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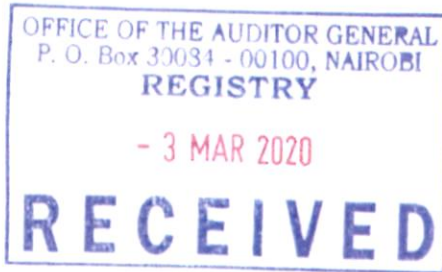
THE AUDITOR-GENERAL

ON

**KAJIADO COUNTY DISABILITY
MAINSTREAMING FUND**

**FOR THE YEAR ENDED
30 JUNE, 2019**

PAPERS LAID	
DATE	15-02-2022
TABLED BY	LEADER OF MAJORITY
COMMITTEE	—
CLERK AT THE TABLE	M-ADJIBODOU



KAJIADO COUNTY DISABILITY MAINSTREAMING FUND/BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2019**

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

Kajiado County Disability Mainstreaming Fund
Reports and Financial Statements
For the year ended June 30, 2019

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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Kajiado County Disability Mainstreaming Fund is established by and derives its authority and accountability from section 116 of the Kajiado Public Finance Management Act, 2012 on 1st February, 2016. The Fund is wholly owned by the County Government of Kajiado and is domiciled in Kenya.

The fund's objective is to provide:

1. Entrepreneur loans to persons with disabilities either in groups or as individuals
2. Bursary and/or scholarship support students with disabilities from secondary level and above
3. Assorted assistive devices such as Braille machines, white canes, crutches, polio boots, hearing aids, among others
4. Assistive to organization supporting persons with disabilities
5. Capacity building and training of person with disability groups and the community in order to fight stigma and discrimination
6. Routine baseline surveys and accessibility audits on matters to do with disabilities
7. Assistance to the yearly celebration of the disability day
8. Assistance to special needs units and hospitals overcome challenges on matters to do with disability

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to ...

(Under this section you may include the fund's vision, mission and core objectives)

The Fund's principal activities:

1. Entrepreneur loans to persons with disabilities either in groups or as individuals
2. Bursary and/or scholarship support students with disabilities from secondary level and above
3. Assorted assistive devices such as Braille machines, white canes, crutches, polio boots, hearing aids, among others
4. Assistive to organization supporting persons with disabilities
5. Capacity building and training of person with disability groups and the community in order to fight stigma and discrimination

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6. Routine baseline surveys and accessibility audits on matters to do with disabilities
7. Assistance to the yearly celebration of the disability day
8. Assistance to special needs units and hospitals overcome challenges on matters to do with disability

(Include any other information relevant to the users of financial information on the background of the Public Fund)

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Irene Katete	Chairperson
2	David Tuke	Fund Administrator
3	Jackson Moile	Member - Kajiado west sub – county
4	Simon Lemaron	Member - Kajiado South sub – county
5	Solomon Onunga	Member- Kajiado North sub – county
6	Elijah Kanake	Member- Kajiado East sub - county
7	Judith Norbene	Member- Kajiado Central - county
8	Julius Sazia	Member- representing ministry of health
9	Anthony Saitabau	Member- representing ministry of public service and citizen participation
10	David Mbaiwa	Member- representing ministry of trades
11	Daniel Sapayia	Member - representing institutions dealing with people living with disability
12	Joseph Nkeyesha	Member-representing faith based

(This section will be applicable for Public Funds that have a Board of Trustees/Fund Administration Committee. Input names of all the members who held office during the period)

d) Key Management

Ref	Name	Position
1	Joseph Jama Ole Lengu	Governor
2	Samuel Sakuda	County Secretary
3	Alvin Kimani	CECM Sports, Youth, Gender and Social Services
4		
5		

(Include all positions regarded as top management for the Fund).

***Kajiado County Disability Mainstreaming Fund
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Registered Offices

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

e) Fund Contacts

Telephone: (254) 0202043075
E-mail: kajiadocounty.go.ke
Website: www.kajiadocounty.go.ke

f) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

2. Equity bank
p.o box 456-01100
Kajiado, Kenya

(List all the banks where the fund has accounts)

g) Independent Auditors






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

h) Principal Legal Adviser

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

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2. THE BOARD OF TRUSTEES (or any other corporate governance body for the Fund)





Name	Details of qualifications and experience
Insert each Trustee's passport-size photo and name	Provide a concise description of each Trustee's date of birth, key academic and professional qualifications and work experience. Indicate whether the trustee is independent or an executive director and which committee of the Board the trustee chairs where applicable.
1. Irene Katete 	D.o.b: 23/11/1970 Qualification. Bachelor of Arts in Community Development. Work experience..... 22 years..... Independent/director..... Director.....
2. David Tuke 	D.o.b... 15/01/1972..... Qualification: Bachelor of commerce finance option, Diploma in Business Administration Work experience: 20 years Independent/director: Director
3. Jackson Moile 	D.o.b.... 1/1/1968..... Qualification: Diploma in Education Management in Kenya Education Primary Teachers Certificate Kenya Institute of Special Education Certificate in Lower Primary Education Work experience... 20 years..... Independent/director.. Independent.....
4. Simon Lemaron 	D.o.b..... 12/12/.1978 Qualification. Diploma in Business Management K.C.S.E. Certificate..... Work experience... 7 years Independent/director..... Independent.....
5. Elijah Kanake 	D.o.b..... 1/1/1982..... Qualification..... Certificate in Computer Application K.C.S.E Work experience..... 3 Years Independent/director..... Independent.....

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<p>6. Judith Norbene</p> 	<p>D.o.b.....11/11/1979.....</p> <p>Qualification:Bachelor of commerce in Business Administration Full secretarial course certificate</p> <p>Work experience: 15 years</p> <p>Independent/director.....Independent.....</p>
<p>7. Solomon Onunga</p> 	<p>D.o.b.....26/10/1976.....</p> <p>Qualification...Diploma in Business Management Certificate in Communication & Office Management Certificate in Computer Application</p> <p>Work experience...9 years</p> <p>Independent/director.....Independent.....</p>
<p>8. Joseph Nkeyesha</p> 	<p>D.o.b.....1/1/1965.....</p> <p>Qualification.....KACE.. PTE... Teacher</p> <p>Work experience.....25 years.....</p> <p>Independent/director....Independent.....</p>
<p>9. Anthony Saitabau</p> 	<p>D.o.b.....09/04/1982.....</p> <p>Qualification.....Bachelor of Development Studies Diploma in Community Development.....</p> <p>Work experience.....11 years.....</p> <p>Independent/director.....Independent.....</p>
<p>10. Julius Sazia</p> 	<p>D.o.b.....1974.....</p> <p>Qualification....Bachelor of science in health community Diploma in nursing and community development.</p> <p>Work experience...15 years.....</p> <p>Independent/director.....Independent.....</p>
<p>11. David Mbaiwa</p> 	<p>D.o.b.....15/03/1968.....</p> <p>Qualification.....Bachelor of Arts.....</p> <p>Work experience.....24 years.....</p> <p>Independent/director.....Independent.....</p>
<p>12. Daniel Sapayia</p> 	<p>D.o.b: 1959</p> <p>Qualification:Diploma in project Management Diploma Orthopedic technology</p> <p>Work experience: 30 years</p> <p>Independent/director: Independent</p>

**Kajiado County Disability Mainstreaming Fund
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3. MANAGEMENT TEAM

Name	Details of qualifications and experience
Insert each key Manager's passport-size photo and name,	Provide a concise description of each Trustee's date of birth, key academic and professional qualifications and work experience. Also, indicate the main area of responsibility – without details
1. Joseph Jama Ole Lenku 	D.o.b. 20 th October 1970 Qualification: Bachelor of commerce in marketing Masters of Business Administration in strategic Management Work experience: 20 years Independent/director: director
2. Samuel Sakuda 	D.o.b. 1972 Qualification: Bachelor of commerce in business management Work experience: 16 Independent/director: Director
3. Alvin Kimani 	D.o.b. 1991 Qualification: bachelor of commerce in finance Work experience: 15 years Independent/director: Director
4. David Tuke 	D.o.b..... 15/01/1972 Qualification: Bachelor of commerce finance option Diploma in Business Administration Work experience: 20 years Independent/director: Director
Note: The Fund Administrator will feature under both the 'Board' and 'Management'.	

Kajiado County Disability Mainstreaming Fund
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4. BOARD/FUND CHAIRPERSON'S REPORT

The performance of disability fund for the year was impressive. We managed to address issues concerning disability awareness through capacity building in relation to support to cerebral palsy children, and entrepreneurship training, conducting data base collection exercises, routine surveys, mobility empowerment, yearly celebration of disability day as considered by the board.

Pursuant to Section 164 of the Public Finance Management Act, at the end of each financial year, the County Treasury shall, for the County Government, consolidate the annual financial statements in respect of all the county government entities in formats to be prescribed by the Accounting Standards Board.


The law requires that these statements are submitted to the Auditor General, the National Treasury, the Controller of Budget and Commission for Revenue Allocation not later than three months after the end of each Financial Year.

The attached Financial Statements which have been prepared in line with the requirements of the PFM Act, 2012, present a true and fair view of the state of affairs of the County Government of Kajiado for the twelve months' period ending June 30, 2019.

During this period, the Disability Fund received Kshs. 8 million on 3rd of July 2018. And an additional amount of ksh 10 million on 12th June, 2019 from the County Government of Kajiado. The fund made payments amounting to Kshs. 8,738,934 leaving a balance of Kshs 9,361,101.

As I conclude, I would like to thank the National Treasury for the support they gave during the financial year.

The Fund financial statements were forwarded and signed by CEC Finance on 30th August, 2019.

Signed: 

Irene Katete- Chairperson

**Kajiado County Disability Mainstreaming Fund
Reports and Financial Statements
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5. REPORT OF THE FUND ADMINISTRATOR

The performance of disability fund for the year was impressive. We managed to address issues concerning disability awareness through capacity building in relation to support to cerebral palsy children, and entrepreneurship training, conducting data base collection exercises, routine surveys, mobility empowerment, educational program support to school going pwds, yearly celebration of disability day as considered by the board and as per Kajiado County Disability Mainstreaming regulation.

The cases which were considered as disability as in the Kajiado County Disability Mainstreaming Fund were responded to timely to ensure that there is no threat to lives of disable people. To make payments from the fund, we were guided by the Public Finance Management Act section 112. The payments were considered beneficial to long term self-reliance by the disable groups hence necessary.

The fund is performing very well since from the financial statements prepared reflect surplus of Khs. 9,261,066 and cash management of the fund is healthy since the fund has no record of debt owed to the external parties. The cash flow of the fund is not affected over the years since the inflow from the county treasury is made in the appropriate time. During the year the county treasury disbursed Kshs. 18M to the fund in time and there was no activity that was paralyzed. The management of the fund is putting more effort to recover the disbursed funds to persons with disability. During the year we managed to recover kshs. 100,000 from the beneficiary and we are in the process of sensitizing and training the beneficiaries on the importance of investing wisely and continuous borrowing to sustain their future.

The fund did not perform well on loan issuance as the previous disbursement registered low repayment rate and still the outstanding loan is Kshs. 4,749,500 having recovered Kshs. 100,000. The board managing the fund was very cautious to prevent further default by the beneficiaries of the fund by engaging in other activities meant sensitize and educate people with disability on proper and wise methods of investing the loan from the fund.

The fund's continuous existence is important to the beneficiaries, importantly persons with disability and hence been able to ensure availability of the fund and negotiation for more funds as can be evidenced by increase of county treasury disbursement from Kshs. 10M in the year 2017/2018 to Kshs. 18M in the year 2018/19.

I am grateful for the support provided by the Board managing the fund and deliberations on the day to day running of the fund, County treasury for timely disbursement of the fund and county government as a whole for overall leadership on the operations and existence of the disability fund. The members of the Board presented themselves to ensure that the cases raised were reviewed promptly and approved cases addressed immediately. The success of the fund was attributed to corporation and contribution of all stakeholders of the fund.

Signed:  _____

David Tuke- Fund Administrator

***Kajiado County Disability Mainstreaming Fund
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For the year ended June 30, 2019***

6. CORPORATE GOVERNANCE STATEMENT

Two-to-three pages

(Under this section, include the number of Board meetings held and the attendance to those meetings by members, succession plan, existence of a board charter, process of appointment and removal of trustees, roles and functions of the Board, induction and training, board and member performance, conflict of interest, board remuneration, ethics and conduct as well as governance audit.)

During the year the board consisted of twelve members and held four quarterly meetings to deliberate on performance of the Disability Fund. The chairperson and the members of the board are paid allowances as approved by Salaries and Remuneration Commission

Payments made from the fund are reported to the County Assembly for review and approval within two months from the date of payment as prescribed in the PFM Act 2012. The committee of the County Assembly which is mandated with oversight of the Fund is the Count Assembly Committee of Finance and Socio- Economic planning.

Requests for consideration under the fund are made through the County treasury with a justification within the PFM Act. The cases are present to the committee for deliberation then back to the county treasury for approval within the PFM Act 2012.

**Kajiado County Disability Mainstreaming Fund
Reports and Financial Statements
For the year ended June 30, 2019**

7. MANAGEMENT DISCUSSION AND ANALYSIS

Two- three pages

(Under this section, the management gives a report on the operational and financial performance of the Fund/Board during the period, entity's key projects or investments decision implemented or ongoing, Fund's compliance with statutory requirements, major risks facing the Fund, material arrears in statutory and other financial obligations, and any other information considered relevant to the users of the financial statements.)

The management should make use of tables, graphs, pie charts and other descriptive tools to make the information as understandable as possible.)

Sections 115 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, , the County Treasury shall, not later than three months after the end of each financial year, prepare and submit to the Auditor-General, financial statements in respect of the Emergency Fund for that year.

The County Executive Committee (CEC) member for Finance of the County Government is responsible for the preparation and presentation of the financial statements of Disability fund, 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, 2019.

The CEC member for Finance accepts responsibility for the Disability fund financial statements, which have been prepared on the Accrual Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The CEC member for Finance is of the opinion that the Disability fund financial statements give a true and fair view of the state of the fund transactions during the financial year ended June 30, 2019, and of its financial position as at that date. The CEC member for finance further confirms the completeness of the accounting records maintained for the County Government which have been relied upon in the preparation of the disability fund financial statements.

The CEC member for Finance confirms that the County Government has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Government's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the CEC member for Finance confirms that the County Government's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

8. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Most of the payments made from the fund reflect corporate social responsibility. Through the CEC Finance, we ensure that our actions and activities relating to disability cases touch the lives of the people of Kajiado in such a way that every household supports administrators of the fund as well as the whole fraternity of County Government.

Some of the CSR activities we engaged in include the presentation of disability assistive items and repairs of disabled wheel chairs. The entity managed to tour the whole county to assess and make recommendation to the owners of the buildings to place disability friendly facilities to enable the access the important facilities including ramps, wide-spaced toilets, parking areas for disabled drivers.

In future we intend to extend our CSR activities to semi-arid areas where there is no sufficient vegetation cover to ensure that we assist the population through training on rehabilitation of denuded land and support them to reduce soil erosion which may occur through heavy rainfall and strong winds.

Kajiado County Disability Mainstreaming Fund
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9. REPORT OF THE TRUSTEES

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are to provide loans to persons or groups of people with disability, bursary and scholarship to students with disability, assistive devices, capacity building and training people with disability, accessibility surveys and organising yearly celebration days for people with disability

Results

The results of the Fund for the year ended June 30, 2019 are set out on page 15 to 19

Trustees

The members of the Board of Trustees who served during the year are shown on page 4 to 6. There were no changes in the Board during the financial year.

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

Irene Kitate

Chairperson of the Board

Date: 29th August, 2019

**Kajiado County Disability Mainstreaming Fund
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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 Subsidiary Legislation, 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, 2019. 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 Subsidiary Legislation, 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, 2019, 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.

Approval of the financial statements

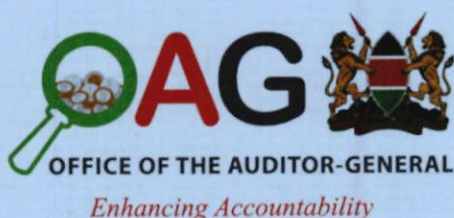
The Fund's financial statements were approved by the Board on 15th July 2019 and signed on its behalf by:



Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KAJIADO COUNTY DISABILITY MAINSTREAMING FUND FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kajiado County Disability Mainstreaming Fund set out on pages 15 to 44, which comprise the statement of financial position as at 30 June, 2019 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kajiado County Disability Mainstreaming Fund as at 30 June, 2019, 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. Presentation of the Financial Statements

Although information in the header to the statement of financial performance, statement of financial position and statement of cash flows correctly refers to the year ended 30 June, 2019, the heading to the three statements refers to the year ended 30 June, 2018.

The financial statements have therefore not been properly identified contrary to paragraph 63(c) of International Public Sector Accounting Standard (IPSAS) No.1, which require each component of the financial statements to be clearly identified by disclosing the reporting date or the period covered by the financial statements, whichever is appropriate to that component of the financial statements.

Consequently, the financial statements have not been presented in accordance with IPSAS No 1.

Further, the financial statements do not include progress on follow-up of auditor's recommendations contrary to guidelines issued by the Public Sector Accounting Standards Board (PSASB)

In the circumstances, the financial statements have not been presented in accordance with the requirements of PSASB.

2. General Expenses-Unsupported Payment Vouchers

Included in the general expense figure of Kshs.8,493,304 is an expenditure of Kshs.308,600 incurred through payment voucher number 3 dated 10 January, 2019 for ferrying persons with disability during the launching of the assistive devices by the Deputy Governor on 24 October, 2018. The venue of the meeting was not indicated in the approval document. Further, no receipts and invoices were attached to show that indeed payment were made for the bus services.

In addition, included in the general expenses figure is an expenditure of Kshs.200,000 incurred through payment voucher number 6 dated 18 November, 2018 during the UN day (Thematic Day) for people living with disability in Kajiado East Sub County in Isinya Trading Centre. However, the payment voucher was not supported with work tickets, receipts and attendance register.

As a result, the validity of the payments totalling to Kshs.508,600 could not be confirmed.

3. Receivable from Exchange Transaction

The statements of the financial position reflect current portion of long-term receivables from exchange transaction balance amount of Kshs.4,749,500; (2018- Kshs.4,849,500) and disclosed under Note 12 to the financial statements. Management did not provide a detailed analysis of the receivables amount in support of the balance and the collaterals to the disbursements.

Consequently, the accuracy and recoverability of current portion of long term receivables from exchange transactions balance of Kshs.4,749,500 as at 30 June, 2019 could not be confirmed.

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

Key Audit Matters

Key Audit Matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters discussed in the Basis for Qualified Opinion and Basis for Conclusions on lawfulness and effectiveness in use of public resources and effectiveness of internal controls, risk management and

governance sections of my report, I have determined that there are no Key Audit Matters to communicate in my report.

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 of Conclusion

Failure to Competitively Source for Designated Bank

Management did not provide evidence to confirm whether the designated bank was competitively sourced contrary to regulation 10(2) of the Kajiado County Public Finance Management (Disability Mainstreaming Fund) Regulation, 2016. Further, no bank detailed implementation plan was provided contrary to regulations 10(3,4).

Under the circumstances, it was not possible to confirm whether the Fund complied with Section 96(1) of the Public Procurement and Asset Disposal Act, 2015 and Regulation 10(2) of the Kajiado County Public Finance Management (Disability Mainstreaming Fund) Regulation, 2016.

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.

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 processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity 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 in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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


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

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

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

14 January, 2022

Kajiado County Disability Mainstreaming Fund
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12. FINANCIAL STATEMENTS

12.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2019

	Note	FY2018/2019	FY2017/2018
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations	1	-	-
Transfers from the County Government	2	18,000,000	10,000,000
Fines, penalties and other levies	3	-	-
Revenue from exchange transactions			
Interest income	4	-	-
Other income	5		
Total revenue		18,000,000	10,000,000
Expenses			
Fund administration expenses	6	241,000	
General expenses	8	8,493,304	9,851,420
Finance costs	9	4,630	-
Total expenses		8,738,934	9,851,420
Other gains/losses			
Gain/loss on disposal of assets	10	-	
Surplus/(deficit) for the period		9,261,066	148,580

The notes set out on pages 33 to 43 form an integral part of these Financial Statements

**Kajiado County Disability Mainstreaming Fund
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For the year ended June 30, 2019**

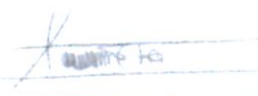
12.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	FY2018/209 KShs	FY2017/2018 KShs
Assets			
Current assets			
Cash and cash equivalents	11	9,361,101	35
Current portion of long term receivables from exchange transactions	12	4,749,500	4,849,500
Prepayments	13	-	-
Inventories	14	-	-
		14,110,601	4,849,535
Non-current assets			
Property, plant and equipment	15	-	-
Intangible assets	16	-	-
Long term receivables from exchange transactions	12	-	-
		-	-
Total assets		14,110,601	4,849,535
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	17	-	-
Provisions	18	-	-
Current portion of borrowings	19	-	-
Employee benefit obligations	20	-	-
		-	-
Non-current liabilities			
Non-current employee benefit obligation	19	-	-
Long term portion of borrowings	18	-	-
		-	-
Total liabilities		-	-
Net assets			
Revolving Fund		4,849,535	4,700,955
Reserves			
Accumulated surplus/deficit		9,261,066	148,580
Total net assets and liabilities		14,110,601	4,849,535

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 28th September, 2018 and signed by:



Administrator of the Fund
Name: David Tuke



Fund Accountant
Name: John Kores
ICPAK Member Number:

Kajiado County Disability Mainstreaming Fund
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12.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2019

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2017	-	-	-	-
Surplus/(deficit) for the period	-	-	-	-
Funds received during the year	10,000,000	-	-	10,000,000
Revaluation gain	-	-	-	-
Balance as at 30 June 2018	10,000,000	-	4,849,535	14,849,535
Balance as at 1 July 2018		-		
Surplus/(deficit) for the period	4,849,535	-	9,261,066	14,110,601
Funds received during the year	18,000,000	-	-	18,000,000
Revaluation gain	-	-	-	-
Balance as at 30 June 2019	22,849,535	-	9,261,066	32,110,601

(Provide details on the nature and purpose of reserves)

**Kajiado County Disability Mainstreaming Fund
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12.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Note	FY2018/2019	FY2017/2018
		KShs	KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the County Government		18,000,000	10,000,000
Interest received		-	-
Receipts from other operating activities		-	-
Total Receipts		18,000,000	10,000,000
Payments			
Fund administration expenses		241,000	
General expenses		8,493,304	9,851,420
Finance cost		4,630	-
Total Payments		8,738,934	9,851,420
Net cash flows from operating activities	21	9,261,066	148,580
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(-)	(-)
Proceeds from sale of property, plant and equipment		-	-
Proceeds from loan principal repayments		100,000	500
Loan disbursements paid out		(-)	(-)
Net cash flows used in investing activities		100,000	500
Cash flows from financing activities			
Proceeds from revolving fund receipts			-
Additional borrowings		(-)	(350,000)
Repayment of borrowings		(-)	(-)
Net cash flows used in financing activities		(-)	(350,000)
Net increase/(decrease) in cash and cash equivalents		9,361,066	(200,920)
Cash and cash equivalents at 1 JULY 2018	11	35	200,955
Cash and cash equivalents at 30 JUNE 2019	11	9,361,101	35

(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)

12.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2019

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2019	2019	2019	2019	2019	2019
Revenue	KShs	KShs	KShs	KShs	KShs	
Public contributions and donations	-	(-)	-	-	(-)	-
Transfers from County Govt.	18,000,000	-	18,000,000	18,000,000	-	100
Interest income	-	-	-	-	(-)	
Other income		-			-	
Total income	18,000,000	(-)	18,000,000	18,000,000	(-)	
Expenses						
Fund administration expenses	240,000	294,000	534,000	241,000	293,000	45%
General expenses	7,760,000	9,700,000	17,460,000	8,493,304	8,966,696	49%
Finance cost	4,630	1,370	6,000	4,630	1,370	77%
Total expenditure	8,004,630	9,995,370	18,000,000	8,738,934	9,261,066	49%

Budget notes

- The difference between the actual and budgeted expenses was due to late release of the second funding. Funds amounting to ksh 10million were released on 12th June, 2019 just before the financial year ends. A balance of 51% was carried forward.*
- Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)1*
- Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis(budget is cash basis, statement of financial performance is accrual) provide a reconciliation.*

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12.6. 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.

2. Adoption of new and revised standards

a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2019

Standard	Effective date and impact:
IPSAS 39: Employee Benefits	Applicable: 1st January 2019 The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019

Standard	Effective date and impact:
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019: 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 which are covered purely under Public Sector combinations as amalgamations.

c) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2018.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2018/2019 was approved by the County Assembly on 18th June 2018. 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 18 million on the 2018-2019 budgets following the governing body's approval.

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

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 12.5 of these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

6. 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.

7. 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 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.

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 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 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)

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.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Inventories

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

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

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

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

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

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

9. 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.

SUMMARY OF 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.

10. 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.*

11. 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.

12. Employee benefits – Retirement benefit plans

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

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

13. 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)

14. 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.

15. Related parties

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

16. Cash and cash equivalents

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

17. Comparative figures

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

18. Events after the reporting period

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

19. Ultimate and Holding Entity

The entity is a County Public Fund established by Kajiado County Subsidiary Legislation, 2016 Act under the Ministry of Youth, Sports, Gender and Social Services. Its ultimate parent is the County Government of Kajiado.

20. Currency

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

21. 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

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 18.

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)

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

	Total amount KShs	Fully performing KShs	Past due KShs	Impaired KShs
At 30 June 2019				
Receivables from exchange transactions	-	-	-	-
Receivables from non exchange transactions	-	-	-	-
Bank balances	9,361,101	9,361,101	-	-
Total	9,361,101	9,361,101	-	-
At 30 June 2018				
Receivables from exchange transactions	-	-	-	-
Receivables from non exchange transactions	-	-	-	-
Bank balances	35	35	-	-
Total	35	35	-	-

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has significant concentration of credit risk on amounts due from FY 2017/2018 to 2018/2019

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.

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
At 30 June 2019				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	4,749,500	4,749,500
Provisions	-	-		
Employee benefit obligation	-	-	-	-
Total	-	-	4,749,500	4,749,500
At 30 June 2018				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	4,849,500	4,849,500
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	4,849,500	4,849,500

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SUMMARY OF 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.

i. 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.

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
At 30 June 2019			
Financial assets (investments, cash ,debtors)	xxx	xxx	Xxx
Liabilities			
Trade and other payables	xxx	xxx	Xxx
Borrowings	xxx	xxx	Xxx
Net foreign currency asset/(liability)	xxx	xxx	Xxx

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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
2019				
Euro		10%	xxx	Xxx
USD		10%	xxx	Xxx
2018				
Euro		10%	xxx	Xxx
USD		10%	xxx	Xxx

ii. 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 company'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 xxx (2019: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2019 – KShs xxx)

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Capital risk management

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

	2019		2018
	KShs		KShs
Revaluation reserve	-		-
Revolving fund	18,000,000		10,000,000
Accumulated surplus	9,261,066		148,580
Total funds	27,261,066		10,148,580
Total borrowings	4,749,500		4,849,500
Less: cash and bank balances	(9,361,101)		(35)
Net debt/(excess cash and cash equivalents)	22,649,465		5,649,045
Gearing	17.42%		47.79%

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12.7. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

(Provide brief explanation for this revenue)

2. Transfers from County Government

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Transfers from County Govt. – operations	18,000,000	10,000,000
Payments by County on behalf of the entity	-	-
Total	18,000,000	10,000,000

3. Fines, penalties and other levies

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Late payment penalties	-	-
Fines	-	-
Total	-	-

(Provide brief explanation for this revenue)

4. Interest income

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Interest income from loans(mortgage or car loans)	-	-
Total interest income	-	-

(Provide brief explanation for this revenue)

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5. Other income

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender documents	-	-
Miscellaneous income	-	-
Total other income	-	-

(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	FY2018/2019	FY2017/2018
	KShs	KShs
Board/committee allowance	240,000	-
Office expenses	1,000	-
Total	241,000	-

7. Staff costs

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Salaries and wages	-	-
Staff gratuity	-	-
Staff training expenses	-	-
Social security contribution	-	-
Other staff costs	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. General expenses

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Consumables	8,493,304	9,851,420
Electricity and water expenses	-	-
Fuel and oil costs	-	-
Insurance costs	-	-
Postage	-	-
Printing and stationery	-	-
Rental costs	-	-
Security costs	-	-
Telecommunication	-	-
Hospitality	-	-
Depreciation and amortization costs	-	-
Other expenses	-	-
Total	8,493,304	9,851,420

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Finance costs

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Bank charges	4,630	-
Total	4,630	-

10. Gain on disposal of assets

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

11. Cash and cash equivalents

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Fixed deposits account	-	-
On – call deposits	-	-
Current account	-	-
Others	9,361,101	35
Total cash and cash equivalents	9,361,101	35

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

		FY2018/2019	FY2017/2018
Financial institution	Account number	KShs	KShs
a) Fixed deposits account			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
Sub- total		-	-
b) On - call deposits		-	-
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
Sub- total		-	-
c) Current account			
Equity bank	0860264382794	9,361,101	35
Bank B		-	-
Sub- total		9,361,101	35
d) Others(specify)		-	-
Cash in transit		-	-
Cash in hand		-	-
M Pesa		-	-
Sub- total		-	-
Grand total		9,361,101	35

12. Receivables from exchange transactions

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Current Receivables		
Interest receivable	-	-
Current loan repayments due	4,749,500	4,849,500
Other exchange debtors	-	-
Less: impairment allowance	(-)	(-)
Total Current receivables	4,749,500	4,849,500
Non Current receivables		
Long term loan repayments due	-	-
Total Non current receivables	-	-
Total receivables from exchange transactions	4,749,500	4,849,500

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Prepayments

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	(-)	(-)
Total	-	-

14. Inventories

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Total inventories at the lower of cost and net realizable value	-	-

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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
At 1st July 2017	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	(-)	(-)	(-)	(-)	(-)
Transfers/adjustments	-	(-)	(-)	(-)	(-)
At 30th June 2018	-	-	-	-	-
At 1st July 2018					
Additions	-	-	-	-	-
Disposals	(-)	(-)	(-)	(-)	(-)
Transfer/adjustments	(-)	-	-	(-)	(-)
At 30th June 2019	-	-	-	-	-
Depreciation and impairment					
At 1st July 2017	(-)	(-)	(-)	(-)	(-)
Depreciation	(-)	(-)	(-)	(-)	(-)
Impairment	(-)	-	-	-	(-)
At 30th June 2018	-	-	-	-	-
At 1st July 2018					
Depreciation	(-)	(-)	(-)	-	(-)
Disposals	-	-	-	-	-
Impairment	(-)	(-)	-	-	(-)
Transfer/adjustment	-	(-)	(-)	-	-
At 30th June 2019	-	-	-	-	-
Net book values					
At 30th June 2018	-	-	-	-	-
At 30th June 2019	-	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Intangible assets-software

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

17. Trade and other payables from exchange transactions

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Trade payables	-	-
Refundable deposits	-	-
Accrued expenses	-	-
Other payables	-	-
Total trade and other payables	-	-

18. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	(-)	(-)	(-)	(-)
Change due to discount and time value for money	(-)	(-)	(-)	(-)
Transfers from non -current provisions	-	-	-	-
Total provisions	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Borrowings

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the period	(-)	(-)
Repayments of domestic borrowings during the period	(-)	(-)
Balance at end of the period	-	-

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

	FY2018/2019	FY2017/2018
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'xxx organisation'	-	-
Sterling Pound denominated loan from 'yyy organisation'	-	-
Euro denominated loan from zzz organisation'	-	-
Domestic Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
Total balance at end of the year	-	-

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

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
Total	-	-

(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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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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	-	-	-	-
Total employee benefits obligation	-	-	-	-

21. Cash generated from operations

	FY2018/2019	FY2017/2018
	KShs	KShs
Surplus for the year before tax	9,361,066	149,080
Adjusted for:		
Depreciation	-	-
Gains/ losses on disposal of assets	(-)	(-)
Interest income	(-)	(-)
Finance cost	-	-
Working Capital adjustments		
Increase in inventory	(-)	(-)
Increase in receivables	(100,000)	(500)
Increase in payables	-	-
Net cash flow from operating activities	9,261,066	148,580

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

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) Key management;
- d) Board of Trustees; etc

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b) Related party transactions

	FY2018/2019	FY2017/2018
	KShs	KShs
Transfers from related parties'	-	-
Transfers to related parties	-	-

c) Key management remuneration

	FY2018/2019	FY2017/2018
	KShs	KShs
Board of Trustees	240,000	180,000
Key Management Compensation	-	-
Total	240,000	180,000

d) Due from related parties

	FY2018/2019	FY2017/2018
	KShs	KShs
Due from parent Ministry	-	-
Due from County Government	-	-
Total	-	-

e) Due to related parties

	FY2018/2019	FY2017/2018
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Total	-	-

23. Contingent assets and contingent liabilities

Contingent liabilities	FY2018/2019	FY2017/2018
	KShs	KShs
Court case xxx against the Fund	-	-
Bank guarantees	-	-
Total	-	-

(Give details)

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13. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. 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)

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.