

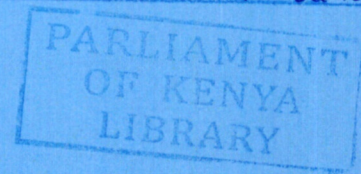
REPUBLIC OF KENYA



Enhancing Accountability

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REPORT



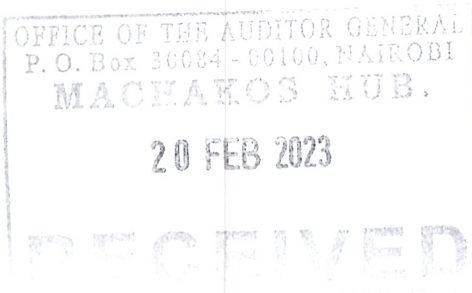
OF

THE AUDITOR-GENERAL

ON

**KAJIADO COUNTY YOUTH
AND WOMEN ENTERPRISE FUND**

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



KAJIADO COUNTY YOUTH & WOMEN ENTERPRISE FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022**

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



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1. Key Entity Information and Management

a) Background information

Kajiado County Youth & Women Enterprise fund is established pursuant to Article 176(1) of the Constitution of Kenya. According to section 12 of the county government act establishes Kajiado County Youth & Women Fund Committee. Among the function bestowed upon the Kajiado county Youth & Women Enterprise Fund Committee is preparation of annual financial estimate of expenditure, exercising budgetary control and performing other functions prescribed by national legislation. Section 116(1) of the Public Finance Management Act 2012 empowers the county Executive committee member for finance to Establish county public funds with the approval of the county executive committee and county assembly. Sub Section 7 requires the administrator of county public fund to prepare accounts for each financial year and submit them for to the Auditor General. The Fund is wholly owned by the County Government of Kajiado and is domiciled in Kenya.

Arising from the above provisions and as advised by Salaries and Remuneration Commission (SRC) the fund's principal activity is to advanced interest free loans to under these Regulations and applicable from time to time by the Kajiado County Youth & Women Enterprise Fund Policy

b) Principal Activities

The Fund principal activity is to advance interest free loans to women and youth groups to empower them economically in the manner under these Regulations and Fund Policy.

c) Fund Administration Committee

Ref	Name	Position
1.	Simon Tome Kamakei	Chief Officer Youth
2.	LekinaTutui	Chief Officer Finance
3.	Judy Komite	Member
4.	John Kores	Fund Administrator

d) Key Management

Ref	Name	Position
1	Joseph Jama Ole Lenku	Governor
2	Francis Sakuda	County Secretary
3	Jeremiah Ncharo	CECM Education Youth & Sports
4	Simon Tome Kamakei	C.O Youth & Sports
5.	John Kores	Fund Administrator

e) Registered Offices

P.O. Box 11-01100
Kajiado County Headquarters
Kajiado, Kenya

f) Fund Contacts

Telephone: (254) 0202043075
E-mail: treasury.cgk@gmail.com
Website: www.go.ke

g) Fund Bankers

1. Kenya Commercial Bank
P.O. Box 43- 01100
Kajiado




h) Independent Auditors

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







i) Principal Legal Adviser

The County Attorney
County Attorney Office
Governors Court
P.O. Box 11-01100
Kajiado, Kenya

2. Fund Administration Committee

Name	Details of qualifications and experience
<p>1. John Kores</p> 	<p>D.o.B...25/08/1988.....</p> <p>Qualification: Bachelor of commerce Accounting option</p> <p>Work experience: 10 years</p> <p>Independent/Director: Fund Administrator</p>
<p>2. Simon Tome Kamakei</p> 	<p>D.o.B...15/01/1972.....</p> <p>Qualification: Bachelor of Art in Education,</p> <p>Work experience: 20 years</p> <p>Independent/Director: Chief Officer Youth & Sports</p>
<p>3. Judy Komite</p> 	<p>D.o.B...1/1/1968.....</p> <p>Qualification: Primary Teachers Certificate Kenya Institute of Special Education Certificate in Lower Primary Education Diploma in Education Management in Kenya Education</p> <p>Work experience...10 years.....</p> <p>Independent/director. Board Member.....</p>

3. Management Team

Name	Designation	Date of holding office
1. H.E Joseph Jama Ole Lenku 	Governor-County Government of Kajiado	18 th August 2017 to date
2. Hon. Francis Sakuda 	County Secretary	18 th August 2017 to date
3. Hon. Jeremiah Ncharo 	CECM-Education, Vocational training, Youth & Sports	September, 2021 to date
4. Mr. Lekina Tutui 	C.O Finance & Economic Planning	September 2021 to date
5. Mr. Simon Tome Kamakei 	C.O Youth & Sports	September, 2017 to date
6. John Kores 	Fund Administrator	October, 2019 to date

4. Fund Chairperson's Report

The first tranche of exchequer release for F.Y 2021/2022 was received on 26th April, 2022, amounting to Kshs.7, 500,000.00. In addition to this the fund had an adjusted B/f of Kshs.33, 980.00 from the FY 2020/2021, within the financial year under review loan repayments worth Kshs.50, 330 which was an addition to the revolving fund account. These repayments are so low compared to the last financial year and the future would be uncertain in terms of repayments to the loans.

During the financial year 2021/22, Kshs. 7,000,000.00 was disbursed as Group Loans to beneficiaries all over the 25 wards. The amount of Kshs.4, 489.00 is the Bank closing balance carried forward to the following fiscal year, at the close of the financial year two cheques amounting to Kshs. 200,000.00 were unrepresented cheques, leaving in our cash book a balance Equivalent to balance of Kshs. 4,489.00.

The budget allocation though not enough was prudently and efficiently used to run the fund. However, there were challenges faced during the implementation of strategic objectives of the fund since it was still a new fund. Some of the challenges are delay payment of loans, Inconsistency in payment of loans, the narration of loan repayment in the bank statements to advice on the group that has paid the loan.

Signed: _____


 **Simon Kamakei-Chief Officer Youth & Sports**

5. Report of The Fund Administrator

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by *Kajiado County Public Finance Management (Youth and Women Enterprise Fund) Regulation, 2016* shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 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 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 *Kajiado County Public Finance Management (Youth and Women Enterprise Fund) Regulation, 2016*. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 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.

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.

There has been one disbursement of funds from the exchequer received by the fund during the FY 2021/2022 amounting to Kshs.7, 500,000.00.

Kajiado County Youth & Women Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Approval of the financial Statement

The Fund's financial statements were approved and signed by Accounting Officer on 30th September, 2022.

Signed: _____

Fund Administrator

John Kores

6. 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.

Following the PFM Act 2012 requirement below is a table to illustrate the annual budget as received from the county exchequer. The fund has an initial budget of Kshs. 10 Million but couldn’t received the entire amount due to the availability of money from the Nation treasury against own generated revenue. As a result the fund received Kshs. 7.5 Million shillings which were distributed amount the five sub-counties which presented application forms for vetting. 43 forms were cleared and approved to be issued with loans the agreed distribution formulae is as shown below.

Sub County	2021/22			
	No. of Groups	Male	Female	Amount
Kajiado Central	8	4	4	1,300,000
Kajiado North	8	4	3	1,100,000
Kajiado East	9	5	4	1,500,000
Kajiado South	8	3	4	1,100,000
Kajiado West	10	4	6	2,000,000
Total	43	20	21	7,000,000

Like any other entity the fund has a share of challenges as enumerated below:

The Fund has a regulation that has a number of challenges arising from the manner in which a number of deductions can be done and to outline a clear purpose of the same. The management are in consultation with the county attorney to see a way to amend the regulation.

Subsequently the fund requires a debt collection policy that allows the fund management to apply mechanism to collect loans issued to groups as it is the fund does not illustrate the extent to which the management can stretch in collecting defaulted loans. By this the fund has seen increasing loans being defaulted to a tune of Kshs 71,426,696.00 as at 30th June, 2022.

By dissemination of duties under these funds, will gives clear mandate of shareholders in running of the fund which further distance political influence in allocation of the fund. Without the dissemination, the fund will face much political interference which in turn compromise on documentation of the process.

7. Corporate Governance Statement

The fund has an existing board member drawn as per the fund regulation of 2016, Under No. 6 (1) which states; there is established the Kajiado County Youth and Women Enterprise fund. In No. 6(2) the board shall assist the fund administrator in the administration and management of the fund. In No. 6(3) The Board shall ensure access and equity to the fund in all parts of the county to the extent that it is practicable to do so.

Further to this No. 7(1) of the regulation states the composition of the board to consist of;

- a) The fund administrator who shall be the secretary to the board
- b) One person from each Sub-County representing the youth and women provided that no more than two third of the person are of the same gender appointed competitively by the county public service board
- c) The county director of youth who shall be the chairperson
- d) County Director of trade
- e) County Director of Gender

Appointment of members under (1) (b) is subject to such person satisfying the chapter six of the constitution on integrity

During the financial year the board has held a number of several meetings. Being the end of their term as board members which came to pass in 30th March, 2022 as per their extended contract, the board ensured that they contact training in the five sub counties to the beneficiaries of the disbursed loans spread in the last week of January and February.

- *Succession Plan,*

The fund has had a transitioned to a new government having gone through two administrations of the newly formed devolved county units, the contribution made by all stakeholders including the fund board has enable the fund achieve a number of objectives they intended to and oversee the functionality of the board. Board members were devoted even when there was lack of finances to ensure that the functionality of the board is not compromised. Further with the term limit of board members, the board has reminded the members that their term is ending by end of March and a number have been released of duties due to their political ambitions which informed the county administration to take up and look into a possible recruitment of other board members who shall propel the function of the fund. All pending allowances accrued to members for various meetings held during the years amounting to Kshs. 515,000 were fully settled and a conclusive report processes to give the correct position of the fund.

- *process of appointment and removal of trustees,*

The fund has an existing board member drawn as per the fund regulation of 2016, Under No. 6 (1) which states; there is established the Kajiado County Youth and Women Enterprise fund. In No. 6(2) the board shall assist the fund administrator in the administration and management of

the fund. In No. 6(3) The Board shall ensure access and equity to the fund in all parts of the county to the extent that it is practicable to do so.

- Further to this No. 7(1) of the regulation states the composition of the board to consist of;
- The fund administrator who shall be the secretary to the board
- One person from each Sub-County representing the youth and women provided that no more than two third of the person are of the same gender appointed competitively by the county public service board
- The county director of youth who shall be the chairperson
- County Director of trade
- County Director of Gender
- Appointment of members under (1) (b) is subject to such person satisfying the chapter six of the constitution on integrity

Under the fund regulation No. 8 (1) outlines grounds in which a member of the board can be removed from office;

Violation of the constitution or any other law

Gross Misconduct, whether in the performance of the members function or otherwise

Physical or mental incapacity to perform the functions of office

Incompetence or neglect of duty

No. (2) of 8 the Executive committee member may upon the recommendation of the board terminate the appointment of a member of the board on any of the grounds specified under sub-regulation (1)

- *roles and functions of the Board/Trustee,*

No. 9 (1) of the fund regulation stipulates the powers and functions of the board that are necessary for the proper performance of the board under this regulation. No. 9(2) outlines without prejudice to the generality of the provision of sub-regulation 91), the board shall have powers to;

Enter into contracts on matters connected with the fund, Promote and popularize the fund, Establish procedures and guidelines for matters relating to registration of small enterprises of target group, Loan application, loan approval and loan recovery, Coordinates with the fund administrator and financial institution engaged by the boards to, Receive and consider all loans application from eligible persons;

Kajiado County Youth & Women Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Approve or reject such application in accordance with the provision of these regulation and recovery of matured loans. Subject to approval by the executive committee member responsible for finance and economic planning, invest any of the monies of the fund not immediately required for the purpose of these regulations, as it may determine. Set up vetting committees within the county and approve target groups for funding and exercise such other lawful powers as may be conferred by the regulation

Kajiado County Youth & Women Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022

8. Management Discussion and Analysis

The fund has an existing regulation that was formulated in the year 2016 since its inception it has gone through transitions evidence by budgetary allocation from its first disbursement in 2017. The fund has positively improved standards of SMEs and groups economically by introducing value addition to the products of the groups and SMEs.

Sub County	2017/18				2018/19			
	No. of Groups	Male	Female	Amount	No. of Groups	Male	Female	Amount
Kajiado Central	23	10	13	2,385,000	50	24	26	7,500,000
Kajiado North	26	15	11	2,600,000	48	23	25	7,050,000
Kajiado East	25	12	13	2,500,000	46	23	23	6,900,000
Kajiado South	24	12	12	2,450,000	49	28	21	8,000,000
Kajiado West	24	12	12	2,400,000	52	25	27	7,150,000
Total	122	61	61	12,335,000	245	123	122	36,600,000

Sub County	2019/20				2020/21		
	No. of Groups	Male	Female	Amount	No. of Groups	Female	Amount
Kajiado Central	18		6	12 2,300,000	18	9	2,300,000
Kajiado North	9		4	5 950,000	26	14	3,300,000
Kajiado East	8		4	4 900,000	23	11	2,950,000
Kajiado South	16		9	6 1,900,000	17	13	2,250,000
Kajiado West	17		9	8 2,400,000	18	15	2,700,000
Total	68		32	35 8,450,000	102	62	13,500,000

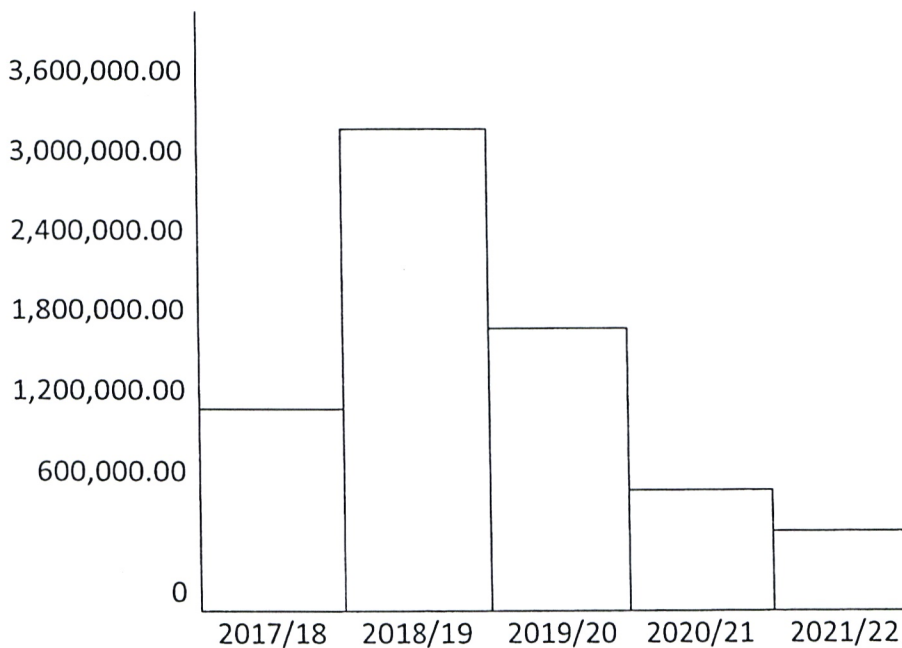
Sub County	2021/22			
	No. of Groups	Male	Female	Amount
Kajiado Central	8	4	4	1,300,000
Kajiado North	7	4	3	1,100,000
Kajiado East	9	5	4	1,500,000
Kajiado South	7	3	4	1,100,000

Kajiado County Youth & Women Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Kajiado West	10	4	6	2,000,000
Total	41	20	21	7,000,000

The fund has so far disbursed loans to 578 groups since its inception of a total amount of Kshs. 77,885,000. Out of the total loan book Kshs. 71,380,855.00 are still outstanding. The repayment has been on a downward trend since its inception, a tune of Kshs. 6,504,145 is spread through the years under operation.

Description	Audited Financial Years				
	2017/18	2018/19	2019/20	2020/21	2021/22
Repayments	997,762.00	3,273,753.00	1,654,960.00	527,340.00	50,330.00



From the analysis above its evident that payments are on a downward trend, this is contributed to the political environment in which the fund operates. In most cases the groups are not sensitized on the nature of the funds that they are obligated to refund the money over and above having a political secondment.

Subsequently over and above the Kajiado county youth & Women Fund attaining its objective, the fund has shouldered a number of challenges as analyses in the above comparison. The fund

Kajiado County Youth & Women Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022

has been under budgeted as evident in the number of groups that benefited from the loan from time to time.

The fund further wishes to come up with a debt management policy that puts into consideration the threshold at which loans can be recovered and the instance at which the management can apply force in the recovery process.

9. Report of The Fund Administration Committee

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

Principal activities

The principal activity of the Fund is to disburse interest free loans to Youth and Women

Results

The results of the Fund for the year ended June 30, 2022 are set out in this financial report on page 1 to page 26

Fund Administrations Committee

The members of the Board of Trustees who served during the year are shown on page V.

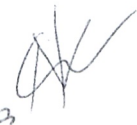
Auditors

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

Member of the Board

Judy Komite

Date: 20/02/2023 

10. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by *Kajiado County Public Finance Management (Youth and Women Enterprise Fund) Regulation, 2016* shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 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 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 *Kajiado County Public Finance Management (Youth and Women Enterprise Fund) Regulation, 2016*. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 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.

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.

There has been one disbursement of funds from the exchequer received by the fund during the FY 2021/2022 amounting to Kshs.7, 500,000.00. The amount of Kshs.4,489.00 is the Bank balance carried forward to the following fiscal year.

Kajiado County Youth & Women Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Approval of the financial Statement

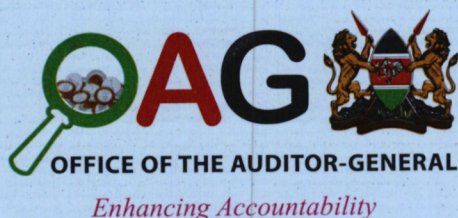
The Fund's financial statements were approved and signed by Accounting Officer on 30th September, 2022.

Signed: _____

Fund Administrator

John Kores

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 KAJIADO COUNTY YOUTH AND WOMEN ENTERPRISE FUND FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for 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.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kajiado County Youth and Women Enterprise Fund set out on pages 1 to 27, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance,

Report of the Auditor-General on Kajiado County Youth and Women Enterprise Fund for the year ended 30 June, 2022

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kajiado County Youth and Women Enterprise Fund as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Loan Issues

The statement of financial position and Note 6 to the financial statements reflect current portion of long-term receivables from exchange transactions balance of Kshs.7,000,000. Included in the balance are sixteen (16) loans amounting to Kshs.2,350,000 which were not supported with relevant application documents. Further, the loan amortisation schedules and individual loan ledgers were not provided for audit review.

In the circumstances, it was not possible to confirm the accuracy and fair statement of current portion of receivables from exchange transactions balance of Kshs.7,000,000.

2. Misrepresentation of the Statement of Cash Flow

The statement of cash flow reflects cash flows from operating activities of Kshs.7,500,000. These cashflows relate to transfers from the County Government as disclosed in Note 1 to the financial statements. Included in this balance is Capital Fund of Kshs.6,540,000 and funds for operations amounting to Kshs.960,000. However, the Capital Fund amount of Kshs.6,540,000 should have been classified as cash flows from financing activities and not operating activities. Further, the statement reflects decrease in accounts payable amounting to Kshs.5,045,000 instead of Kshs.650,000, resulting to unexplained variances of Kshs.4,350,000.

In the circumstances, it was not possible to confirm the accuracy and proper presentation of the statement of cashflow.

3. Failure to Recover Loans

The statement of financial position and Note 6 to the financial statements reflects current portion of long-term receivables and long-term receivables from exchange transactions of Kshs.7,000,000 and Kshs.64,426,696 respectively both totalling to Kshs.71,426,696. Review of loan repayment records revealed that recovery of loans had stalled and the amount of Kshs.64,954,036 was in arrears. The Management has not instituted measures to recover the long outstanding loans. There was no evidence of measures put in place

by the Management to recover the long outstanding loans. Further, Management has not made provision for bad and doubtful debts on these long outstanding loans, whose recovery was in doubt considering that they were not secured.

In the circumstances, the recoverability of the long-term receivables of Kshs.64,426,696 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kajiado County Youth and Women Enterprise Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audit of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.10,000,000 and Kshs.7,500,000 respectively, resulting to an underfunding of Kshs.2,500,000 or 25% of the budget.

In the circumstances, the underfunding may have affected implementation of planned programs and activities and this may have negatively impacted provision of loans and other services to qualifying youth and women of Kajiado County.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Failure to Deduct Management Fee

Review of loan application and disbursements during the year revealed that the Fund issued loans totalling Kshs.7,000,000. However, the Management did not charge

management fee of 5% on the loans disbursed which amounted to Kshs.350,000. This was contrary to the Fund's lending guidelines and schedule to the County Public Finance Management (Youth and Women Enterprise Fund) Regulations, 2016, which requires such management fees to be charged.

In circumstances, the Management was in breach of the law, and this resulted in loss of funds.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Administration Committee

The Management is responsible for the preparation and fair presentation of the 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 continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become


inadequate because of changes in conditions, or that the degree of compliance with the Fund policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

02 May, 2023

Kajiado County Youth & Women Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022

12. Statement of Financial Performance For The Year Ended 30th June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Transfers From the County Government (Operation)	1 (a)		
-3% of Fund Loan Book (7,000,000.00)	a(i)	210,000.00	279,000.00
-10% of Fund Budget (7,500,000.00)	a(ii)	750,000.00	1,000,000.00
Total Revenue		960,000.00	1,279,000.00
Expenses			
Fund Administration Expense	3	515,000.00	1,188,500.00
Finance Costs	4	19,821.00	16,361.00
Total Expenses		(534,821.00)	(1,204,861.00)
Other Gains/Losses			
Gain/Loss on Disposal of Assets	-	-	-
Surplus/(Deficit) For The Period		425,179.00	74,139.00

The notes set out on pages 6 to 27 form an integral part of these Financial Statements

.....
 Name: **JOHN KOREE**
 Administrator of the Fund

.....
 Name: **TIMOTHY LOMPO**
 Fund Accountant
 ICPAK Member Number: **28015**

13. Statement of Financial Position As At 30 June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	5	4,489.00	33,980.00
Current Portion of Long- Term Receivables From Exchange Transactions	6(a)	7,000,000.00	9,300,000.00
		7,004,489.00	9,333,980.00
Non-Current Assets			
Long Term Receivables from Exchange Transactions	6(b)	64,376,366.00	51,454,036.00
Loan Receivable from Non-Exchange Transaction		-	5,000,000.00
		64,376,366.00	56,454,036.00
Total Assets		71,380,855.00	65,788,016.00
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	8	-	650,000.00
		-	650,000.00
Non-Current Liabilities			
Long Term Portion of loans Payable	9	-	4,350,000.00
Total Liabilities		-	5,000,000.00
Net Assets		71,380,855.00	60,788,016.00
Revolving Fund		65,893,960.00	56,432,960.00
Reserves		-	-
Accumulated Surplus		5,486,895.00	4,355,056.00
Total Net Assets and Liabilities		71,380,855.00	60,788,016.00

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 30/09 2022 and signed by:

.....
 Name: JOHN KOREE
 Administrator of the Fund

.....
 Name: TIMOTHY LOMPO
 Fund Accountant
 ICPAK Member Number: 28015

14. Statement Of Changes in Net Assets for the year ended 30th June 2022

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2020	46,432,960.00	-	5,032,577.00	51,465,537.00
Opening Balance adjustment			(751,660.00)	(751,660.00)
Surplus/(deficit) for the period	-	-	74,139.00	74,139.00
Funds received during the year (Capital Fund)	10,000,000.00	-		10,000,000.00
Balances as at 30 June 2021	56,432,960.00	-	4,355,056.00	60,788,016.00
Balance as at 1 July 2021	56,432,960.00	-	4,355,056.00	60,788,016.00
Opening Balance Adjustment (Error)	(1,279,000.00)		751,660.00	(527,340.00)
Adjusted Balance as at 1 July 2021	55,153,960.00	-	5,106,716.00	60,260,676.00
Funds received during the year for the previous financial year (Capital Fund)	4,200,000.00		-	4,200,000.00
Overstated Surplus for the previous year			(45,000.00)	(45,000.00)
Surplus/(deficit)for the period		-	425,179.00	425,179.00
Funds received during the year (Capital Fund)	6,540,000.00	-	-	6,540,000.00
Balance as at 30 June 2022	65,893,960.00		5,486,895.00	71,380,855.00

Opening Balance Adjustment

-Kshs. 1,279,000.00 is Operation Percentages that was added in the Funds received for FY 2020/21 that was meant to be expensed. The Kshs. 10,000,000.00 is gross received.

-Kshs. 751,660.00 is an error of a subtraction which is realized this financial year under audit and corrected

-Kshs. 4,200,000.00 is loans issued but not factored in the previous year since at close of the financial the amount was still receivable from the exchequer.

.....
Name: JOHN KOREE
Administrator of the Fund

.....
Name: INOCHI LOUPO
Fund Accountant
ICPAK Member Number: 28016

15. Statement Of Cash Flows For The Year Ended 30 June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the county government	1	7,500,000.00	10,000,000.00
Total receipts		7,500,000.00	10,000,000.00
Payments			
Fund administration expenses	3	(515,000.00)	(1,188,500.00)
Finance cost	4	(19,821.00)	(16,361.00)
Adjusted for:			
Decrease/(Increase) in Accounts Receivables	7	5,000,000.00	-
Increase/(Decrease) in Accounts Payable		(5,045,000.00)	-
Net cash flows from operating activities		6,920,179.00	8,795,139.00
Cash flows from investing activities			
Proceeds from loan principal repayments	10	50,330.00	527,340.00
Loan disbursements paid out	6(a)	(7,000,000.00)	(9,300,000.00)
Net cash flows used in investing activities		(29,491.00)	22,479.00
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		(29,491.00)	22,479.00
Cash and cash equivalents at 1 July	5	33,980.00	11,501.00
Cash and cash equivalents at 30 June	5	4,489.00	33,980.00

.....
Name: JOHN KORES
Administrator of the Fund

.....
Name: TIMOTHY LOMPO
Fund Accountant
ICPAK Member Number: 28015

Kajiado County Youth & Women Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022

16. Statement Of Comparison Of Budget And Actual Amounts For The Period

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilization
	2022	2022	2022	2022	2022	2022
	KShs	KShs	KShs	KShs	KShs	
Revenue	1,300,000.00	-	1,300,000.00	960,000.00	340,000.00	73.8%
Transfers from County Govt.- Operation	8,700,000.00		8,700,000.00	6,540,000.00	2,160,000.00	75.1%
Transfers from County Govt.- Capital	10,000,000.00	-	10,000,000.00	7,500,000.00	2,500,000.00	75%
Total income						
Expenses						
Loans Issued	8,700,000.00		8,700,000.00	7,000,000.00	1,700,000.00	80%
Fund administration expenses	1,300,000.00	-	1,300,000.00	515,000.00	785,000.00	39.6%*
Finance cost	-	-	-	19,821.00	(19,821.00)	0
Total expenditure	10,000,000.00	-	10,000,000.00	7,534,821.00	2,465,179.00	75.3%

Budget notes

*Percentages (Over/Under 10%)-

*73.8%, 75.1% absorption rate is as a result of underfunding by the county treasury

*80% absorption rate gave a deficit of 20% which was contributed to underfunding.

*39.6% is an austerity measure to cut cost on spending and ensure that more fund are revolved.

17. Notes to the Financial Statements

1. General Information

Kajiado County Youth & Women Fund entity is established by Kajiado County Assembly Regulation of 2016 and derives its authority and accountability from the regulation and the PFM Act. The entity is wholly owned by the Kajiado County Government and is domiciled in Kenya. The entity's principal activity is to issue interest free loans to groups and SMEs.

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). Relevant new standards and amendments to published standards effective for the year ended 30 June 2021

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2021 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations. Irrelevant to the Entity

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2022: 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 youth & women Fund future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

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 youth & women Fund risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>relevant to the Entity</p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting youth & women Enterprise Fund provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Youth & women Fund (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the youth & women Fund financial performance, financial position and cash flows. <p>Irrelevant to the Entity</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <ul style="list-style-type: none"> 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. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. 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>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> <p>Irrelevant to the Entity</p>

Standard	Effective date and impact:
Other Improvements to IPSAS	<p>Applicable: 1st January 2022:</p> <ul style="list-style-type: none"> 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 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 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 revalue assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible 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 <p>Irrelevant to the Entity</p>
	<p>IPSAS 40, Public Sector Combinations. Amendments to include the effective date paragraph which were inadvertently omitted when IPSAS 40 was issued</p> <p>Irrelevant to the Entity</p>

iii). Early adoption of standards

The youth & women Fund did not early – adopt any new or amended standards in year 2021.

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 youth & women Fund 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.

b). Budget information

The original budget for FY 2021/2022 was approved by the County Assembly on 30th June, 2021. 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 Kajiado County youth & women Enterprise Fund upon receiving the respective approvals in order to conclude the final budget.

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 youth & women Fund recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

(d). Intangible assets

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

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

(e). Financial instruments

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 youth & women Fund 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.

Summary Of Significant Accounting Policies (Continued)

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the youth & women fund 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 youth & women fund assesses at each reporting date whether there is objective evidence that a financial asset or a youth & women fund of financial assets is impaired. A financial asset or a youth & women Fund of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the youth & women fund of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or youth& women fund 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)

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. This 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.

Summary Of Significant Accounting Policies (Continued)

(f). Inventories

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

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

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

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

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

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the youth & women fund.

(g). Provisions

Provisions are recognized when the youth & women fund 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 youth & women fund expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

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

Contingent liabilities

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

Summary Of Significant Accounting Policies (Continued)

Contingent assets

The 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 youth & women fund 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 youth & women Fund maintains no reserves.

(i). Changes in accounting policies and estimates

The youth & women fund recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

(j). Employee benefits– Retirement benefit plans

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

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

(k). 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.

Summary Of Significant Accounting Policies (Continued)

(l). 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.

(m). Related parties

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

(n). 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 impress and advances to authorise public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

(o). Comparative figures

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

(p). Events after the reporting period

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

(q). Ultimate and Holding Youth & Women Fund

The youth & women fund is a County Public Fund established by Kajiado county Public Finance regulation of 2016

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

Summary Of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

The preparation of the youth & women fund 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.

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 Kajiado youth & women Enterprise fund 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 Kajiado County youth & women Enterprises Fund. 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 youth & women fund
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

c). Provisions

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

6. Notes To The Financial Statements

1. Transfers from County Government

Description	Sub Notes	2021/2022	2020/2021
		KShs	KShs
Transfers from County Govt. – operations	1(a)	960,000.00	1,279,000.00
Transfers from County Govt. – Capital Fund	1(b)	6,540,000.00	8,721,000.00
Total	1	7,500,000.00	10,000,000.00

1(c) is the total Grant Received from the Exchequer-Operation Cost + Capital Fund Cost

Name of the Entity Sending Grant	Amount Recognised to statement of Comprehensive Income 1(a) Kshs.	Amount Deferred Under Deferred Income Kshs.	Amount Recognised to Capital Fund Account 1(b) Kshs.	Total Grant Income During the year Kshs.	2021-2022 Kshs.
Kajiado County Treasury	960,000.00		6,540,000.00	7,500,000.00	10,000,000.00
Total	960,000.00		6,540,000.00	7,500,000.00*	10,000,000.00

2. Loans Issued

Description	2021/2022	2020/2021
	KShs	KShs
Loan Issued	7,000,000.00	9,300,000.00
Total	7,000,000.00*	9,300,000.00

*This is gross loans issued within the year of reporting

3. Fund administration expenses

Description	2021/2022	2020/2021
	KShs	KShs
Secretariat services/Operation Cost	210,000.00	208,500.00
Administration fees	305,000.00	980,000.00
Total	515,000.00*	1,188,000.00

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Finance costs

Description	2021/2022	2020/2021
	KShs	KShs
Bank Charges	19,821.00	16,361.00
Total	19,821.00*	16,361.00

5. Cash and cash equivalents

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

Financial institution	Account number	2021/2022 KShs	2020/2021 KShs
a) Current account	1171696043		
Kenya Commercial Bank			
Kajiado Branch		4,489.00	33,980.00
Sub- total		4,489.00	33,980.00
Grand total		4,489.00	33,980.00

Notes To The Financial Statements (Continued)

6. Receivables From Exchange Transactions

Description		2021/2022	2020/2021
		KShs	KShs
Current Receivables			
Current loan repayments due		7,000,000.00	9,300,000.00
Less: impairment allowance		-	-
Total Current receivables	A	7,000,000.00	9,300,000.00
Non-Current receivables			
Long term loan repayments due		64,376,366.00	51,454,036.00
Total Non- current receivables	B	64,903,706.00	51,454,036.00
Total receivables from exchange transactions		71,903,706.00	60,754,036.00

Notes;

This gross loan book balance as at 30th June, 2022. Which Entails Loans B/f from the previous year adds loan issued within the financial year of reporting.

B/f- 9,300,000+4,200,000+51,454,036=	Kshs. 64,954,036.00
Less Repayments FY 2020/21	Kshs. (527,340.00)
Net Assets	Kshs. 64,426,696.00
Loans Issued During the year=	Kshs. 7,000,000.00
<u>Total =</u>	<u>Kshs. 71,426,696.00</u>
<u>Less Repayments</u>	<u>Kshs. (50,330.00)</u>
<u>Net Receivable From Exchange Transaction</u>	<u>Kshs. 71,376,366.00</u>

Notes To The Financial Statements (Continued)

7. Changes In Receivable

Description of the error	2021/2022	2020/2021
	KShs	KShs
Account receivable as at 1 st July 2021 (A)	5,000,000.00	-
Account receivable issued during the year (B)	-	5,000,000.00
Net changes in account receivables D= A-B	5,000,000.00	(5,000,000.00)
<i>• Being Exchequer release receivable that has Been received by the close of the FY 2021/22</i>		

Notes To The Financial Statements (Continued)

8. Trade And Other Payables From Operation Transactions

	2021/2022	2020/2021
	KShs	KShs
Accrued Expense		
Board/Secretariat Allowance	-	500,000.00
Office Administration Expense	-	150,000.00
Totals	-	650,000.00

*Being money committed for payment of board allowance and administration of the fund but at the close of the financial year the money wasn't disbursed from the exchequer for use.

9. Long Term Portion Of Loan Borrowings Accrued

	2021/2022	2020/2021
	KShs	KShs
Accrued Loan Expense		
Loans issued Awaiting Disbursement	-	4,350,000.00
Totals	-	4,350,000.00*

10. Loan Repayments

	2021/2022	2020/2021
	KShs	KShs
Loan Repayments		
Repayments for the FY 2021/22	50,330.00	527,340.00
Totals	50,330.00	527,340.00*

Other Disclosures

11. 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

	2021-2022	2020-2021
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

	2021-2022	2020-2021
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

	2021-2022	2020-2021
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

Other Disclosures Continued

e) Due to related parties

	2021-2022	2020-2021
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

12. Contingent assets and contingent liabilities

Contingent Liabilities	2021-2022	2020-2021
	Kshs	Kshs
Court Case Against The Fund	-	-
Bank Guarantees	-	-
Total	-	-

Other Disclosures Continued

a) 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:

b) 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 gross of doubtful receivables, estimated by the fund management based on prior experience and their assessment of the current economic environment.

Further the fund management is in the process of developing a risk policy for doubtful loans

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 youth & women Fund has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The youth & women Fund has significant concentration of credit risk on amounts due from 2016

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.

Other Disclosures Continued

	Total amount KShs	Fully performing KShs	Past due KShs	Impaired KShs
At 30 June 2022				
Receivables from Current Portion of Long term Loans	7,000,000.00	7,000,000.00	-	-
Receivables from Long Term Receivable	64,376,366.00	64,376,366.00	64,376,366.00	-
Bank balances	4,489.00	4,489.00	-	-
Total	71,380,855.00	71,380,855.00	64,376,366.00	-
At 30 June 2021				
Receivables from Current Portion of Long term Loans	9,300,000.00	9,300,000.00	-	-
Receivables from Long Term Receivable	51,454,036.00	51,454,036.00	51,454,036.00	-
Bank balances	33,980.00	33,980.00	-	-
Total	60,788,016.00	60,788,016.00	60,788,016.00	-

c) 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 youth & women fund short, medium and long-term funding and liquidity management requirements. The youth & women fund 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.

Other Disclosures Continued

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	KShs	KShs	KShs	KShs
At 30 June 2022				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2021				
Trade payables	650,000.00	-	-	650,000.00
Current portion of borrowings	4,350,000.00	-	-	4,350,000.00
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	5,000,000.00	-	-	5,000,000.00

d) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the youth & women fund 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 youth & women fund 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 youth & women fund exposure to market risks or the manner in which it manages and measures the risk.

i. Foreign currency risk

The youth & women fund 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.

The carrying amount of the youth & women fund foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

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.

ii. Interest rate risk

Interest rate risk is the risk that the youth & women fund financial condition may be adversely affected as a result of changes in interest rate levels. The youth & women fund 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. A rate of 5% prior deduction on loans issued had no proper ways of use. Hence couldn't be implemented.

e) 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 youth & women fund capital structure comprises of the following funds:

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18. 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	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
FY 2018/2019	5% Management fee	Noted. Revision of Regulation and also payment of the fee addition to the loan issued	John Kores (Fund Administrator)	Not Resolved	1 st July 2022
FY 2018/2019	Long Outstanding Loans	Noted. The fund is recovering the loans and in the process of strengthening the regulation to give more risk management and debt recovery procedure	Board to assist in recovery	Not yet resolved fully	1 st July 2022