and expenses shall be recognized on an accrual basis.

c) Fees, taxes and fines

The entity 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.

d) Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

e) 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.

f) 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.

ii. Budget information

The original budget for the Fund for the FY 2021-2022 was approved by the Advisory Board. The Budgetary reallocation is amended on the original budget by the Fund upon receiving the respective approvals in order to conclude the final budget.

The Fund's annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Fund. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or Fund differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

iii. Taxes

a) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

**Women Enterprise Fund
Reports and Financial Statements
For the year ended 30th June 2022**

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets.

c) Deferred tax

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

d) Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

iv. 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 a 30-year period.

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.

Transfers are made to or from investment property only when there is a change in use.

v. 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 Fund 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

**Women Enterprise Fund
Reports and Financial Statements
For the year ended 30th June 2022**

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 to write off the cost over the estimated useful life of the assets on a straight-line basis. Full year depreciation shall be recognized in the first year of acquisition irrespective of the month of purchase. The annual rates adopted for the various asset categories are as follows:

i.	Motor vehicles	–	25%
ii.	Computers & Software	–	33.3%
iii.	Furniture and fittings	–	12.5%
iv.	Office Equipment	–	12.5%

vi. 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.

Impairment shall be provided on intangible assets at the rate of 33.3% on cost on a straight-line basis.

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

vii. Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- a) The technical feasibility of completing the asset so that the asset will be available for use or sale
- b) Its intention to complete and its ability to use or sell the asset
- c) How the asset will generate future economic benefits or service potential
- d) The availability of resources to complete the asset
- e) The ability to measure reliably the expenditure during development

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

viii. Financial instruments

a) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and

receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and advances shall be stated net of provision for bad and doubtful debts.

A general provision of at least 1% shall be made for all performing loans to recognize inherent portfolio risk.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

b) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

ix. 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 labor 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.

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

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

A general provision of at least 1% shall be made for all loans to recognize inherent portfolio risk.

xi. Contingent liabilities

The Fund 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.

xii. Contingent assets

The Fund 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

**Women Enterprise Fund
Reports and Financial Statements
For the year ended 30th June 2022**

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.

xiii. Nature and purpose of reserves

The Fund creates and maintains reserves in terms of specific requirements. The reserves maintained are in respect of Revaluation Reserve.

xiv. 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.

xv. Employee benefits

Retirement benefit plans

The Fund provides retirement benefits for its employees in the form of gratuity under which the Fund pays fixed contributions into a separate Fund (Gratuity 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 gratuity 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.

xvi. 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.

xvii. 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.

xviii. 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.

xix. Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

xx. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call, M-pesa account balances 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 authorized commercial banks (KCB) at the end of the financial year.

xxi. 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 Fund'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

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

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

**Women Enterprise Fund
Reports and Financial Statements
For the year ended 30th June 2022**

- 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

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. A general provision of at least 1% shall be made for all loans to recognize inherent portfolio risk.

u) 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, 2022.

6. (a) Transfers from other governments

Description	2021-22	2020-21
	KSh	KSh
Unconditional grants		
Operational grant	197,220,000	151,520,000
Total government grants and subsidies	197,220,000	151,520,000

6. (b) Transfers from Ministries, Departments and Agencies

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KSh	Amount recognised in capital fund. KSh	Total Grant income during the year KSh	2020-2021 FY	
				Operational grant	Capital fund.
				KSh	KSh
State Department for Gender	197,220,000	120,000,000	317,220,000	151,520,000	75,000,000
Total	197,220,000	120,000,000	317,220,000	151,520,000	75,000,000

6. (c) Resource Mobilization

Description	2021-22	2020-21
	KSh	KSh
Coca-cola Grant	-	5,134,100
Total other income	-	5,134,100

7. Rendering of services

Description	2021-22	2020-21
	KSh	KSh
Administration fee on CWEs loan	150,535,000	150,122,500
Training Fee for C-WES borrowers	3,938,300	4,530,900
Income from sale of Loan Tracker booklets	2,113,200	834,800
Income from LPO financing	892,805	639,120
Sacco Processing fee & income from Bid bonds & Penalties	1,090,733	1,694,017
Total revenue from the rendering of services	158,570,038	157,821,337

8. Finance income - External investments

Description	2021-22	2020-21
	KSh	KSh
Interest on Call and fixed deposits Investments	15,183,729	17,157,288
Total finance income-external investments	15,183,729	17,157,288

9. Use of Goods and Services

Description	2021-22	2020-21
	KSh	KSh
Communication, Electricity, water other Supplies and Services	13,046,391	19,448,597
Hospitality Supplies & Services	3,208,686	2,775,777
Office & General Supplies & Services	6,719,068	8,211,540
Refined Fuels and Lubricants	5,544,844	4,390,442
Total good and services	28,518,989	34,826,356

10. Employee costs

	2021-22	2020-21
	KSh	KSh
Salaries and wages	304,311,579	287,163,324

11. Remuneration of directors

Description	2021-22	2020-21
	KSh	KSh
Chairman's Honoraria & Board allowances, Conference expenditure	10,732,283	11,684,352
Total Director emoluments	10,732,283	11,684,352

**Women Enterprise Fund
Reports and Financial Statements
For the year ended 30th June 2022**

12. Repairs and maintenance

Description	2021-22	2020-21
	KSh	KSh
Furniture and Fittings	458,309	130,875
Vehicles	4,133,659	4,487,174
Computers and accessories	10,179,136	10,306,242
Total repairs and maintenance	14,771,104	14,924,291

13. General expenses

Description	2021-22	2020-21
	KSh	KSh
Printing, Advertising, Information Supplies	7,965,115	10,267,381
Travel, Conferences and accommodation	38,179,810	21,789,005
Insurance	30,560,926	25,721,444
Rental	18,754,870	11,917,884
Training & Capacity building	26,579,416	41,907,243
Other general Operating Expenses	2,468,748	1,858,457
Total General Expenses	124,508,885	113,461,414

14. Depreciation & Amortization expense

Description	2021-22	2020-21
	KSh	KSh
Property, Plant and Equipment & Intangible Assets	17,344,540	11,975,764
Total depreciation	17,344,540	11,975,764

15. (a) Provision for Bad Debts

	2021-22	2020-21	Increase/(Decrease) 2021/22
Loans to Financial Intermediaries	72,050,505	72,050,505	-
Less Provision for bad Debts	720,505	720,505	-
Net FI Loans	71,330,000	71,330,000	-
Loans for - C-WES	3,448,153,192	3,243,389,900	-
Less Prov for bad Debts	34,481,532	32,433,899	2,047,633
Loans balances (C-WES)	3,413,671,660	3,210,956,001	-
LPO Loans/Financing	15,863,600	15,118,589	-
Less Prov for bad Debts	158,636	151,186	7,450
Loan Balances LPO	15,704,964	14,967,403	-
Loans to SACCO	51,727,876	95,689,152	-
Less Provision for bad Debts	517,279	956,892	(439,613)
Balances Sacco	51,210,597	94,732,260	-

**Women Enterprise Fund
Reports and Financial Statements
For the year ended 30th June 2022**

Thamini Loan	13,670,997	-	-
Less Prov for bad Debts	136,710	-	136,710
Loan Balances Thamini	13,534,287	-	-
Increase/Decrease in Provision for bad debts			<u>1,752,180</u>

15. (b) Impairment loss

Description	2021-22	2020-21
	KSh	KSh
Intangible assets	504,068	-
Total Impairment loss	504,068	-

16 (a) Cash and cash equivalents

Description	2021-22	2020-21
	Ksh	KSh
Current account	134,956,303	218,856,884
On - call deposits	456,418,879	585,607,406
Others-Safaricom M-pesa	10,497,493	12,317,077
Total cash and cash equivalents	601,872,675	816,781,367

16. (b) Detailed analysis of the cash and cash equivalents

Financial institution	Account number	2021-22	2020-21
		Ksh	KSh
a) Current account			
Kenya Commercial bank			
• Main Account	1109218818	20,036,704	145,155,516
• Collection Account	1111394423	23,270,209	18,039,093
• Loan Disbursement Account	1157880533	26,802,438	14,917,895
• Staff Gratuity Account	1150260386	64,846,952	40,744,380
Sub- total		134,956,303	218,856,884
b) On - call deposits			
Kenya Commercial bank			
		456,418,879	585,607,406
Sub- total		456,418,879	585,607,406
c) Others			
M-pesa			
		10,497,493	12,317,077
Sub- total		10,497,493	12,317,077
Grand total		601,872,675	816,781,367

Women Enterprise Fund
Reports and Financial Statements
For the year ended 30th June 2022

17. Receivables from exchange transactions

Description	2021-22	2020-21
Current receivables	Ksh	KSh
Loans to FI partners	71,330,000	71,330,000
Loans to CWES's	3,413,671,660	3,345,733,810
Sacco Loans	51,210,597	94,732,260
LPO Loans/Financing	15,704,964	14,967,403
PikiPiki Loan Financing	507,170	1,106,920
Car & Mortgage Scheme	258,717,140	183,417,140
Imprests & Advances	2,174,708	3,693,920
Thamini loan	13,534,287	-
Total receivables	3,826,850,526	3,714,981,453

18. Property, Plant and Equipment

	Motor vehicles	Furniture and fittings	Computers	Office equipment	Total
Cost	Shs	Shs	Shs	Shs	Shs
At 30th June 2021	33,209,704	21,000,046	39,051,988	3,426,193	96,687,931
Additions/ revaluation		47,264,467	1,512,204		48,776,671
At 30th June 2022	33,209,704	68,264,513	40,564,192	3,426,193	145,464,602
Depreciation					
At 1st July 2021					
	8,302,426	11,772,048	30,786,461	3,409,736	54,270,671
Depreciation charge for the year	8,302,426	8,028,966	503,564	5,486	16,840,472
At 30th June 2022	16,604,852	19,801,014	31,290,025	3,415,222	71,111,113
Net book values					
At 30th June 2022	16,604,852	48,463,499	9,274,166	10,972	74,353,489
At 30th June 2021	24,907,278	9,227,998	8,265,526	16,458	42,417,260

19. Intangible assets-Software

Description	2021-22	2020-21
	Ksh	Ksh
Cost		
At beginning of the year- 01.7.2021	26,398,904	25,547,750
Additions	1,542,871	851,154
At end of the year- 30.6.2022	27,941,775	26,398,904
Amortization/ impairment		
At beginning of the year- 01.7.2021	25,547,750	25,547,750
Amortization	504,068	-
At end of the year- 30.6.2022	26,051,818	25,547,750
Net Book Value	1,889,957	851,154

20. (a) Trade and Other Payables from exchange transactions

Description	2021-22	2020-21
	Ksh	Ksh
Trade and other Payables from exchange transactions	-	914,022

20. (b) Employee benefit obligation/Gratuity

Description	2021-22	2020-21
	Ksh	Ksh
Staff accrued gratuity	63,789,409	40,744,381

21. Financial Risk Management

The entity'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 company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history and that credit granting activities conform to the laid down procedures.

Given that risk taking is an inherent activity in our business, responsibility and accountability for risk management dwells at all levels within the organization, from the Advisory Board down through the organisation to each staff member. The company's financial risk management objectives and policies are detailed below:

i. Credit risk

The entity 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 company's management based on prior experience and their assessment of the current economic environment.

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

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 company has recognised in the financial statements is considered adequate to

**Women Enterprise Fund
Reports and Financial Statements
For the year ended 30th June 2022**

cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from 2010.

The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Ksh	Ksh	Ksh	Ksh
At 30th June 2022				
Trade payables	-	-	-	-
Total	-	-	-	-
At 30th June 2021				
Trade payables	914,022	-	-	914,022
Total	914,022	-	-	914,022

iii. Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

iv. Capital Risk Management

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

	2021-22	2020-21
	Ksh	KSh
Revaluation reserve	27,224,393	27,224,393
Retained earnings	74,902,844	205,868,637
Capital reserve	4,339,050,000	4,219,050,000
Total funds	4,441,177,237	4,452,143,030

22. Related Party Balances

i. Nature of related party relationships

The Fund has related parties which include the County and National governments. The Fund falls under the State Department of Gender within the Ministry of Public Service, Gender, Senior Citizens Affairs and Special Programmes. The Fund receives Exchequer from the National Treasury for her operations (Current Expenditure) and for lending (development Expenditure). The lending unit is the constituency and the County. The Fund interacts and collaborates with the county government in her operations in reaching out to her target clients. The Fund is related to

- a. The National Government;
- b. The Parent Ministry;
- c. County Governments
- d. Key management;
- e. Board of directors;

ii. Related party transactions

	2021-22	2020-21
	Ksh	Ksh
Transfers from related parties'	317,220,000	226,520,000
Transfers to related parties	-	-

23. Contingent assets and contingent liabilities

Contingent liabilities	2021/22	2020/21
	KSh	KSh
Industrial Court case no. 967 of 2016 Faustine Egesa against the Fund	8,221,764	8,221,764
Total	8,221,764	8,221,764

24. Events after the reporting period

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

25. Ultimate and Holding Entity

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Public Service, Gender, Senior Citizens Affairs and Special Programmes. Its ultimate parent is the Government of Kenya.

26. Currency

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

XVII. 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.	Issue / Observations from Auditor	Management comments	Status	Timeframe
1.1	Doubtful Receivables-LPO loans/financing Loans relating to LPO financing of ksh 12,257,403 outstanding for more than one year [1] contrary to the loans policy of the fund. Recoverability of these loans is doubtful.	Recovery for these amounts is ongoing. An amount of Ksh 5,637,903 has been collected leaving a balance of Ksh 6,619,500.	On-going	June, 2023
1.2	Doubtful receivables-constituency women enterprise schemes loans (CWES) An amount due from constituency women enterprise scheme of ksh 3,264,504,009 which has been outstanding for more than one (1) year although the fund made a general provision for doubtful debts of 1% in line with its credit policy and guidelines its adequacy cannot be confirmed.	Recovery for these amounts ongoing. The loans outstanding for more than one year (as per the aging analysis) amounted to Ksh 925 million as at 30.6.2022	On-Going	June, 2023
1.3	Non-Performing Loans to Financial Intermediaries Partners. Amounts due from eight (8) financial intermediary partners with non-performing loans totalling ksh 71,330,000 .	a. Advocates were appointed to follow up Ksh 60.6 million. As a consequence, judgement was entered in favour of the Fund for the Ksh 40 million b. Auctioneer appointed to repossess the securities provided for a loan of Ksh. 4.528 million.	On-going	June, 2023

**Women Enterprise Fund
Reports and Financial Statements
For the year ended 30th June 2022**

1.4	Pikipiki Loan Financing- An amount of ksh 1,106,920 representing advances to field officers. The amount includes non- performing loans totalling kshs 283,333 from members who have failed to repay the loans over several years	Recovery efforts for these amounts ongoing.	On-going	June, 2023
1.5	Imprests and Advances- an amount of ksh 184,581 owed by former staff who have exited the service.	Recovery efforts for these amounts ongoing. Current outstanding balance stand at ksh 148,081	On-going	June, 2023
2.0	Unsupported taxi services An expenditure totalling to ksh 1,735,400 in respect to travel, conferences and accommodation were not supported with user requisitions, approval and taxi receipts.	All support documentations provided for review	Closed	March, 2022
3.0	Irregular payment of extraneous allowances An amount of ksh 2,859,659 extraneous allowances paid to volunteers engaged by the fund during the year under review.	The Salaries and Remuneration Commission (SRC), reviewed the Job title of "Volunteers" to "Credit Assistants". Payments to the officers is therefore pursuant to SRC advisory. Payment of Extraneous allowance is proper since its paid to officers who are called upon to undertake extra responsibilities in addition to their normal duties and therefore work over and above the official working hours on a continuous basis.	Closed	June 2021
Other Matters	Irregular procurement of motor vehicle repairs A maintenance expense totalling to kshs.453,256	All support documentations provided for review	Closed	March, 2022

**Women Enterprise Fund
Reports and Financial Statements
For the year ended 30th June 2022**


	whose supporting procurement records such as original tender bid documents, tender evaluation minutes, professional opinion ,and award minutes were not provided for audit review .			
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XVIII. Appendix 2: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

There were no physical projects implemented by the SAGA Funded by development partners


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Chief Executive Officer


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Chairperson of the Board

Date.....19/01/2023.....

Date.....19/1/2023.....

XIX. Appendix 3: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development /Others	Total Amount - Ksh	Statement of Financial Performance	Capital Fund-Statement of Changes in Net Assets	Total Transfers during the Year
Ministry of Public Service, Gender, Senior Citizens Affairs and Special Programmes	Various – see appendix ii above	Recurrent	197,220,000	197,220,000	-	197,220,000
Ministry of Public Service, Gender, Senior Citizens Affairs and Special Programmes	Various – see appendix ii above	Development	120,000,000		120,000,000	120,000,000
Total			317,220,000	197,220,000	120,000,000	317,220,000