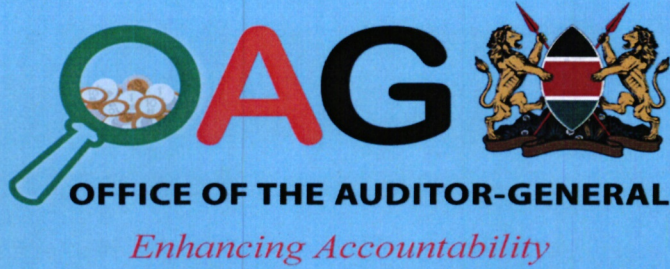


REPUBLIC OF KENYA



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**REPORT**

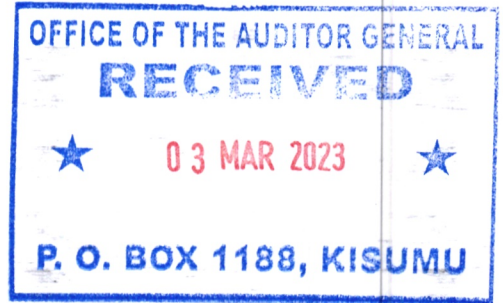
**OF**

**THE AUDITOR-GENERAL**

**ON**

**SIAYA COUNTY ALCOHOLIC DRINKS  
CONTROL FUND**

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



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**COUNTY GOVERNMENT OF SIAYA  
SIAYA COUNTY ALCOHOLIC DRINKS CONTROL FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2022**

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

*Siaya County Alcoholic Drinks Control Fund*  
**Reports and Financial Statements**  
For the year ended June 30, 2022.

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## **1. KEY ENTITY INFORMATION AND MANAGEMENT**

### **a) Background information**

Siaya County was established by The Constitution of Kenya 2010 and is divided into six sub counties namely Alego Usonga, Ugenya, Gem, Rarieda, Bondo and Ugunja. The County provides services to its residents including those from devolved functions.

His Excellency the Governor Cornel Rasanga Amoth heads the County and is responsible for general Administration, Policy and Strategic direction of the County. This he does with the support of the Executive Committee as per the Constitution. These funds are created by the County Executive Committee Member for Finance and Planning.

Siaya County Alcoholic Drinks Control Act 2016 was operationalized in 2017. The fund is domiciled in Enterprise and Industrial Development Department situated at the Siaya County Headquarters, Siaya Town.

Its activities involve inspection of liquor vendors' premises for compliance, licensing, enforcement and conducting committee meetings to approve vendors' application. These committees are headed by Sub County Administrators chairmen of these committees.

Its activities include:

1. Normal committee meetings for administration and planning purposes.
  2. Committee meetings for vetting of applicants to consider them for approval.
  3. Inspection of premises to ensure compliance before issuance of licenses and during operations.
  4. Enforcement/crackdown to ensure adherence to the laws and regulations
  5. Sensitization and awareness creation to inform the public and other stakeholders on the activities of the directorate and involve public participation principles.
- All stakeholders are involved including NACADA.

Other activities include prevention and control of alcohol and drug abuse and setting up of rehabilitation centres.

**Siaya County Alcoholic Drinks Control Fund  
Reports and Financial Statements  
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Once the applications are approved, the vendors are invoiced and the amount due to the County is deposited in KCB bank Account Number 1206483431 Siaya branch and a license is then issued.

These activities were previously done by NACADA and were later transferred to the County.

**b) Principal Activities**

The main activities of this fund are licensing and regulation, sale, distribution, consumption and outdoor advertising of Alcoholic Drinks.

Other activities include control and management of use of alcoholic drinks, drug abuse and the promotion of research, treatment and rehabilitation of persons dependent on alcoholic drinks.

**c) Key Management**

Ref	Position	Name
1	CECM	Mr. Richard Mungla
2	Chief Officer	Mr. Joshua Onyona
3	Fund Administrator/Director	Mr. Joshua Onyona
4	Fund Accountant	Mrs. Ruth Agot

**d) Fiduciary Oversight Arrangements**

*Fiduciary oversight is carried out by County Treasury Head of Accounting services and Internal Audit unit.*

Ref	Position	Name
1	Directorate Internal Audit	CPA. William Ooko
2	Head of Accounting Services	CPA. Edward Onyango
3		

**e) Registered Offices**

P.O. Box 803-40600

Trade building

Siaya, Kenya

**f) Fund Contacts**

Telephone: (254)-0722785687

***Siaya County Alcoholic Drinks Control Fund***  
**Reports and Financial Statements**  
**For the year ended June 30, 2022.**

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E-mail: [mondayjohns@yahoo.com](mailto:mondayjohns@yahoo.com)

Website: [Siayacounty.go.ke](http://Siayacounty.go.ke)

**g) Fund Bankers**

Kenya Commercial Bank,  
Siaya, Kenya.

**h) Independent Auditors**





Auditor General,  
Kenya National Audit Office,  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya

**i) Principal Legal Adviser**



The County Attorney  
Governor's Annex Building  
P.O. Box 803-40600,  
Siaya, Kenya.

**Siaya County Alcoholic Drinks Control Fund  
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**2. THE BOARD OF TRUSTEES/ FUND ADMINISTRATION COMMITTEE (or any other corporate governance body for the Fund)**

	Passport-size Photo	Name	Position	Qualifications
1		Mr. Richard Mungla	CECM-Enterprise	Hold a Bachelor Degree. Master's Degree from Keele University, CPA II, over 30 years of experience in Finance and Managing Local and International Start-up Business
2		Mr. Cleopas Ombogo	CECM-Finance	Hold a Bachelor Degree, CPAK, Vast experience in Public Financial Management
3		Mr. Joshua Onyona	Chief Officer <i>(Responsible department)</i>	Hold a Bachelor Degree in Co-operative Business. Diploma in Co-operative management. Advanced certificate in Co-operative administration. Co-operative Business Administration. Kenya Accounting technician certificate. Audit for computerised accounting. Vast experience in Public Financial Management
4		Mr. Hesbon Mariwa	Chief Officer finance	Bachelor's Degree, Business Management-Finance and Banking, MBA, CPAK With vast experience in financial matters.

**Siaya County Alcoholic Drinks Control Fund  
Reports and Financial Statements  
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5		Mrs. Ruth Agot	Fund Accountant	CPA. Has served as Senior Accountant for over 10 years, BBA with IT and an MBA
6		Mr. Joshua Onyona	Fund Manager/ Administrator	Hold a Bachelor Degree in Co-operative Business. Diploma in Co-operative management. Advanced certificate in Co-operative administration. Co-operative Business Administration. Kenya Accounting technician certificate. Audit for computerised accounting. Vast experience in Public Financial Management

**Siaya County Alcoholic Drinks Control Fund  
Reports and Financial Statements  
For the year ended June 30, 2022.**

**3. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'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.

Below we provide the progress on attaining the stated objectives of the Siaya County Alcoholic Drinks Control Fund for the period ended 30<sup>th</sup> June 2022 plan:

<b>ACTIVITY</b>	<b>DETAILS</b>	<b>REMARKS</b>
Requisition of Accountable Documents	Still being requisitioned from the Central stores.	
Preparation of Financial Reports	Fund accountant has complied to improve our accountability efforts.	Compliance with SCADCA, Art 7(3).
Partnership with NACADA	Very effective especially on policy issues.	
Sensitization. Awareness Creation and Publicity	A continues exercise that must be enhanced.	A vehicle for the Directorate is needed.
Enforcement/Inspection Activities Conducted	Planned and random enforcement including a special one from the Headquarters by the Directorate.	Island and beaches inspection is a challenge.
Review of Liquor Act (in progress) & other policy documents	Basically, on the operations of busaa production and sale.	KEBS standards are not easy to adhere to in busaa production thus not easy to regulate.
Mapping	Identification of outlets in terms of location and contacts very critical as we go digital in this area.	A tool is being polished to help us adopt this exercise in 2022.
Rehabilitation Program	Identification of a site and construction of the center is a necessity. Meanwhile a pilot program targeting vulnerable chang'a traders is in the offing.	NACADA is ready to equip such a center if completed. Economic empowerment is necessary to change lives.

***Siaya County Alcoholic Drinks Control Fund***  
**Reports and Financial Statements**  
**For the year ended June 30, 2022.**

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**Siaya County Alcoholic Drinks Control Fund  
Reports and Financial Statements  
For the year ended June 30, 2022.**

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**4. MANAGEMENT TEAM**

<b>Name</b>	<b>Designation</b>	<b>Responsibility</b>
1. Mr. Richard Munгла	CECM	Overall oversight
2. Mr. Joshua Onyona	Chief Officer	Accounting officer
3. Mr. Joshua Onyona	Fund Administrator/ Director	Overall supervision and Administration of the fund
4. Mrs. Ruth Agot	Fund Accountant	Maintains proper books of accounts and records in relation to the fund.

**1. BOARD/FUND ADMINISTRATION COMMITTEE CHAIRPERSON'S  
REPORT**

It's my pleasure to present the annual report of Siaya County Alcoholic Drinks Control Fund which as created by the Siaya County Alcoholic Drinks Control Act 2016. The fund was created primarily to provide for licensing of alcoholic drinks by County Government pursuant to Part II of the Fourth Schedule of the Constitution so as to control the production, sale, distribution, promotion and use of alcoholic drinks and the promotion of research, treatment and rehabilitation for persons dependent on alcoholic drinks.

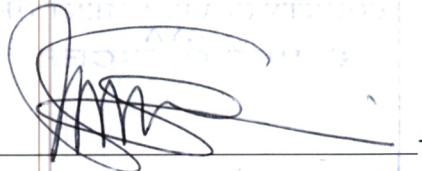
There is established in the County the Alcoholic Drinks Control Directorate charged with the responsibility of managing day to day operation of the Fund. The directorate is headed by a Director who is the Fund Administrator.

The Fund still suffers from the effects of Covid-19 in realisation of its annual revenue collection targets. The inadequate revenue collections have compromised achievement of planned activities and establishment of treatment and rehabilitation facilities and programmes.

The Directorate has put measures to enforce compliance to the Act through regular enforcement and public education.

Moving forward we intend to mobilise resources to ensure establishment of treatment and rehabilitation facilities. Also, of concern is to enhance our revenue collection mechanisms to meet set targets.

Signed: \_\_\_\_\_



Hon. Richard Munpla

***CEC- Enterprise and Industrial Development.***

**2. REPORT OF THE FUND MANAGER/ ADMINISTRATOR**

There is established in the County the Alcoholic Drinks Control Directorate charged with the responsibility of managing day to day operation of the Fund. The directorate is headed by a director who is the Fund Administrator.

The Fund still suffers from the effects of Covid-19 in realisation of its annual revenue collection targets. The inadequate revenue collections have compromised achievement of planned activities and establishment of treatment and rehabilitation facilities and programmes.

The Directorate has put up measures to enforce compliance to the Act through regular enforcement and public education.

During the period under review, we collected a total of Kshs. 10,198,800 against an expenditure of Kshs. 14,109,572 resulting a deficit of Kshs. 3,910,772 compared to the previous year where we collected a total of Kshs. 8,186,539 against actual expenditure of Kshs. 5,724,1850 resulting a surplus of Kshs. 2,462,534.

Liquor revenue collections streams are liquor application and license fees.

The County carried out training/ induction of stakeholders and public education alcoholic drinks control.

Moving forward we intend to mobilise resources to ensure establishment of treatment and rehabilitation facilities. Also enhance our revenue collection mechanisms.

Signed: \_\_\_\_\_

Mr. Joshua Onyona- Fund Administrator/ Director



### **3. CORPORATE GOVERNANCE STATEMENT**

The Act provides for the establishment of the following committees;

- i. Sub-County Alcoholic Drinks Regulation Committee
- ii. County Alcoholic Regulation Administrative Review Committee and
- iii. County Enforcement Committee

The Sub-County Alcoholic Drinks Regulation Committee is operational and is the body that does the vetting of applications for liquor licensing. The County Enforcement Committee is responsible for ensuring compliance to the Act by liquor Vendors and the public.

The County is yet to establish Alcoholic Regulation Administrative Review Committee.

Meanwhile no application has been made that require be reviewed. The Sub-County Alcoholic Drinks Regulation Committee has been able to handle all applications before it.

Regular trainings and inductions are being carried out. The committees also meet as scheduled.

#### **4. MANAGEMENT DISCUSSION AND ANALYSIS**

a. *On the operational and financial performance of the Fund/Board during the period, The Directorate collected a total of Kshs. 10,198,800 and incurred an expenditure amounting to Kshs. 14,109,572 resulting to net deficit of Kshs. 3,910,772 compared to the previous year where we collected a total of Kshs. 8,186,539 against actual expenditure of Kshs. 5,724,1850 resulting a surplus of Kshs. 2,462,534.*

b. *Entity's key projects or investments decision implemented or ongoing.*

*-There were no projects carried out.*

c. *Fund's compliance with statutory requirements.*

*-The funds management has always endeavour to comply with statutory requirements.*

d. *Major risks facing the Fund, material arrears in statutory and other financial obligations.*

*-The monies collected from liquor license are not adequate to fund the Directorate programmes.*

#### **10. REPORT OF THE FUND ADMINISTRATION COMMITTEE**

The fund management team submit their report together with the un-audited financial statements for the year ended June 30, 2022, which show the state of the Fund affairs.

##### **10.1 Principal activities**

The principal activities of the Fund are for meeting the capital and recurrent expenditure relating to carrying out the functions of the Directorate and assisting in the operation of the Sub- County Committees.

##### **10.2 Performance**

The performance of the Fund for the year ended June 30, 2022, are set out on page 18-24

##### **10.3 Fund Management team**

**Siaya County Alcoholic Drinks Control Fund  
Reports and Financial Statements  
For the year ended June 30, 2022.**

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The fund Management team who served during the year are shown on page (9).

**10.4 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.

Sign:



Name: Mr. Joshua Onyona

For Fund Administration Committee

Date: 1-3-2023



## **11. STATEMENT OF MANAGEMENT'S ADMINISTRATION/ RESPONSIBILITIES**

Section 167 of the Public Finance Management Act, 2012 and the Siaya County Alcoholic Drinks control Act under which the fund is regulated, requires the Fund Administrator/ Director to prepare, sign and transmit to the Auditor-General in respect of each financial year and within three (3) months after the end thereof, a statement of the accounts relating to the fund in accordance with Public Audit Act, 2003. The fund administrator shall cause to be kept proper books of account and other books and records in relation to the fund which disclose with reasonable accuracy the financial position of the fund. The financial statements have been prepared in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Fund Administrator is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 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 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 Fund Administrator 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 Siaya County Alcoholic Drinks control Act, 2016. The Fund Administrator is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2022, 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.

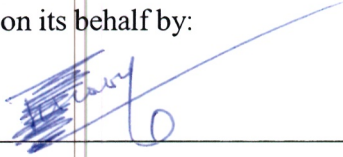
**Siaya County Alcoholic Drinks Control Fund  
Reports and Financial Statements  
For the year ended June 30, 2022.**

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

**Approval of the financial statements**

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



Mr. Joshua Onyona  
**Fund Administrator**

COUNTY GOVERNMENT OF  
SIAYA  
**CHIEF OFFICER**  
01 MAR 2023  
P. O. Box 803 - 40600, SIAYA  
Enterprise & Industrial Development Dept

# REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

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

## **REPORT OF THE AUDITOR-GENERAL ON SIAYA COUNTY ALCOHOLIC DRINKS CONTROL FUND FOR THE YEAR ENDED 30 JUNE, 2022**

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### **PREAMBLE**

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

### **Disclaimer of Opinion**

I have audited the accompanying financial statements of Siaya County Alcoholic Drinks Control Fund set out on pages 18 to 59, 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 the 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.

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*Report of the Auditor-General on Siaya County Alcoholic Drinks Control Fund for the year ended 30 June, 2022*

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. Revenue from Non-Exchange Transactions**

The statement of receipts and payments reflects fines, penalties and other levies amount of Kshs.10,198,800 which as disclosed under Note 3 to the financial statements relates to other levies collected during the year. However, the Fund did not have a register of bar and restaurants operating in the County. In addition, the Fund had not collected any license fees from the bar and restaurants owners and Management had not indicated how each category of the licenses was charged. This was an indication that the County had the potential to collect more revenue for the Fund. Further, the revenue collection was categorized according to area rather than class of the trader or both.

In absence of an updated register of alcoholic drink sellers in the County and a defined license charges for each category of alcoholic drinks dealer, it was not possible to confirm the accuracy and completeness of the reported revenue.

### **2. Non-Automation of Revenue Collection System**

The County Government's revenue collection was manual and was prone to errors and misappropriation. Further, no prescribed standard charges were provided to indicate how much and when each licensed dealer should pay for the licenses. In addition, the nature of 'other levies' described in Note 3 to the financial statements was not disclosed.

In the circumstances, the accuracy, completeness and validity of the receipts could not be confirmed.

### **3. Unsupported Expenditure on General Expenses**

Note 7 to the financial statements reflects general expenses amount of Kshs.9,087,320. Review of the cheque payments revealed amounts of Kshs.1,314,700, Kshs.274,200 and Kshs.2,278,070 were paid for fuel, printing and stationery and hospitality respectively. However, supporting documents in forms of record of the motor vehicles fueled, work tickets, nature of stationery or printing and hospitality were not provided for audit. Further, an amount of Kshs.5,020,350 was incurred and described as other expenses and was purportedly incurred on inspection and sanitization. However, Management did not disclose the nature of sanitization that was being done and no supporting documents were provided for audit.

In the circumstances, the accuracy and completeness of the payments totalling Kshs.3,866,970 relating to general expenses could not be confirmed.

### **4. Unauthorized and Irregular Fund Administration Expenses**

The Fund spent an amount of Kshs.14,109,572, which was more than the total collection for the year of Kshs.10,198,800. This was contrary to Regulation 197(1)(d) of the Public Finance Regulation (County Governments) of 2015 which stipulates that the

administration cost of the Fund shall be a maximum of three (3%) per cent of the approved budgets of the Fund.

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

#### **5. Unsupported Balances in the Statement of Comparison of Budget and Actual Amounts**

The statement of comparison of budget and actual amounts reflects final budgeted revenue and expenditure of Kshs.14,500,000. However, the Fund budget estimates for the year were not discussed and approved by the County Assembly as required. This was contrary to the Public Finance Management - County Government Regulations 2015, regulations 29(2) which states that the Fund Administrator is responsible, in particular for ensuring that - all services which can be reasonably foreseen are included in the estimates of the fund.

In the circumstances, the Fund Management was in breach of the law and the income collected and expenditures of Kshs.10,198,800 and 14,109,572 were irregular.

#### **6. Non-Establishment of Administration and Review Committees**

As previously reported, the Fund Management had not established the Administrative Review Committee responsible for reviewing on appeal decisions made by a Sub County Committee in the year under audit. This was contrary to Section 10 (1) of the Siaya County Alcoholic Drinks Control Act, 2016 which states that there is established the county alcoholic drinks regulation administrative review committee responsible for reviewing on appeal decisions made by a Sub County Committee.

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

#### **7. Failure to Establish Treatment and Rehabilitation Facilities**

As previously reported, the Fund Management Committee had not established treatment and rehabilitation facilities for persons' dependent on alcoholic drinks. Further, the Fund Management Committee had not provided a budget for the establishment of the treatment and rehabilitation facilities and had not prioritized the establishment of correctional facilities. This was contrary to Section 5 (a) of the Siaya County Alcoholic Drinks Control Fund Act, 2016 which states that the directorate shall in collaboration with other relevant County and National Government agencies establish treatment and rehabilitation facilities and programs for person's dependent on alcoholic drinks in each sub-county.

In the circumstances, the objectives for which the Fund was set up may not be realized and Management was in breach of the law.

### **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 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 services, disclosing, as applicable, matters related sustainability of services and using the applicable basis of accounting unless the County Government is aware of the intention terminate the Fund or cease operations.

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

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


Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the 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 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 controls, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and overall 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 Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion on lawfulness and effectiveness in use of public resources, and on effectiveness of internal controls, risk management and governance.

I am independent of Siaya County Alcoholic Drinks Control 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.

  
**CPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**31 May, 2023**

*Siaya County Alcoholic Drinks Control Fund*  
**Reports and Financial Statements**  
**For the year ended June 30, 2022.**

**13. FINANCIAL STATEMENTS**

**13.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2022.**

	Note	2021/2022	2020/2021
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Public contributions and donations	1	-	-
Transfers from the County Government	2	-	-
Fines, penalties and other levies	3	10,198,800	8,186,539
		<b>10,198,800</b>	<b>8,186,539</b>
<b>Revenue from exchange transactions</b>			
Interest income	4	-	-
Other income	5	-	-
		-	-
<b>Total revenue</b>		<b>10,198,800</b>	<b>8,186,539</b>
<b>Expenses</b>			
Fund administration expenses	6	236,500	2,500,000
General expenses	7	9,087,320	1,160,330
Finance costs	8	25,704	5,577
Transfer to CRF	22	3,727,526	1,600,883
NACADA	22	1,032,522	457,395
<b>Total expenses</b>		<b>14,109,572</b>	<b>5,724,185</b>
<b>Other gains/losses</b>			
Gain/loss on disposal of assets	9	-	-
<b>Surplus/(deficit) for the period</b>		<b>(3,910,772)</b>	<b>2,462,354</b>

The notes set out on pages 45 to 60 form an integral part of these Financial Statements.

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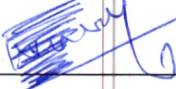
**13.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022**

	Note	2021/2022	2020/2021
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	92,096.5	3,889,168
Current portion of long- term receivables from exchange transactions	11	-	-
Receivables from Non- exchange transactions	12	-	-
Prepayments	13	-	-
Inventories	14	-	-
		92,096.5	3,889,168
<b>Non-current assets</b>			
Long term receivables from exchange transactions	11	-	-
Property, plant and equipment	15	-	-
Intangible assets	16	-	-
		-	-
<b>Total assets</b>		<b>92,096.5</b>	<b>3,889,168</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	17	-	-
Provisions	18	-	-
Current portion of borrowings	19	-	-
Employee benefit obligations	20	-	-
		-	-
<b>Non-current liabilities</b>			
Long term portion of borrowings	19	-	-
Non-current employee benefit obligation	20	-	-
<b>Total liabilities</b>		<b>-</b>	<b>-</b>
<b>Net assets</b>		<b>92,096.5</b>	<b>3,889,168</b>
Revolving Fund		-	-
Reserves		-	-
Accumulated surplus		92,096.5	3,889,168
<b>Total net assets and liabilities</b>		<b>92,096.5</b>	<b>3,889,168</b>

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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 27/09/2022 and signed by:



**Fund Administrator**

**Joshua Onyona**



**Fund Accountant**

**Ruth Agot**



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**13.3 STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2022**

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
<b>Balance as at 1 July 2019</b>	-	-	3,915,256	3,915,256
Surplus/(deficit) for the period	-	-	(2,488,442)	(2,488,442)
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
<b>Balance as at 30 June 2020</b>	-	-	1,426,814	1,426,814
<b>Balance as at 1 July 2020</b>	-	-	1,426,814	1,426,814
Surplus/(deficit) for the period	-	-	2,462,354	2,462,354
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
<b>Balance as at 30 June 2021</b>	-	-	3,889,168	3,889,168
<b>Balance as at 1 July 2021</b>			3,889,168	3,889,168
Surplus/(deficit) for the period			(3,910,772)	(3,910,772)
Funds received during the year			-	-
Revaluation gain			-	-
<b>Balance as at 30 June 2022</b>			92,096.5	92,096.5

(Provide details on the nature and purpose of reserves)

*Xxx\*: Where its explicit in the Fund Regulations that interest earned should form part of the revolving fund, then this interest should be included in the statement of changes in net assets under this section and not part of interest income in the statement of financial performance.*

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**13.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2021/2022	2020/2021
		Kshs.	Kshs.
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations		-	-
Transfers from the County Government		-	-
Interest received		-	-
Receipts from other operating activities	3	10,198,800	8,186,539
<b>Total Receipts</b>		<b>10,198,800</b>	<b>8,186,539</b>
<b>Payments</b>			
Fund administration expenses	6	236,500	2,500,000
General expenses	7	9,087,320	1,160,330
Finance cost	8	25,704	5,577
Transfer to CRF	22	3,727,526	1,600,883
NACADA	22	1,032,522	457,395
<b>Total Payments</b>		<b>14,109,572</b>	<b>5,724,185</b>
<b>Net cash flows from operating activities</b>		<b>(3,910,772)</b>	<b>2,462,354</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from sale of property, plant and equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
<b>Net cash flows used in investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(3,910,772)</b>	<b>2,462,354</b>
Cash and cash equivalents at 1 JULY	10	3,889,168	1,426,814
<b>Cash and cash equivalents at 30 JUNE 2022</b>	<b>10</b>	<b>92,096.5</b>	<b>3,889,168</b>

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*(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation. The above illustration assumes direct method)*

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**13.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30<sup>th</sup> JUNE 2022.**

	Original budget	Adjustments	Final budget	Actual on comparable basis	% utilization differences
	2022	2022	2022	2022	2022
	Kshs	Kshs	Kshs	Kshs	
<b>Revenue</b>					
Public contributions and donations	-	-	-	-	
Transfers from County Govt.					
Interest income	-	-	-	-	
Other income	14,500,000	-	14,500,000	10,198,800	29.66%
<b>Total income</b>	<b>14,500,000</b>	<b>-</b>	<b>14,500,000</b>	<b>10,198,800</b>	<b>29.66%</b>
<b>Expenses</b>					
Fund administration expenses	300,000	-	300,000	236,500	-21.17%
General expenses	9,070,000	-	9,070,000	9,087,320	-0.19%
Finance cost	30,000	-	30,000	25,704	-14.32%
Transfer to CRF	3,800,000		3,800,000	3,727,526	-1.9%
NACADA	1,300,000		1,300,000	1,032,522	-20.58%
<b>Total expenditure</b>	<b>14,500,000</b>	<b>-</b>	<b>14,500,000</b>	<b>14,109,572</b>	<b>2.69%</b>
<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,910,772)</b>	

**Budget notes**

- The non-achievement of revenue target was due to covid-19. Most of the liquor vendors also couldn't meet the MOH conditions to be allowed to operate. . The budget was executed as per proposed estimates for the fund in which case there is no over expenditure.*

### **13.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **1. 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.

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2022**

Standard/ Amendments :	Impact
<b>Applicable: 1<sup>st</sup> January 2022:</b>	
a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks	There was no impact of the amendment to IPSAS 13 with respect to the current financial report
b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved	There was no impact of the amendment to IPSAS 13 and IPSAS 17 with respect to the current financial report as the entity did not apply any of the transitional provisions in the FY 2021/2022
c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.	There was no impact of the amendment to IPSAS 21 and IPSAS 26 with respect to the current financial report as the entity does not have Non-Cash Generating Assets and neither did it have impaired cash generating assets.
d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard	<b><i>Document the impact if the fund is reporting for the first time on accrual/ Otherwise indicate that there was no impact</i></b>

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022**

Standard	Effective date and impact:
<p><b>IPSAS 41: Financial Instruments</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p><i>(State the impact of the standard to the entity if relevant)</i></p>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p>

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Standard	Effective date and impact:
	<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><i>(State the impact of the standard to the entity if relevant)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></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 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>

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**c) Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2020.

**3. 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.

**4. Budget information**

The original budget for FY 2021/2022 was approved by the County Assembly on \_ (Date). Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of \_ (Amount) on \_ (Date) the FY 2021/2022 budget following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on using a classification based on the nature of expenses in the statement of financial position whereas the budget is prepared on a cash basis. The amounts in the financial s

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

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

**5. 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.

**2. 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.

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. 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 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.

**Held-to-maturity**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are 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. The losses arising from impairment are recognized in surplus or deficit.

**Impairment of financial assets**

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or a 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

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

**4. 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.

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

**5. 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.

**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.

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**6. Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements. *Entity to state the reserves maintained and appropriate policies adopted.*

**7. 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.

**8. Employee benefits – Retirement benefit plans**

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

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

**9. 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.

**10. 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.

**11. 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/Trustee, the Fund Managers and Fund Accountant.

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**12. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank which is subject to insignificant risk of changes in value. Bank account balances include amount held at the commercial banks at the end of the financial year.

**13. Comparative figures**

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

**14. Events after the reporting period**

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

**15. Ultimate and Holding Entity**

The Siaya County Alcoholic Drinks Control Fund is established by Siaya County Alcoholic Drinks Control Act 2016 under the Department of Enterprise & Industrial Development. The Fund is wholly owned by the County Government of Siaya.

**16. Currency**

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

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**17. 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:

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

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**c) Provisions**

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

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.

*(Include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)*

**18. 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. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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:

	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 June 2022</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2021</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-

*(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)*

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 entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from\_ .

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

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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. The table below represents cash flows payable by the Fund 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
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2022</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2021</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 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.

**d) Foreign currency risk**

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

		Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2022</b>			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables			
<b>Liabilities</b>			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

*The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.*

**Foreign currency sensitivity analysis**

The following table demonstrates the effect on the Fund's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
<b>2022</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2021</b>			
Euro	10%	-	-
USD	10%	-	-

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**e) Interest rate 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. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs \_ (2022: Kshs \_). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs \_ (2021 – Kshs \_)

**f) 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:

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

	2021/2022	2020/2021
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
<b>Total funds</b>	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	-	-

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**14. NOTES TO THE FINANCIAL STATEMENTS**

**1. Public contributions and donations**

Description	2021/2022	2020/2021
	Kshs	Kshs
Donation from development partners	-	-
Contributions from the public	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

(Provide brief explanation for this revenue)

**2. Transfers from County Government**

Description	2021/2022	2020/2021
	Kshs	Kshs
Transfers from County Govt. – operations	-	-
Payments by County on behalf of the entity	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**3. Fines, penalties and other levies**

Description	2021/2022	2020/2021
	Kshs	Kshs
Late payment penalties	-	-
Fines	-	-
Levies	-	-
Licences	10,198,800	-
Other levies	-	8,186,539
<b>Total</b>	<b>10,198,800</b>	<b>8,186,539</b>

(Other levies refers to revenue from application and liquor licences fees payable by Liquor vendors.)

**4. Interest income**

Description	2021/2022	2020/2021
	Kshs	Kshs
Interest income from Mortgage loans	-	-
Interest income from car loans	-	-
Interest income from investments	-	-
Interest income on bank deposits	-	-
<b>Total interest income</b>	<b>-</b>	<b>-</b>

(Provide brief explanation for this revenue)

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

**5. Other income**

Description	2021/2022	2020/2021
	Kshs	Kshs
Insurance recoveries	-	-
Income from sale of tender documents	-	-
Miscellaneous income (specify)	-	-
<b>Total other income</b>	-	-

(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified).

**6. Fund administration expenses**

Description	2021/2022	2020/2021
	Kshs	Kshs
Staff costs (Note 6a)	236,500	2,500,000
Loan processing costs	-	-
Professional services costs	-	-
Administration fees	-	-
<b>Total</b>	<b>236,500</b>	<b>2,500,000</b>

**6A. Staff costs**

Description	2021/2022	2020/2021
	Kshs	Kshs
Salaries and wages	-	-
Staff gratuity	-	-
Staff training expenses	-	-
Social security contribution	-	-
Other staff costs	-	-
<b>Total</b>	-	-

*N/B The total amount under staff costs has been included in note 6 as part of Fund Administration Expenses chiefly because most funds do not have separate employee but rather the cost would relate to allowances drawn in line fund administration.*

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

**7. General expenses**

<b>Description</b>	<b>2021/2022</b>	<b>2020/2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Consumables		-
Electricity and water expenses		-
Fuel and oil costs	1,314,700	586,820
Insurance costs		-
Postage		-
Printing and stationery	274,200	53,500
Rental costs		-
Security costs		-
Telecommunication		-
Bank Charges		-
Hospitality	2,478,070	416,210
Depreciation and amortization costs		-
Other expenses	5,020,350	103,800
<b>Total</b>	<b>9,087,320</b>	<b>1,160,330</b>

**8. Finance costs**

<b>Description</b>	<b>2021/2022</b>	<b>2020/2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Interest on Bank overdrafts		-
Interest on loans from banks		-
Bank charges	25,704	5,577
<b>Total</b>	<b>25,704</b>	<b>5,577</b>

**9. Gain/(loss) on disposal of assets**

<b>Description</b>	<b>2021/2022</b>	<b>2020/2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Property, plant and equipment	-	-
Intangible assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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

**10. Cash and cash equivalents**

Description	2021/2022	2020/2021
	Kshs	Kshs
Car loan account	-	-
County mortgage account	-	-
Fixed deposits account	-	-
On – call deposits	-	-
Current account	92,096.5	3,889,168
Others	-	-
<b>Total cash and cash equivalents</b>	<b>92,096.5</b>	<b>3,889,168</b>

*(The amount should agree with the closing and opening balances AAAs included in the statement of cash flows)*

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

Financial institution	Account number	2021/2022	2020/2021
		Kshs	Kshs
<b>a) Fixed deposits account</b>			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
<b>Sub- total</b>		-	-
<b>b) On - call deposits</b>			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
<b>Sub- total</b>		-	-
<b>c) Current account</b>			
Kenya Commercial bank		92,096.5	3,889,168
Bank B		-	-
<b>Sub- total</b>		-	-
<b>d) Others(specify)</b>			
Cash in transit		-	-
Cash in hand		-	-
Mobile Money		-	-
<b>Sub- total</b>		-	-
<b>Grand total</b>		<b>92,096.5</b>	<b>3,889,168</b>

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

**11. Receivables from exchange transactions**

Description	2021/2022	2020/2021
	Kshs	Kshs
<b>Current Receivables</b>		
Interest receivable	-	-
Current loan repayments due	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
<b>Total Current receivables</b>		
<b>Non-Current receivables</b>		
Long term loan repayments due	-	-
<b>Total Non- current receivables</b>	-	-
<b>Total receivables from exchange transactions</b>	-	-

**Additional disclosure on interest receivable**

Description	2021/2022	2020/2021
	Kshs	Kshs
<b>Interest receivable</b>		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
<b>Current loan repayments due</b>		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

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

**12. Receivables from Non-Exchange transaction**

Description	2021/2022	2020/2021
	Kshs	Kshs
Transfer from County Executive	-	-
Transfer from _ Fund	-	-
<b>Total receivables from non-exchange transactions</b>	-	-

**13. Prepayments**

Description	2021/2022	2020/2021
	Kshs	Kshs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments(specify)	-	-
<b>Total</b>	-	-

**14. Inventories**

Description	2021/2022	2020/2021
	Kshs	Kshs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Other inventories(specify)	-	-
<b>Total inventories at the lower of cost and net realizable value</b>	-	-

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

**15. Property, plant and equipment**

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
<b>At 1<sup>st</sup> July 2019</b>	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June 2020</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July 2020</b>					
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June 2021</b>	-	-	-	-	-
<b>Depreciation and impairment</b>					
At 1 <sup>st</sup> July 2019	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
<b>At 30<sup>th</sup> June 2021</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July 2021</b>					
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-

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	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 30 <sup>th</sup> June 2022					
At 1 <sup>st</sup> July 2022					
Depreciation					
Disposals					
Impairment					
Transfer/adjustment					
At 30 <sup>th</sup> June 2019	-	-	-	-	-
Net book values					
At 30 <sup>th</sup> June 2020	-	-	-	-	-
At 30 <sup>th</sup> June 2021	-	-	-	-	-
At 30 <sup>th</sup> June 2022					

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

**16. Intangible assets-software**

Description	2021/2022	2020/2021
	Kshs	Kshs
<b>Cost</b>		
At beginning of the year	-	-
Additions	-	-
<b>At end of the year</b>	-	-
<b>Amortization and impairment</b>		
At beginning of the year	-	-
Amortization	-	-
<b>At end of the year</b>	-	-
Impairment loss	-	-
<b>At end of the year</b>	-	-
<b>NBV</b>	-	-

**17. Trade and other payables from exchange transactions**

Description	2021/2022	2020/2021
	Kshs	Kshs
Trade payables	-	-
Refundable deposits	-	-
Accrued expenses	-	-
Other payables	-	-
<b>Total trade and other payables</b>	-	-

**18. Provisions**

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance at the beginning of the year (1.07.2021)	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Transfers from non -current provisions	-	-	-	-
<b>Balance at the end of the year (30.06.2022)</b>	-	-	-	-

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**19. Borrowings**

Description	2021/2022	2020/2021
	Kshs	Kshs
<b>Balance at beginning of the period</b>	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the period	-	-
Repayments of domestic borrowings during the period	-	-
<b>Balance at end of the period</b>	-	-

The table below shows the classification of borrowings into external and domestic borrowings:

	2021/2022	2020/2021
	Kshs	Kshs
<b>External Borrowings</b>		
Dollar denominated loan from ‘_ organization’	-	-
Sterling Pound denominated loan from ‘_ organization’	-	-
Euro denominated loan from _ organization’	-	-
<b>Domestic Borrowings</b>		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
<b>Total balance at end of the year</b>	-	-

The table below shows the classification of borrowings long-term and current borrowings:

Description	2021/2022	2020/2021
	Kshs	Kshs
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
<b>Total</b>	-	-

*(NB: the total of this statement should tie to note 18 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed)*

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**20. Employee benefit obligations**

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Total
	Kshs	Kshs	Kshs	Kshs
Current benefit obligation	-	-	-	-
Non-current benefit obligation	-	-	-	-
<b>Total employee benefits obligation</b>	-	-	-	-

**21. Cash generated from operations**

	2021/2022	2020/2021
	Kshs	Kshs
<b>Surplus/ (deficit) for the year before tax</b>	<b>(3,885,068)</b>	<b>2,467,931</b>
<b>Adjusted for:</b>		
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Interest income	-	-
Finance cost	<b>(25,704)</b>	<b>(5,577)</b>
<b>Working Capital adjustments</b>		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
<b>Net cash flow from operating activities</b>	<b>(3,910,772)</b>	<b>2,462,354</b>

*(The total of this statement should tie to the cash flow section on net cash flows from operating activities)*

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**22. 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) County Assembly;
- d) Key management;
- e) Board of Trustees; etc

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

**b) Related party transactions**

	2021/2022	2020/2021
	Kshs	Kshs
Transfers from related parties'	-	-
Transfers to related parties	-	-
Transfer to NACADA	1,032,522	457,395
Transfer to County Revenue Fund (CRF)	3,727,526	1,600,883

**c) Key management remuneration**

	2021/2022	2020/2021
	Kshs	Kshs
Board of Trustees	-	-
Key Management Compensation	-	-
<b>Total</b>	-	-

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**d) Due from related parties**

	2021/2022	2020/2021
	Kshs	Kshs
Due from parent Ministry	-	-
Due from County Government	-	-
Due from County Assembly	-	-
<b>Total</b>	-	-

**e) Due to related parties**

	2021/2022	2020/2021
	Kshs	Kshs
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Due to County Assembly	-	-
<b>Total</b>	-	-

**23. Contingent assets and contingent liabilities**

Contingent liabilities	2021/2022	2020/2021
	Kshs	Kshs
Court case xxx against the Fund	-	-
Bank guarantees	-	-
<b>Total</b>	-	-

*(Give details)*

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**15. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
I.	Delay in Establishment of Administration and Review Committee and Enforcement Committee	We wish to state that since the operationalization of the Act, the Directorate has not had an application for review of the decision of the Sub-County Committees. The Sub-County Committees' have been able to handle all application for license brought before them. However, the process of appointing the Administrative Review Committee members is being fast tracked. Administrative issues are currently being handled by the key management team.		
II	Lack of policy on the Regulation of Sub County Committees	A draft policy/guideline to govern/ regulate the conduct of the sub-county committees has been developed. It will be subjected to further engagement with relevant stakeholders before a final draft is out		
III	Delay in Establishment of Treatment and Rehabilitation Facilities	Establishment of a treatment and rehabilitation facility has been provided in the budget		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
		proposal for the financial year 2022/2023		

**Guidance Notes:**

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

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**16. APPENDIX I: INTER-ENTITY TRANSFERS**

ENTITY NAME:				
Break down of Transfers from the County Executive of xxx County Government				
FY 2020/2021				
a.	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
			-	
		<b>Total</b>	-	
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs.)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
			-	
		<b>Total</b>	-	
c.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
			-	
		<b>Total</b>	-	

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

***Siaya County Alcoholic Drinks Control Fund***  
**Reports and Financial Statements**  
**For the year ended June 30, 2022.**

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Finance Manager  
Siaya County entity/Fund

Sign -----

Head of County Treasury at  
Siaya County

Sign-----