

REPUBLIC OF KENYA



Enhancing Accountability

REPORT
OF
THE AUDITOR-GENERAL

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WAJIR COUNTY REVOLVING FUND

FOR THE YEAR ENDED
30 JUNE, 2020



OFFICE OF THE AUDITOR GENERAL
NORTH EASTERN REGIONAL OFFICE

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WAJIRCOUNTY REVOLVING FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020**

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

Wajir County Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2020

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Wajir County Revolving Fund
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1. Acronyms and Glossary of Terms

a) Acronyms

| | |
|-------|--|
| BOM | Board of Management |
| ICPAK | Institute of Certified Public Accountants of Kenya |
| IPSAS | International Public Sector Accounting Standards |
| PFM | Public Finance Management |
| PSASB | Public Sector Accounting Standards Board |
| Kshs | Kenya Shillings |

b) Glossary of Terms

| | |
|----------------------|---|
| Fiduciary Management | The key management personnel who had financial responsibility |
|----------------------|---|

2. Key Entity Information and Management

a) Background information

Wajir County Revolving Fund is established by and derives its authority and accountability from The Wajir County Revolving Fund Act of 27th June 2014. The Fund is wholly owned by the County Government of Wajir and is domiciled in Kenya.

The fund's objective is to promote self-employment among the women and youth.

Principal Activities

The Fund's principal activity is to give out interest free loans to the beneficiary groups which is aimed at reducing poverty; promoting entrepreneurship as well as empower the women and youth economically so as to achieve self-reliance.

b) Fund Administration Committee

| Ref | Position | Name |
|-----|---|------------------|
| 1 | Chairman of the Board | Abdikadir Gabow |
| 2 | Chief Officer Trade | Rahow Ibrahim |
| 3 | Chief Officer finance | Farah Ahmed |
| 4 | PWD Representative | Abdullahi Hassan |
| 5 | Religious Representative | Abass Yussuf |
| 6 | Chief Officer, Youth, sports and Talent | AdenWeli Hashi |
| 7 | Office of the Governor Representative | Abdullahi Adow |
| 8 | Youth Representative | Maymuna Mohamed |
| 9 | Minority Groups Representative | Fatuma Ahmed |
| 10 | Women Representative | Rukia Abdullahi |
| 11 | Fund Manager/ Administrator | Arfon Abdi |

c) Key Management Steam

| Ref | Position | Name |
|-----|---|-----------------------|
| 1 | CCO Trade, Investment, Manufacturing & Industry | Rahow Ibrahim Hussein |
| 2 | Fund Manager/ Administrator | Arfon Abdi |
| 3 | Fund Accountant | Shaaban Adow Omar |

Wajir County Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2020

d) Fiduciary Oversight Arrangements

During the period under review, the fund's management and operations were supported by a number of institutions which were established within the county to provide oversight role and ensure prudent management.

These key fiduciary oversight bodies at the County for the year ended 30th June 2020 were:

Internal Institutions:

1. County Assembly of Wajir.
2. Public Accounts Committee.
3. Budget and Appropriations Committee.

External Institutions

1. Office of the Controller of Budget.
2. Public Sector Accounting Standards Board.
3. Commission on Revenue Allocation.
4. The National Treasury.
5. Office of the Auditor General.

The Public Accounts Committee follows up on the audit reports from the auditor general.

The County has established an audit committee and there is the Internal Audit unit which reports on:

- 1) Adequacy and effectiveness of CGE's internal control system.
- 2) Adequacy and effectiveness of the entity's risk management.
- 3) Likely causes of any weaknesses observed implications and agreed remedies.

The County Controller of Budget also monitors and controls on the budget limits.

e) Registered Offices

County Government of Wajir
P.O. Box 9-70200
County Government Headquarters,
WAJIR, KENYA

f) Fund Contacts

E-mail: info@wajir.go.ke

Twitter [@WajirCountyKE](https://twitter.com/WajirCountyKE).

Website: www.Wajir.go.ke

g) Fund Bankers

1. Kenya Commercial Bank, Wajir.
Mandera Road
P.O. Box 201-70200 Wajir, Kenya
Email: Contactcentre@kcb.co.ke
Tel: +254-46421536/0711087000

2. Premier Bank, Wajir.
Garissa- Mandera Road
P.O. Box 426-70200
Wajir, Kenya
Tel: 0700382282
Email: infor.wajirbaranch@fcb.co.ke

h) Independent Auditors

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

Wajir County Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2020

i) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

j) County Attorney






County Government of Wajir

P.O. Box 9-70200







County Government Headquarters,

Wajir, KENYA




3. Fund Administration Committee

| Name | Details of qualifications and experience |
|--|---|
| <p>1. Abdikadir Gabow</p>  | <p>Born in 1962, Abdikadir is a retired carrier civil servant with over 30 years' experience. He Served as a Senior Assistant County Commissioner & Education Teacher.</p> |
| <p>2. Rahow Ibrahim</p>  | <p>Born in 1973 & with over 25 years' experience, Rahow is the County Chief Officer Trade, Investment and Industry. Before joining the public service he worked in the banking industry and rose to the position of Branch Manager. Rahow holds an MBA In strategic management.</p> |
| <p>3. Farah Ahmed</p>  | <p>Born in 1973, Farah is an Accounting and finance professional with over 25 years of experience in the Government and International Non-government sectors. He holds an MA Project planning and management and Bachelor of Business Management. Farah also holds a Strategic Leadership Development Programme offered by Kenya School of Government</p> |
| <p>4. Abdullahi Hassan</p>  | <p>Born in 1961, Abdullahi is a Senior Assistant Agriculture Officer with over 25 years' experience. He represents Persons with Disability in the Committee.</p> |
| <p>5. Abass Yussuf</p>  | <p>Born in 1992, Abass is a Carrier teacher and holds a Bachelor's Degree in Islamic Sheria from the university of Medina. Abass represents Religious groups in the committee.</p> |

**Wajir County Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2020**

| | |
|--|---|
| <p>6. AdenWeli Hashi</p>  | <p>Born in 1993, Adan is currently the Chief Officer, Youth, sports and Talent. He holds a Bachelor's degree and Continuing Masters in Business Administration.</p> |
| <p>7. Abdullahi Adow</p>  | <p>Born in 1978, Abdullahi is a carrier Civil servant with over 20 years' experience in Public administration and holds a bachelor's degree in administration. Abdullahi is currently Serving as the Director Administration- office of the Governor.</p> |
| <p>8. Maymuna Mohamed</p>  | <p>Borin in 1994, Maymuna is a young local grass-root community leader. She is currently a Staff at County Assembly as an Office Attendant and represents the youth in the fund committee.</p> |
| <p>9. Fatuma Ahmed</p>  | <p>Born in 1989 & with over 10 years' experience, Fatuma is an Assistant ICT Administrator. HShe is aSocial work and community Development Champion and represents the Minority groups in the board.</p> |
| <p>10. Rukia Abdullahi</p>  | <p>Born in 1961, Rukia worked with the provincial administration till 1992 when she joined unicef emergency programme project assistant until. She later ventured in to business as hotelier. Rukia was elected as Chairlady Maendeleo ya wanawake- Wajir County in 2014 where she is serving to date. She represents the Women in the Committee.</p> |
| <p>11. Arfon Abdi</p>  | <p>Born in 1985, Arfon is the Fund Manager & Secretary to the Committee. She has over 10 years' experience both in the private & public sectors. Arfon holds a bachelor of Commerce (Finance) and MBA in Strategic management.</p> |

4. Management Team

| Name | Details of qualifications and experience |
|--|--|
| <p>1. Rahow Ibrahim</p>  | <p>Born in 1973 & with over 25 years' experience, Rahow is the County Chief Officer Trade, Investment and Industry. Before joining the public service he worked in the banking industry and rose to the position of Branch Manager. Rahow holds an MBA In strategic management.</p> |
| <p>2. Arfon Abdi</p>  | <p>Born in 1985, Arfon is the Fund Manager & Secretary to the Committee. She has over 10 years' experience both in the private & public sectors.</p> <p>Arfon holds a bachelor of Commerce (Finance) and MBA in Strategic management.</p> |
| <p>3. Shaab Adow Abdi</p>  | <p>Born in 1979, Shaaban is a carrier civil servant with over 15 years' experience in public Finance. He previously served as an account at the Wajir County Council and is currently an Assistant Director Accounting Service at the county Government of Wajir. He holds a Bachelor's degree in finance.</p> |

**Wajir County Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2020**

5. Fund Chairperson's Report

It is my pleasure to present the Wajir County revolving Fund's financial statements for the period ending 30th June 2020. The financial statements present the financial performance of the revolving Fund on the just concluded fiscal year.

The fund came into existence after the enactment of the Wajir County Revolving Fund Act (2014). In the financial year 2019/2020, there was no allocation to the Fund. There was no disbursement received for the financial year. These revolving fund aims to lend to small enterprises cheap credit with the objective of;

- (a) Promoting self-employment among the women and youth;
- (b) Reduce poverty;
- (c) Promote entrepreneurship,
- (d) Empower the women and youth economically so as to achieve self-reliance.

The fund is administered by an administration Committee known as the Wajir County revolving Fund Committee, which is established by the Act and regulations. The committee is equally assisted in its work by a management team established under the Act in the departmental level.

The Management Team work closely with the CECM of the department of Trade and also the revolving fund committees at the ward level.

Way forward

In the coming fiscal year the committee expects to receive an exponential growth in amounts to be disbursed to increase the number of beneficiaries countywide.

Name: Abdikadir Gabow.

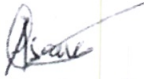
Signature..... 

Chairperson of the Board/Fund

Date..... 21/09/2023

6. Report of the Fund Manager

Wajir County Disability Fund had an opening fund balance of Ksh 7,424,125 which was the closing fund balance of Financial Year 2018/ 2019. During the year, there was revolving income of Ksh 8,147,150. There was no disbursement from the County Government to the fund in the financial year 2019/202. The expenditure for the year composed of Administration expenses amounting to Ksh 600. The closing bank balance of KES 15,770,675 which forms the accumulated surplus for the year to be carried forward in FY 2020/2021.



Name: Arfon Issack Abdi
Manager, Wajir County Revolving Fund

Wajir County Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2020

7. Statement of Performance against the County Fund's Predetermined Objectives

Introduction

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

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

- a) Promote self-employment among the women and youth;
- b) Reduce poverty;
- c) Promote entrepreneurship
- d) Empower the women and youth economically so as to achieve self-reliance.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the trade department objectives:

| Program | Objective | Outcome | Indicator | Performance |
|--|---|---|---|--|
| Trade, Cooperatives Development and ICT | To Promote Trade, Investment and Industrial Development | Mobilise capital through cooperatives for investment in value chains with competitive advantage for wealth creation | Improved investment in various value chains | Gross capital holdings by cooperatives |
| | | To Promote Trade, Investment and Industrial Development | Improved Business | No. of Stalls Constructed |

8. Corporate Governance Statement

The Wajir County revolving Fund is made up of 11 Administration Committee members. Members meet to deliberate on the performance of the management team. The committee members are not remunerated from the fund but paid sitting allowances based on the Budget allocation and as per the act.

In the coming years we will be able to report on the governance structure based on:

- a) Number of Fund Administration Committee meetings held and the attendance to those meetings by members,
- b) Succession plan,
- c) Existence of a service charter,
- d) Process of appointment and removal of board/ Administration Committee members,
- e) Roles and functions of the Administration Committee members,
- f) Induction and training, Administration Committee members and member's performance,
- g) Conflict of interest,
- h) Board remuneration,
- i) Ethics and conduct as well as governance audit undertaken if any.

Wajir County Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2020

9. Management Discussion and Analysis

The Fund was formed pursuant to the Wajir County Revolving Management Act, 2014.

The objects and purposes of the fund are aimed at:

- (a) Promoting self-employment among the women and youth;
- (b) Reduce poverty;
- (c) Promote entrepreneurship,
- (d) Empower the women and youth economically so as to achieve self-reliance.

The Fund is managed in accordance with the Wajir County Revolving Management Act, 2014.

The Act states that there shall be the Fund Administrator. Also, there is established the County Revolving Fund Committee which administers the County Revolving Funds.

The Management Team work closely with the CECM of the department of Trade and also the revolving fund committees at the ward level.

However, there was no disbursement in the period.



Name: Arfon Issack Abdi

Manager, Wajir County Revolving Fund

10. Environmental and Sustainability Reporting

1. Sustainability strategy and profile

The Wajir County Development Agenda is informed by the need to increase and expand sustainable development opportunities and build people's capacities to enable them create wealth and transform their lives for growth and prosperity. The County Envisions being a competitive, industrialized and socio-economically self-sustaining and securing county. This will be attained by providing quality and efficient services through innovative and sustainable utilization of resources for a better quality of life to all citizens of Wajir County. This is what the county intends to attain and sustain it through creation of a county culture anchored on; Transparency; Inclusiveness and Equity; Empowerment; Quality and result oriented in provision of the county services.

2. Environmental performance

As outlined in the County 2018-2022 CIDP, Environment is one of the key thematic areas that the county has put a lot of focus in its developments agenda. Land is a natural resource which can be sustainably used to satisfy man's unlimited needs and wants as long as the concept of scarcity is recognized. Cognizant of the need for responsible land use for environmental sustainability, The County has developed a number of policies, programmes and structures guiding environmental matters within the County.

3. Employee welfare

Wajir County Recognises the value of its employees in the implementation and long term sustainability of its development strategy. As a result, it has always ensured a fair recruitment process where competences and qualification has been key in hiring of its employees to ensure value from its human resource. All recruitments observe the one third Gender rule and the inclusivity. All senior management staff from the level of county directors and above are placed under performance Contract while the junior staff are under performance Appraisal system.

This is aimed at inculcating a results culture and also helps to identify skills Gap for capacity building and future development the County staff as they inform approvals for Promotion and training for carrier growth. For a better and health work force, the county has also placed all staff under a medical cover which on terms as provided by the Salaries and Remuneration Commission's guideline of Employee Medical benefits.

4. Market place practices

The County embraces diversity and offers services to all county residents without discrimination. All county fees and charges are levied after wide consultation with the citizens through public participation.

5. Community Engagements

The County has been engaging its citizens in all its development programmes through public participation in all the county plans, Budget and legislations. This participation ensures that the views of the citizen are included from planning to implementation stages. Participation is done by the county through its established participation structures such as, the County Budget and Economic Forum, The County Citizen education and Civic Education Unit etc.

11. Report of the Trustees

The administration Committee

The committee submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the Fund affairs.

Principal activities

The Fund's principal activity is to give out interest free loans to the beneficiary groups which is aimed at reducing poverty; promoting entrepreneurship as well as empower the women and youth economically so as to achieve self-reliance

Results

The results of the Fund for the year ended June 30, 2020 are set out on page one of this report.

Trustees

The members of the fund administration committee who served during the year are shown on page VII.

Auditors

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

By Order of the Board.


.....

Chair of the Fund Administration Committee

Date:.....21-07-2022.....

12. Statement of Management's Responsibilities

Section 166 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the period ended June 30th 2020. This responsibility includes:

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

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Wajir County Revolving Fund act, 2014. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the period and of the Fund's financial position as at that date.

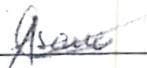
The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Wajir County Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2020

Approval of the financial statements:

The Fund's financial statements were approved by the Board on 21-09-2023 and signed on its behalf by:



Name: Arfon Issack Abdi
Manager, Wajir County Revolving Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON WAJIR COUNTY REVOLVING FUND FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Wajir County Revolving Fund pages 1 to 22, which comprise of the statement of financial position as at 30 June, 2020 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 do not express an opinion on the accompanying financial statements, because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Late Submission of Financial Statements

The financial statements for the 2019/2020 financial year were submitted to the Auditor-General on 02 November, 2023, about three (3) years and four (4) months after the end of the financial year. This was in contravention of Section 116(7) of the Public Finance Management Act, 2012 which requires the administrator of a County Public Fund to prepare accounts for the fund for each financial year and not later than three months after the end of each financial year submit financial statements relating to those accounts to the Auditor-General and the County Assembly.

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

2. Operation Without an Approved Budget

The Management did not prepare estimates of income and expenditure and submit the same to the County Executive Committee Member for finance as required. This was in contravention of Section 149(2) (h & i) of the Public Finance Management Act, 2012 which provides that an accounting officer shall, in respect of the entity concerned prepare estimates of expenditure of the entity in conformity with the strategic plan of the entity and submit the estimates of an entity, which is not a county corporation to the County Executive Committee Member for finance.

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

3. Inaccuracies in the Statement of Financial Performance

The statement of financial performance reflects revenue from non-exchange transactions of Kshs.8,147,150 in respect of revolving fund income. However, the revolving fund income was the amount of loan repayments during the year. It was therefore, incorrectly reported as revenue for the year.

In the circumstances, the accuracy of revenue from non-exchange transactions of Kshs.8,147,150 and surplus of Kshs.8,146,550 reflected in the statement of financial performance could not be confirmed.

4. Inaccuracies in the Statement of Financial Position

According to the loan disbursement and repayment schedules provided for audit review, loans amounting to Kshs.96,857,776 were outstanding as at 30 June, 2020. However, the outstanding loans were not disclosed in the statement of financial position under short-term and long-term receivables from exchange transactions.

In the circumstances, the financial position of the Fund could not be confirmed.

5. Inaccuracies in the Statement of Changes in Net Assets

The statement of changes in net assets reflects revolving funds received during the year of Kshs.8,147,150. However, no funds were received during the year as reflected in the statement of cash flows. Further, expenses amounting to Kshs.600 were incorrectly reported in the statement under Revolving Fund column. In addition, the Fund had accumulated receipts from the County Government and surpluses during prior years which have not been disclosed in the statement.

In the circumstances, the accuracy of the balance of Kshs.15,770,675 reflected in the statement of changes in net assets could not be confirmed.

6. Unsupported Cash and Cash Equivalents

The statement of financial position reflected cash and cash equivalents balance of Kshs.15,570,675 as at 30 June, 2020. However, cashbooks, bank reconciliations, board of survey reports, cheque dispatch registers for the two bank accounts operated by the Fund were not provided for audit.

In the circumstances, it was not possible to confirm the accuracy and completeness of cash and cash equivalents balance of Kshs.15,570,675.

7. Non-Repayment of Disbursed Loans

The loan disbursement and repayment schedules provided for audit review reflected Kshs.96,969,326 as the opening balance of outstanding loan as at 1 July, 2019. The entire amount was due for repayment. However, only one (1) percent of the outstanding loans amounting to Kshs.111,550 was repaid during the year under review.

In the circumstances, it was not possible to confirm the recoverability of outstanding loans amounting to Kshs.96,857,776.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Responsibilities of Management and those Charged with Governance

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

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

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

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

My responsibility is to conduct an audit of the Fund's financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is 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. I also consider internal control, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance 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. However, because of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources, and Internal Controls, Risk Management and Governance sections of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion.

I am independent of the Wajir County Revolving Fund Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

23 January, 2024

14. Statement of Financial Performance for the Year Ended 30th June 2020

| Description | | 2019/20 | 2018/19 |
|---|---|------------------|----------------|
| Revenue From Non-Exchange Transactions | | | |
| Transfers From the County Government | 1 | - | - |
| Revolving Fund Income | 2 | 8,147,150 | 614,702 |
| Total Revenue | | 8,147,150 | 614,702 |
| Expenses | | | |
| General expenses | 3 | 600 | 1,364 |
| Total Expenses | | 600 | 1,364 |
| Surplus/(Deficit) for the Period | | 8,146,550 | 613,338 |

The notes form an integral part of these Financial Statements



.....
Name: Arfon Issack Abdi
Administrator of the Fund




.....
Name: Shaaban Adow Abdi
Fund Accountant

Wajir County Revolving Fund
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15. Statement of Financial Position as at 30 June 2020

| Description | Note | 2020/2021 | 2018/2019 |
|---|------|-------------------|------------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 4 | 15,570,675 | 7,424,125 |
| Total current assets | | 15,570,675 | 7,424,125 |
| | | | |
| Non-Current Assets | | - | - |
| Total Assets | | 15,570,675 | 7,424,125 |
| | | | |
| Liabilities | | - | - |
| Total Liabilities | | - | - |
| | | | |
| Net Assets | | 15,570,675 | 7,424,125 |
| Total Net Assets and Liabilities | | 15,570,675 | 7,424,125 |

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



Name: Arfon Issack Abdi
Administrator of the Fund



Name: Shaaban Adow Abdi
Fund Accountant

Wajir County Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2020

16. Statement of Changes in Net Assets for the year ended 30th June 2020

| Description | Revolving Fund | Revolving Fund | Government of Kenya | Government of Kenya |
|-----------------------------------|----------------|----------------|---------------------|---------------------|
| Balance As At 1 July 2018 | | - | - | - |
| Surplus/(Deficit) For the Period | - | - | - | - |
| Funds Received During the Year | - | - | - | - |
| Expenses | - | - | - | - |
| Balance As At 30 June 2019 | - | - | 7,424,125 | 7,424,125 |
| Balance As At 1 July 2019 | - | - | 7,424,125 | 7,424,125 |
| Surplus/(Deficit) For the Period | - | - | - | - |
| Funds Received During the Year | - | - | 8,147,150 | 8,147,150 |
| Expenses | - | - | 600 | 600 |
| Balance As At 30 June 2020 | - | - | 15,770,675 | 15,570,675 |


.....
 Name: Arfon Issack Abdi
 Administrator of the Fund


.....
 Name: Shaaban Adow Abdi
 Fund Accountant

Wajir County Revolving Fund
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17. Statement of Cash Flows for the Year Ended 30 June 2020

| Description | Note | 2019/2020 | 2018/2019 |
|--|------|-------------------|------------------|
| | | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Balance B/F | | 7,424,125 | 6,810,787 |
| Transfers from the county government | | - | - |
| Revolving fund income | | 8,147,150 | 614,702 |
| Total receipts | | 15,571,275 | 7,425,489 |
| Payments | | | |
| General expenses | 4 | 600 | 1,364 |
| Net cash flows from operating activities | | 15,770,675 | 7,424,125 |
| Cash flows from investing activities | | - | - |
| Net cash flows used in investing activities | | - | - |
| Cash flows from financing activities | | | |
| Net cash flows used in financing activities | | 15,770,675 | 7,424,125 |
| Net increase in cash & cash Equivalents | | - | - |
| Cash and cash equivalents at 1 July | | 15,770,675 | 7,424,125 |
| Cash and cash equivalents at 30 June | | 15,770,675 | 7,424,125 |

.....

Name: Arfon Issack Abdi
Administrator of the Fund

.....

Name: Shaaban Adow Abdi
Fund Accountant

Wajir County Revolving Fund

Annual Report and Financial Statements for the year ended June 30, 2020

18. Statement of Comparison of Budget and Actual Amounts for the Period ended 30th June 2020

| Description | Original Budget | Adjustments | Final Budget | Actual on Current/Carry-Over | Balance at End of Period | Utilization |
|-------------------------------|-------------------|------------------|--------------------|------------------------------|--------------------------|-------------|
| | Kshs | Kshs | Kshs | Kshs | Kshs | |
| | a | b | C=(a+b) | d | e=(c-d) | f=d/c*100 |
| Revenue | | | | | | |
| Transfers from County Govt. | - | - | - | - | - | - |
| Revolving fund income | 93,936,256 | 7,424,125 | 101,360,381 | - | 101,360,381 | - |
| Total Income | 93,936,256 | 7,424,125 | 101,360,381 | - | 101,360,381 | - |
| Expenses | | | | | | |
| Fund Administration Expenses | - | - | - | - | - | - |
| Revolving Fund | 93,936,256 | 7,424,125 | 101,360,381 | - | 101,360,381 | - |
| Total Expenditure | 93,936,256 | 7,424,125 | 101,360,381 | - | 101,360,381 | - |
| Surplus For the Period | - | - | - | - | - | - |

.....
 Name: Arfon Issack Abdi
 Administrator of the Fund

.....
 Name: Shaaban Adow Abdi
 Fund Accountant

Wajir County Revolving Fund

Annual Report and Financial Statements for the year ended June 30, 2020

19. Notes to the Financial Statements

1. General Information

Wajir County Revolving Fund is established by and derives its authority and accountability from The Wajir County Revolving Fund Act of 27th June 2014. The entity is wholly owned by the Wajir County Government and is domiciled in Kenya. The entity's principal activity to facilitate the improvement of the living conditions for persons with disabilities in Wajir County through socio-economic empowerment, promotion of equal and equitable access to social- economic, political opportunities and services by persons with disabilities in the County.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

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

| Standard | Effective date and impact |
|---------------------------------|---|
| IPSAS 41: Financial Instruments | <p>Applicable: 1st January 2023</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> |

Wajir County Revolving Fund

Annual Report and Financial Statements for the year ended June 30, 2020

| Standard | Effective date and impact |
|---|---|
| | <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. |
| <p>IPSAS 42: Social Benefits</p> | <p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p> |
| <p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p> | <p>Applicable: 1st January 2023</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were</p> |

**Wajir County Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2020**

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

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

| Standard | Effective date and impact |
|--|--|
| IPSAS 43 | <p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> |
| IPSAS 44: Non-Current Assets Held for Sale and | <p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be</p> |

**Wajir County Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2020**

| Standard | Effective date and impact |
|-------------------------|--|
| Discontinued Operations | measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. |

(iii) Early adoption of standards

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

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Annual Report and Financial Statements for the year ended June 30, 2020

4. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2019/2020 was approved by the County Assembly on 30th June 2019. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

**Wajir County Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2020**

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 18 of these financial statements.

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

a) Intangible Assets

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

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

b) 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.

c) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or

Wajir County Revolving Fund

Annual Report and Financial Statements for the year ended June 30, 2020

deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and

Wajir County Revolving Fund

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interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

Financial liabilities

Classification

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

d) Inventories

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

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current

Wajir County Revolving Fund

Annual Report and Financial Statements for the year ended June 30, 2020

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.

e) Provisions

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

f) Social Benefits

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

g) Contingent liabilities

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

Contingent assets

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

h) Nature and purpose of reserves

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

Wajir County Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2020

i) Changes in accounting policies and estimates

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

j) 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.

k) 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.

l) 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.

m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

n) Comparative figures

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

Wajir County Revolving Fund

Annual Report and Financial Statements for the year ended June 30, 2020

5. Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made e.g.

a) Estimates and assumptions

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available.

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.

Wajir County Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2020

5. Notes to the Financial Statements

1. Transfers from County Government

| Description | 2019/2020 | 2018/2019 |
|---|-----------|-----------|
| | Kshs | Kshs |
| Transfers From County Govt. –Operations | - | - |
| Balance B/F | - | - |
| Total | - | - |

2. Revolving Fund income

| Description | 2019/2020 | 2018/2019 |
|-----------------------|------------------|-------------|
| | Kshs | Kshs |
| Revolving Fund income | 8,147,150 | Kshs |
| Total | 8,147,150 | 614,702 |

3. General Expenses

| Description | 2019/2020 | 2018/2019 |
|--------------|------------|--------------|
| | Kshs | Kshs |
| Bank Charges | 600 | 1,364 |
| Total | 600 | 1,364 |

4. Cash and cash equivalents

| Description | 2019/2020 | 2018/2019 |
|--|-------------------|------------------|
| | Kshs | Kshs |
| Current Account | 15,570,675 | 7,424,125 |
| Total Cash And Cash Equivalents | 15,570,675 | 7,424,125 |

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

| Financial Institution | Account number | 2019/2020 | 2018/2019 |
|---------------------------|----------------|-------------------|------------------|
| | | Kshs | Kshs |
| a) Current Account | | | |
| First Community Bank | 8000520802 | 15,368,065 | 7,221,275 |
| Premier Bank | 8000520801 | 202,610 | 202,850 |
| Grand Total | | 15,570,675 | 7,424,125 |

Wajir County Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2020

5. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Fund include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The fund/scheme is related to the following entities:

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Board of Trustees; etc.

b) Related party transactions

| Description | 2019/2020 | 2018/2019 |
|--------------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Transfers From the County Government | - | - |

c) Key management remuneration

| Description | 2019/2020 | 2018/2019 |
|-----------------------------|-----------|-----------|
| | Kshs | Kshs |
| Board Of Trustees | - | - |
| Key Management Compensation | - | - |
| Total | - | - |

6. Cash generated from operations

| Description | 2019/2020 | 2018/2019 |
|---|-----------|-----------|
| | Kshs | Kshs |
| Surplus/ (Deficit) For the Year Before Tax | - | - |
| Adjusted For: | - | - |
| Gains/ Losses On Disposal Of Assets | - | - |
| Interest Income | - | - |
| Finance Cost | - | - |
| Working Capital Adjustments | - | - |
| Increase In Inventory | - | - |
| Increase In Receivables | - | - |
| Increase In Payables | - | - |
| Net Cash Flow From Operating Activities | - | - |

Wajir County Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2020

7. Receivables from exchange transactions

| Description | 2019/2020 | 2018/2019 |
|---|-------------------|-------------------|
| | Kshs | Kshs |
| Current Receivables | | |
| Interest Receivable | - | - |
| Current Loan Repayments Due | - | - |
| Other Exchange Debtors | - | - |
| Less: Impairment Allowance | - | - |
| Total Current Receivables | | |
| Non-Current Receivables | | |
| Long Term Loan Repayments Due | 92,863,206 | 93,936,256 |
| Total Non- Current Receivables | 92,863,206 | 93,936,256 |
| Total Receivables From Exchange Transactions | 92,863,206 | 93,936,256 |

8. Financial risk management

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

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

a) Credit risk

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

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has 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.

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c) 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 on-going 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 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.

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant.

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d) Capital risk management.

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

| Description | 2019/2020 | 2018/2019 |
|---|-------------------|-------------------|
| | Kshs | Kshs |
| Revolving fund | 92,863,206 | 93,936,256 |
| Accumulated surplus | - | - |
| Total funds | 92,863,206 | 93,936,256 |
| Total borrowings | - | - |
| Less: cash and bank balances | - | - |
| Net debt/(excess cash and cash equivalents) | - | - |
| Gearing | - | - |

9. Currency

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

Wajir County Revolving Fund

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10. Annexes

Annex I: Progress on Follow Up Of Prior Year Auditor's Recommendations

There was no Audit carried out in prior year.

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Annex II: Inter-Fund Confirmation Letter

COUNTY GOVERNMENT OF WAJIR



DEPARTMENT OF FINANCE AND ECONOMIC PLANNING

Wajir County Revolving Fund
 P.O Box 9-70200,
Wajir.

The County Government of Wajir wishes to confirm the amounts disbursed to you as at 30th June 2020 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column D in the table below Please sign and stamp this request in the space provided and return it to us.

| Reference Number | Date Disbursed | Recurrent (A) | Development (B) | Total (C)=(A+B) | Amount Received by beneficiary Fund (KShs) as at 30 th June 2023 (D) | Differences (KShs) (E)=(C-D) |
|------------------|----------------|---------------|-----------------|-----------------|---|------------------------------|
| - | - | - | - | - | - | - |

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Fund:

Name *SHAABAN ADOW ABDI*

Sign *[Signature]*

Date *21-09-2023*

Wajir County Revolving Fund

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Annex III: Reporting of Climate Relevant Expenditures

| Project Name | Project Description | Project Objectives | Project Activities | | | | | Source Of Funds | Implementing Partners |
|--------------|---------------------|--------------------|--------------------|----|----|----|----|-----------------|-----------------------|
| | | | | Q1 | Q2 | Q3 | Q4 | | |
| - | - | - | - | - | - | - | - | - | - |

Note: There were no climate relevant expenditures during the year.

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Annex IV: Reporting on Disaster Management Expenditure

| Column I Programme | Column II Sub-programme | Column III Disaster type | Column IV Category of disaster related activity that require expenditure reporting (response/recovery/mitigation/preparedness) | Column V Expenditure item | Column VI Amount (KShs) | Column VII Comments |
|-----------------------|----------------------------|-----------------------------|---|------------------------------|----------------------------|------------------------|
| - | - | - | - | - | - | - |

Note: There were no Disaster Management related expenditures during the year