

REPUBLIC OF KENYA

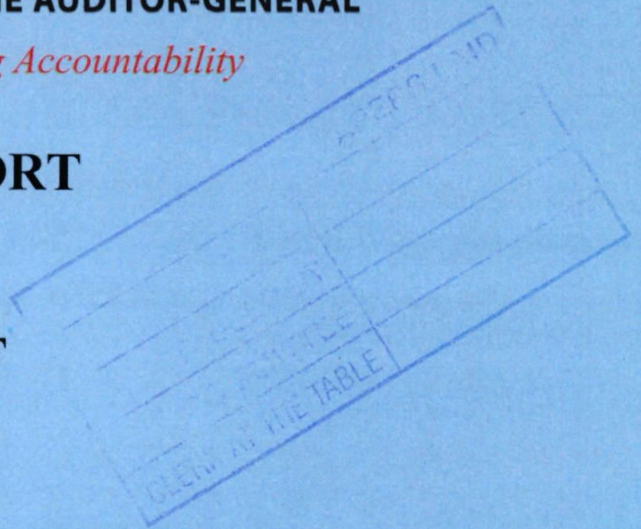


*Enhancing Accountability*

**REPORT**



**OF**



**THE AUDITOR-GENERAL**

**ON**

**MAKUENI COUNTY  
EMPOWERMENT FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2024**

PAPERS LAID	
DATE	19/2/2025
TABLED BY	Majority leader
COMMITTEE	
GLEHK AT THE TABLE	Angela

**REPUBLIC OF KENYA**

**COUNTY GOVERNMENT OF MAKUENI**



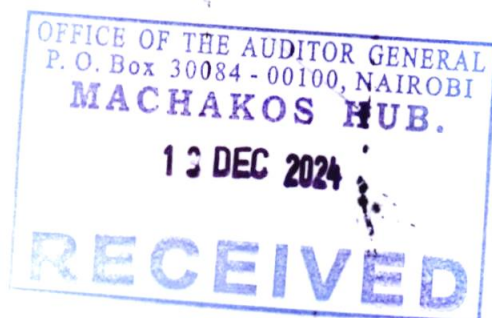
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**MAKUENI COUNTY EMPOWERMENT FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2024**

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



**Makueni County Empowerment Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2024.**

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## 1. Acronyms, Abbreviations, and Definition of Key Terms

### A: Acronyms and Abbreviations

CBK	Central Bank of Kenya
CECM	County Executive Committee Member
CEO	Chief Executive Officer
CO	Chief Officer
DG	Director General
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank

### B: Definition of Key Terms

**Fiduciary Management-** Members of Management that are directly entrusted with the responsibility of financial resources of the organisation.

**Comparative Year-** Means the prior period.

## 2. Key Entity Information and Management

### a) Background information

The Makueni County Empowerment Fund (hereinafter referred to as "the Fund") is a financial initiative established to support the residents of Makueni County, Kenya. This Fund aims to foster equitable social and economic development by providing affordable and accessible financial resources to various groups within the County.

The Fund derives its authority and accountability from the Public Finance Management (Makueni County Empowerment Fund) Regulations, 2022. These regulations were approved by the Makueni County Assembly on 24<sup>th</sup> May, 2022. The Fund is fully owned and managed by the County Government of Makueni.

### b) Principal Activities

The primary objective of the Fund is to facilitate equitable social and economic development in Makueni County. By making financial resources readily available to its residents, the Fund aims to: -

- Provide access to capital and financing facilities to micro and small enterprises owned by marginalized youth, men, women, persons with disabilities who are residents of the County.
- Attract and facilitate investment in micro and small enterprises.
- Advance loans to village savings and loaning associations within the County.
- Support Youth, men, women and persons with disabilities oriented micro and small enterprises to develop linkages with large enterprises.
- Facilitate marketing of products and services of micro and small enterprises owned by youth, men, women and persons with disabilities who are residents of the County in both domestic and international markets
- Facilitate training, mentorship and the provision of business development services to youth, men, women, persons with disabilities and village savings and loaning associations in the County.
- Ensure equitable share of the funds in all parts of the County.

### Impact

The Fund is designed to have a transformative impact on the socio-economic landscape of Makueni County by:

1. Increasing access to financial resources for marginalized and vulnerable groups.
2. Job creation
3. Create livelihood opportunities
4. Encouraging entrepreneurship and business development.
5. Enhancing the quality of life for residents through improved economic opportunities.
6. Fostering community solidarity and mutual support through table banking initiatives.
7. Spur economic growth in the County

In conclusion, the Makueni County Empowerment Fund represents a significant commitment by the County Government of Makueni to promote inclusive and sustainable development. By providing

accessible financial resources, the Fund aims to empower residents, reduce poverty, and drive economic growth within the county.

**c) Key Management**

The MCEF day-to-day management is under the following key organs:

Ref	Name	Position
1	Damaris Mumo Kavoi	CECM-Finance and Socio economic Planning
2	Eng. Sebastian Kyoni	CECM- Gender, Children, Youth, Sports & Social Services
3	John Nthuka Nguni	Chief officer- Financial Accounting Services
4	Nicholis Mutua	Chief Officer- Gender, Children, Youth, Sports & Social Services
5	Urbanus Musau Ndunda	Fund Administrator

**d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 20xx and who had direct fiduciary responsibility were:

SN	Position	Name
1	National Treasury	The PS
2	Commission on Revenue Allocation	The Commissioner
3	Office of Controller of Budget	Controller of Budget
4	Internal Audit – Makueni County	The Director
5	Makueni County Assembly	The Clerk
6	Office of the Senator Makueni County	The Senator

**e) Fiduciary Oversight Arrangements**

- i) Makueni County Assembly Oversight Committees
- ii) Senate
- iii) Internal audit

**f) Entity Headquarters**

County Headquarters Building  
Off Wote-Makindu Highway  
P.O. Box 78-90300  
Makueni, Kenya

**g) Entity Contacts**

Telephone: (254) 20 203 4944/2068236  
E-mail: tetheka@makueni.go.ke  
Website: wwwmakueni.go.ke

**h) Entity Bankers**

Kenya Commercial Bank  
Wote branch

**Key Entity and Management (Continued)**

**i) Independent Auditors**

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

**j) Principal Legal Adviser**

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

**ii) The County Attorney**



Makueni County Government  
County Headquarters Building  
Off Wote-Makindu Highway  
P.O. Box 78-90300  
Makueni, Kenya

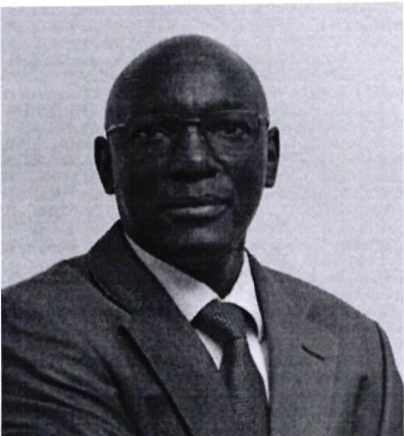
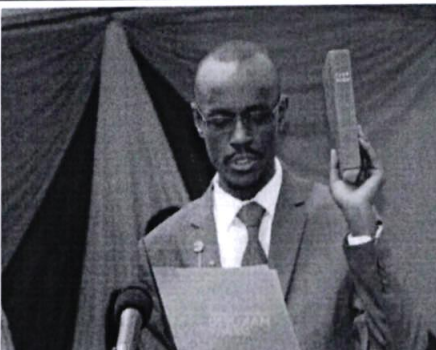
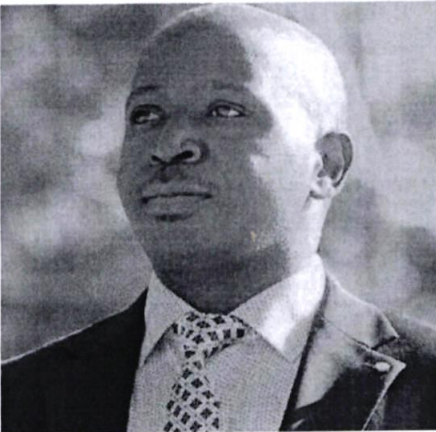
### **3. Fund Committees**

The Fund Committee was abolished to promote efficiency and facilitate the restructuring of the Fund. The committee's existing structure was considered a barrier to optimal performance, leading to the decision to dissolve it and eliminate outdated practices. The restructuring focuses on creating a more effective governance framework and enhancing transparency and accountability. This move aims to modernize the Fund's management, streamline operations, and ensure a more adaptable and efficient system for meeting organizational needs.

In this situation, the key management team has been overseeing the fund's restructuring operations, with the ECM heading the department taking the lead.

#### 4. Key Management Team

Name	Details of qualifications and experience
 <p data-bbox="193 819 469 853">Damaris Mumu Kavoi</p>	<p data-bbox="644 367 1406 472">Born in 1968, Damaris Kavoi joined Makueni County Government in October 2022 as the Executive Committee Member in charge of Finance, Planning, Budget and Revenue.</p> <p data-bbox="644 524 1406 734">Damaris holds a Bachelor's degree in Business Administration (Finance) from Kenya Methodist University and a Master's in Business Administration from the University of Nairobi. Damaris is a member of the Institute of Certified Accountants of Kenya- ICPAK and Association of Women Accountants of Kenya-AWAK.</p> <p data-bbox="644 786 1406 931">She previously worked as The Acting Director Finance at the University of Nairobi. She also worked as the Head of Strategic Units including the Budget and Financial Reporting Departments.</p> <p data-bbox="644 983 1406 1088">She is a member to various boards including the Finance and Strategy Committee of the ICPAK and Board of Governance of Milimani School (Nairobi).</p>
 <p data-bbox="193 1570 459 1603">Eng. Sebastian Kyoni</p>	<p data-bbox="644 1151 1406 1536">Born in 1977, Eng. Sebastian Kyoni joined Makueni County Government in October 2022 as an Executive Committee Member currently serving in the department of Gender, Children, Youth, Sports &amp; Social Services. He holds a Bachelor of Engineering from Jomo Kenyatta University of Agriculture and Technology (JKUAT). He has over 20 years training and experience in Engineering Designs, Construction &amp; Project management in both Private and Public Sectors within and outside Kenya. He is a registered Engineer-Engineers Board of Kenya (EBK) and an Associate Member-Chartered Institute of Arbitrators (CIArb).</p>

	<p>Born in 1967 CPA John Nguni joined the County Government of Makueni County in May 2023 as the Chief Officer –Financial Services. He holds a Bachelor of Commerce (BCOM) degree (Accounting) from the University of Nairobi and a Master of Business Administration (MBA) Finance degree from the University of Nairobi.</p> <p>He is proficient in Accounting and Finance boasting of an experience of over 32 years of practice.</p>
	<p>Born in 1984, Nicholis Mutua joined Makueni County Government in December 2022 as the Chief Officer, Education, ICT and Internship and he later was transferred to be the Chief officer, department of Gender, Children, Youth, Sports and Social Services. He holds a Bachelor’s Degree BSC in Electrical and Electronics from the Moi University and a masters in Science in Information systems from JKUAT.</p> <p>He is a Certified Information Communication Technologist (CICT) – KASNEB and has over 18years of experience in private and public institutions.</p>
	<p>Born in 1984, Urbanus Ndunda, Joined the Makueni County Government in 2014 as a Deputy Sub County Administrator. He holds a Bachelor's degree in Business Administration and Management (BBM) Accounting from Egerton University and a Master’s degree in Global Public Administration (GMPA)-sector reforms from Seoul National University, S. Korea.</p> <p>Previously worked as a Sub County Administrator, a County Fleet Manager and Monitoring and Evaluation officer in within Makueni county public service.</p> <p>Before joining the county, he also worked within the banking industry notably Kenya Commercial Bank and Cooperative Bank of Kenya.</p>

## 5. Chairman's Statement

It is my privilege to present this report on the key activities, successes, challenges, and future outlook of the Makueni County Empowerment Fund. The past year has been one of significant progress and transformation, guided by our commitment to improve the lives of the people of Makueni County through sustainable financial empowerment.

**Key Activities** During this period, we successfully developed the Ultra-Poor Graduation Policy, aimed at uplifting the most vulnerable in our community. This critical policy was formulated in close collaboration with key stakeholders, including Village Enterprise, whose insights were invaluable in shaping the draft. Additionally, we made strides in recovering defaulted loans, ensuring the sustainability of the fund while addressing loan delinquency issues.

A significant milestone was the reengineering of the fund through the development of an online lending solution in partnership with Safaricom. This innovative platform will enhance the accessibility of the fund, allowing for seamless and efficient disbursement and recovery of loans. We also initiated a comprehensive review of the fund's regulation, with the aim of strengthening governance and ensuring alignment with best practices.

**Successes** Our key activities have yielded notable successes. The drafting of the Ultra-Poor Graduation Policy stands as a testament to our commitment to social protection and poverty eradication, while the introduction of the online lending platform signifies a leap forward in modernizing our financial services. Both initiatives were made possible through the collaborative engagement of stakeholders, whose contributions we value greatly.

**Challenges** While we have made significant progress, we have encountered challenges along the way. Inadequate resources have limited our ability to scale certain initiatives as desired, and the persistent inability of some defaulters to repay loans has hindered the fund's liquidity. Additionally, managing operational and logistical hurdles has been a continuous challenge as we strive to serve more beneficiaries effectively.

**Future Outlook** Looking ahead, we remain optimistic about the future of the Makueni County Empowerment Fund. Our top priority will be continuing loan recovery efforts to ensure the fund's long-term sustainability. We also plan to develop a formal Act to govern the fund and institutionalize the Ultra-Poor Graduation Policy. Furthermore, we intend to relaunch the fund with our reengineered online lending solution, which will streamline our services and expand outreach to underserved populations.

In closing, I would like to extend my heartfelt appreciation to all our stakeholders, partners, and beneficiaries for their unwavering support. Together, we will continue to work toward a more empowered and prosperous Makueni County.

Signed:

Name: Eng. Sebastian Kyoni

Signature.....



Date.....

11/12/24

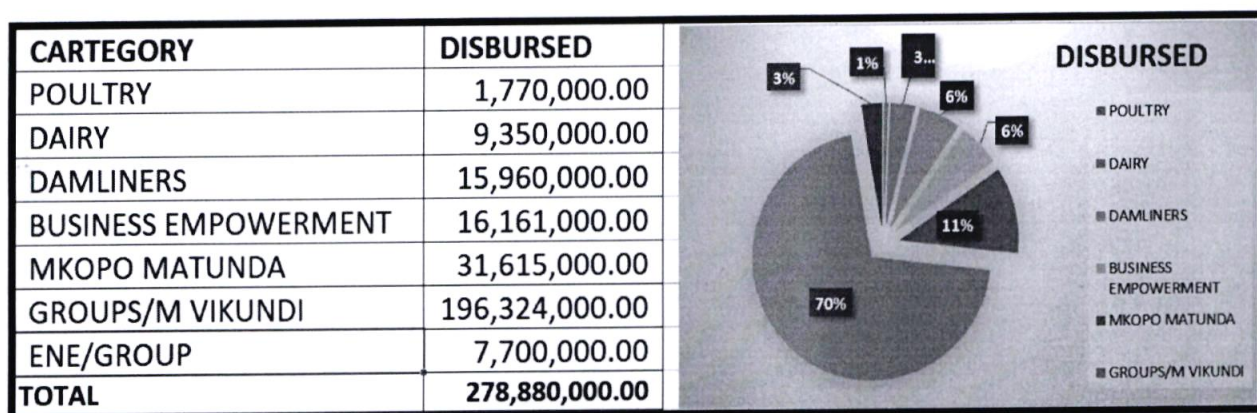
ECM- GENDER, CHILDREN, YOUTH, SPORTS & SOCIAL SERVICES.

## 6. Report of the Fund Administrator

This report aims to provide an overview of the Makueni County Empowerment Fund (MCEF), highlighting the initiatives undertaken, the progress achieved, challenges encountered, and the strategic outlook moving forward. Over the past years, the fund has taken deliberate steps to empower vulnerable communities within the county, focusing on sustainable development and financial inclusion. This report will elaborate on the activities, successes, challenges, and future plans to enhance the fund's efficiency and impact.

### Products vs Amount Disbursed as at 30<sup>th</sup> June, 2024

So far, the total revolving fund stands at Ksh. 278,880,000 disbursed as per the illustration below:

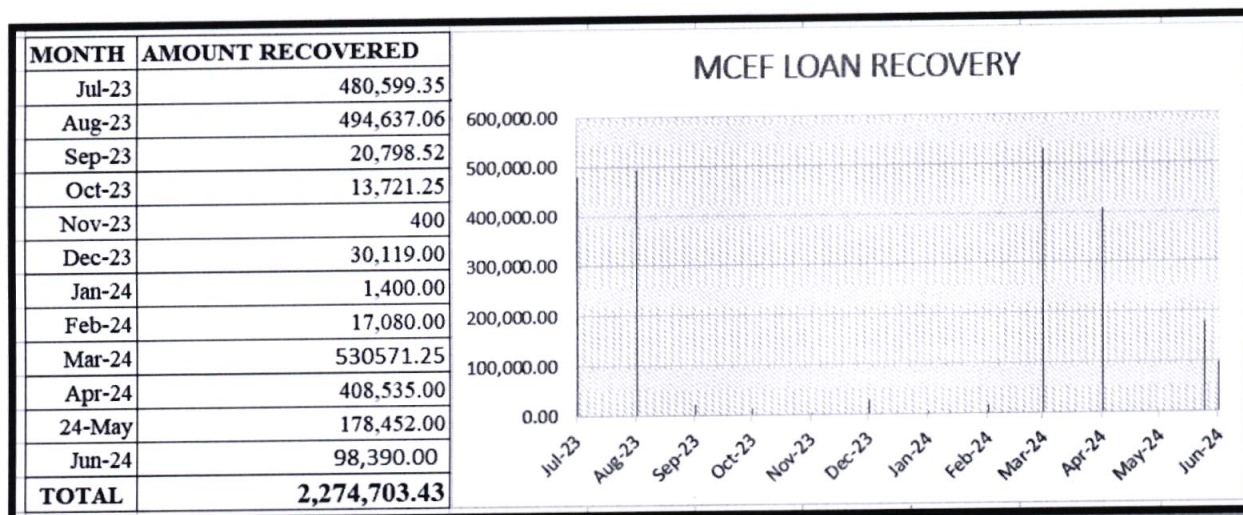


The table provides a breakdown of loan disbursements across various products under the MCEF

The Makueni County Empowerment Fund (MCEF) strategically allocated funds across various sectors, prioritizing community groups and agriculture, particularly poultry and fruit-related projects, due to their potential for generating income and enhancing food security. The largest investments were made in Groups/M Vikundi, emphasizing community-based initiatives for their broad social impact. In contrast, lower disbursements for dairy indicate either fewer viable projects or a focus on more impactful sectors.

Key activities in the past year included the development of the Ultra-Poor Graduation Policy, in collaboration with Village Enterprise, which provides a structured approach to poverty alleviation through financial aid, skills development, and essential services. Loan recovery initiatives, essential for sustainability, were strengthened by measures like loan restructuring and financial counseling, resulting in improved repayment rates. Though new loan disbursements were suspended in 2020, recovery efforts have focused on rescheduling, issuing demand letters, and follow-up calls.

**MCEF recovery over the last 12 months**



The financial year 2023/24 saw a total loan recovery of Ksh 2,274,703.43. The recovery process experienced high variability, with substantial recoveries in the initial months and a major peak in March 2024. This was majorly influenced by the activities of the credit officers especially in issuing of demand letters and visiting the defaulters to reschedule their loans. Periods of low recovery, particularly in October, November, and January, indicate potential delays in the recovery process during these times. Recovering these loans is crucial to maintaining the liquidity of the fund, ensuring that it can continue to support new beneficiaries without depleting its capital.

The Makueni County Empowerment Fund (MCEF) has achieved key milestones in its mission to alleviate poverty. A significant modernization effort was the development of an online lending platform in collaboration with Safaricom, which streamlines loan processes and expands access for rural beneficiaries. This platform is expected to reduce administrative costs, improve transparency, and enhance the fund’s efficiency.

To align with modern governance standards, a comprehensive regulatory review was conducted. The revised regulations refined eligibility criteria, streamlined loan disbursement, and improved accountability. These changes aim to strengthen MCEF’s compliance with financial policies and enhance operational transparency.

**Achievements and Success Stories**

Strong partnerships, particularly with Village Enterprise, have been instrumental in the success of the Ultra-Poor Graduation Policy and other initiatives. The digital lending platform has simplified access to financial assistance, particularly for those in remote areas. Efforts to improve loan recovery, including restructuring repayment schedules and offering borrower support, have resulted in increased repayments, boosting the fund’s liquidity.

**Challenges Encountered**

MCEF faced challenges, including limited financial resources to meet rising demand and loan default issues, particularly due to the economic impact of the COVID-19 pandemic. Legislative and operational barriers slowed the operations of the Fund.

**Future Outlook and Strategic Direction**

MCEF plans to focus on loan recovery by offering flexible terms and financial literacy programs. A legislative Act will be developed to formalize the fund's operations and secure legal backing for the Ultra-Poor Graduation Policy. A relaunch, coupled with a county-wide awareness campaign, will promote the digital platform, while partnerships and additional funding sources will be pursued to enhance resources and technical capacity.

In conclusion, MCEF's strategic initiatives and regulatory reforms have laid a foundation for sustainable growth and expanded impact in supporting Makueni County's vulnerable populations.

Signed



Urbanus Musau Ndunda  
**Fund Administrator.**

**7. Statement of Performance Against Predetermined Objectives for Fy2023/2024**

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 in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity’s performance against predetermined objectives.

The key development objectives of the Makueni County Empowerment Fund are to:

- a) Provide access to capital and financing facilities to micro and small enterprises owned by youth, men, women and persons with disabilities resident in the County;
- b) Attract and facilitate investment in micro and small enterprises
- c) Advance loans to table-banking groups within the county;
- d) Support youth, men, women and persons with disabilities oriented micro and small enterprises to develop linkages with large enterprises;
- e) Facilitate marketing of products and services of micro and small enterprises owned by youth, men, women and persons with disabilities resident in the County in both domestic and international markets;
- f) Facilitate training, mentorship and the provision of business development services to youth, men, women and persons with disabilities and table-banking groups in the County; and
- g) Facilitate employment of youth, men, women and persons with disabilities resident in the County in the international labour market.

**Progress on attainment of Strategic development objectives**

Below we provide the progress on attaining the stated objectives:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Community Economic Empowerment	To facilitate the people of Makueni County to access resources, opportunities and markets in a bid to improve their livelihoods and well-being.	Number of beneficiaries attaining financial independence	- Training residents of county in financial matters -Issuing loans to marginalised residents	Improved income and living standards for the Makueni county residents

## **8. Corporate Governance Statement**

During the Financial Year 2023/2024, there was no fund committee meeting held.

### **Composition of the committee**

The Makueni County Empowerment Fund Committee consist of –

- (a) A non-executive chairperson, not being a public officer, appointed by the Executive Committee Member;
- (b) The Chief Officer in the County department for the time being responsible for finance or their representative duly nominated by in writing;
- (c) The Chief Officer in the County department for the time being responsible for youth, men, women and persons with disabilities affairs or their representative duly nominated in writing;
- (d) The Chief Officer in the County department for the time being responsible for Trade and Co-operatives or their representative duly nominated in writing;
- (e) The Fund Administrator who shall be the secretary to the committee;
- (f) One person representing people living with disabilities in the County who shall be nominated by the Executive Committee Member in writing;
- (g) Two youth, one male and another female from the County nominated by the Executive Committee Member in writing;
- (h) A representative of the Village, Savings and Loaning Association nominated by the Executive Committee Member, in charge of trade

### **Appointment and removal of the Fund Committee members**

The appointment of the Fund Chairperson and other non-staff committee members shall be subject to such persons-

- (a) Satisfying the requirements of Chapter Six of the Constitution; and
- (b) In the case of the Chairperson, holding a minimum of a bachelor's degree from a university recognized in Kenya, and on account of their training or experience –
  - (i) Having over five years distinguished experience in financial, business or economic matters; or
  - (ii) Being knowledgeable about trade, industry, finance or the economy; or having knowledge of the matters pertaining to micro and small business;
  - (iii) Knowledge in community development with experience of not less than 10 years
- (c) In the case of other non-staff committee members;
  - (i) Having over three years' experience in financial, business or economic matters; or
  - (ii) Complying with other criteria the Executive Committee Member may prescribe.

### **Term of Service**

The chairperson and members shall serve a term of three years, renewable once.

### **Succession plan of board members**

County Executive Committee member responsible for youth, men, women and persons with disabilities affairs is mandated to appoint the committee members as per the Fund Regulations;

### **Induction and training of Board Members**

The Fund Regulation and Guidelines form the basis for induction and training of all the board members upon appointment.

### **Removal from office**

(1) A member of the Committee may be removed from office for:-

- (a) Violation of the Constitution or any other law;
- (b) Gross misconduct, whether in the performance of the member's functions or otherwise;
- (c) Physical or mental incapacity to perform the functions of office; or
- (d) Incompetence or neglect of duty.

### **Functions of the Fund committee**

- (a) In consultation with the Executive Committee Member, negotiate and review the terms of any contracts on matters connected with the Fund for execution by the accounting officer of the department responsible for youth, men, women and persons with disabilities affairs;
- (b) Manage the Fund in such manner and for such purposes as best promotes the purpose for which the Fund is established;
- (c) Establish procedures and regulations for matters relating to registration of youth, men, women, persons with disabilities and table-banking groups loan application, loan approval and loan recovery;
- (d) In consultation with the Fund administrator or financial institutions engaged by the Committee to-
  - (i) receive and consider all loan applications from eligible persons;
  - (ii) approve or reject such applications in accordance with the provisions of this regulations;
  - and
  - (iii) recover matured loans;
- (e) Subject to the approval of the Executive Committee Member responsible for finance, invest any of the monies of the Fund not immediately required for the purposes of this notice, as it may determine; and
- (f) Exercise such other lawful powers as may be confirmed by these Regulations or other law.

### **Conflict of Interest**

A member of committee is required to declare conflict of interest in the Fund processes. No such declaration was received in Financial year under review

### **Remunerations of the Board members**

Remunerations of the committee members are as per the SRC guidelines.

### **Governance and Audit**

#### **Governance**

(1) The Committee shall have all the powers necessary for the proper performance of its functions under these regulations.

(2) Without prejudice to the generality of the provisions of sub-regulation (1) the Committee shall have power to –

(g) in consultation with the Executive Committee Member, negotiate and review the terms of any contracts on matters connected with the Fund for execution by the accounting officer of the department responsible for youth, men, women and persons with disabilities affairs;

(h) manage the Fund in such manner and for such purposes as best promotes the purpose for which the Fund is established;

(i) establish procedures and regulations for matters relating to registration of youth, men, women, persons with disabilities and table-banking groups loan application, loan approval and loan recovery;

(j) in consultation with the Fund administrator or financial institutions engaged by the Committee to-

(j) receive and consider all loan applications from eligible persons;

(iv) approve or reject such applications in accordance with the provisions of this regulations; and

(v) recover matured loans;

(k) subject to the approval of the Executive Committee Member responsible for finance, invest any of the monies of the Fund not immediately required for the purposes of this notice, as it may determine; and

(l) Exercise such other lawful powers as may be confirmed by these Regulations or other law.

(3) The Committee may delegate any of its powers to the Fund administrator or other person as may be approved by the Executive Committee Member.

Upon approval of the estimates by the County Assembly, all monies appropriated for purposes of the Fund shall be paid into the Fund account established under regulation 5.

### **Audits**

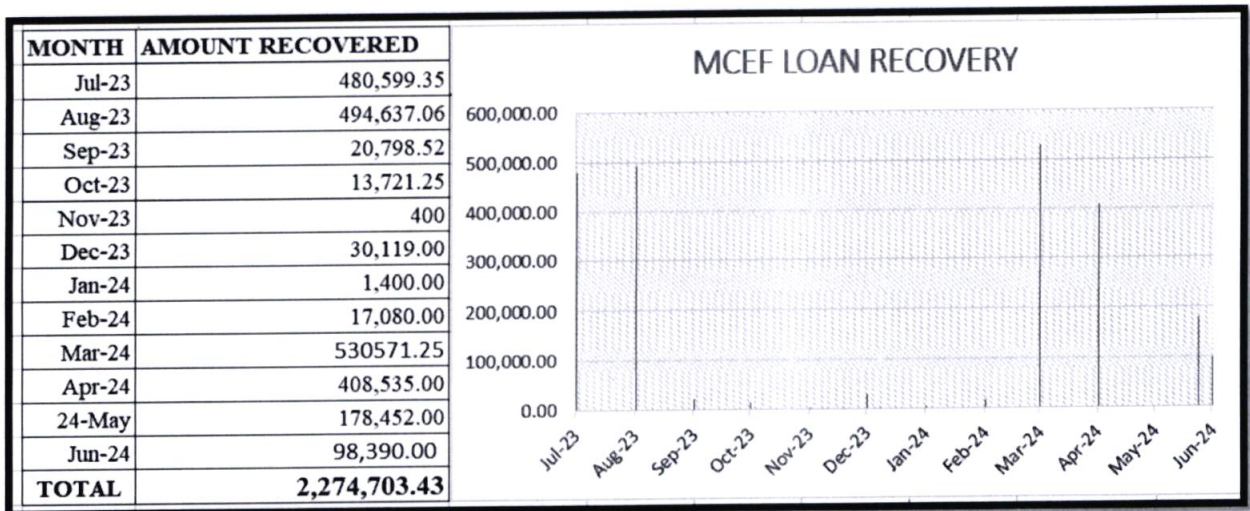
(1) The Committee shall cause to be kept such books of accounts and other books in relation thereto of all its undertakings, Funds, activities and property as the County Executive Committee Member may from time to time approve and shall, within a period of three months after the end of the financial year, cause to be prepared, signed and forwarded to the Auditor-General –

- (a) a financial statement of the Fund; and
- (b) Such other statements of accounts as the County Executive Committee Member for Finance may approve.

**9. Management Discussion and Analysis**

During the financial year 2023/2024, there was no funds disbursement as the fund was undergoing re-engineering process. This involved review of the operating regulations, guidelines, the process of loan management and administration of the fund.

The fund’s administration has over the period under review engaged defaulters to recover the loans in arrears and below is an analysis of recovery within the period.



**Review of the operating guidelines.**

The County Assembly Ad-hoc committee on the investigations of the operations of the fund recommended a further review of the regulations. The regulations have been reviewed further, tabled at the County Assembly and are awaiting approval.

**Loan Management process**

The fund management had gaps that needed to be addressed. Key was on the loan disbursement and recovery. The fund management is in the process of acquiring a digital solution that will see a reduced turnaround time and that will ensure a smooth interaction between the fund application, disbursement, repayment and reporting.

**Major risks facing the Fund**

While the fund is gearing to roll out, there are risks that are foreseeable. These include: -

- i) **Management and Administrative Risks:** Inefficient fund management or administrative processes can lead to delays in disbursement, misallocation of resources, or poor monitoring and evaluation. This can undermine the fund's effectiveness and accountability.
- ii) **Economic and Financial Risks:** Fluctuations in local economic conditions, such as changes in revenue sources or economic downturns, can impact the fund’s ability to sustain its activities or meet its financial commitments.

iii) **Corruption and Misuse of Funds:** Risks of corruption or misuse of funds by officials or recipients can undermine the fund's objectives and effectiveness. This includes fraudulent activities or embezzlement.

iv) **Community and Social Risks:** Potential resistance or lack of support from local communities can impact the success of funded projects. Community engagement and buy-in are crucial for the effective implementation of empowerment initiatives.

v) **Project Risk:** The risk that funded projects may not achieve their intended outcomes due to poor planning, execution, or unforeseen challenges. This can affect the overall impact of the fund.

vi) **Monitoring and Evaluation Risks:** Inadequate monitoring and evaluation mechanisms can prevent the accurate assessment of project progress and impact. This makes it difficult to adjust strategies or address issues promptly.

vii) **Capacity Risks:** Limited capacity or skills among local staff or stakeholders to effectively manage and implement projects funded by the program can lead to inefficiencies or failures.

viii) **Legal and Regulatory Compliance:** Aside from inadequate legal frameworks, there may be risks related to changing regulations or compliance requirements that could impact fund operations or project execution.

ix) **Donor and Funding Risks:** If the fund relies on external donors or sources of funding, fluctuations or uncertainties in donor support can affect the stability and continuity of the fund.

## **10. Environmental and Sustainability Reporting**

Makueni County is dedicated to transforming citizens' lives, guided by its vision of becoming a prosperous, value-based county with a high quality of life. This transformation agenda upholds five key principles: integrity and accountability, inclusiveness, equity and fairness, patriotism, and responsiveness. The county's development focuses on three pillars—Economic, Social, and Political—through six main areas of intervention: community economic empowerment, water resource management, lands and urban development, social development, universal health care, and institutional strengthening.

To continue offering services to the citizens of Makueni County over the long-term, the County is focused on;

### **i) Sustainability strategy and profile**

Makueni County is committed to sustainable development through governance reforms rooted in integrity, transparency, and accountability. With a focus on policy and institutional strengthening, the County emphasizes issue-based leadership and responsible management of public resources. Sustainability efforts center on pollution prevention, resource conservation, waste minimization, zero emissions, and reduced carbon footprints. These goals are pursued through alternative energy adoption, responsible consumption, effective waste management, advocacy, innovation, reuse, and recycling, ensuring sustainability across all areas of development.

### **iii) Environmental performance**

Makueni County integrates environmental and climate management through its 2021 policy and the Climate Change Act 2022, which established a Climate Change Fund and allocates 2% of the budget to climate actions. The 2023-2027 Climate Change Action Plan guides interventions, while the Environmental and Social Safeguard (ESS) Framework ensures sustainable projects through staff training, environmental assessments, and grievance redress appointments. Persons

### **iv) Employee welfare**

The County Government, guided by the County Government Act 2012, Employment Act 2012, and Kenya's Constitution, ensures objectivity, equity, and fairness in hiring and managing staff within the County Public Service. Makueni County's Human Resource Policies and Procedures Manual (2017) directs HR practices, emphasizing gender balance, stakeholder involvement, and regular staff engagement. Through the County Public Service Board, the County has advanced employee skills, career management, appraisal, and reward systems, integrating performance management, training, departmental HR committees, and timely benefits like medical cover. Policies on Performance Management, HIV/AIDS, substance abuse, conflict of interest, and sexual harassment further promote objective staff management, while a safety and health policy under OSHA 2007 ensures workplace safety and health standards.

### **v) Market place practices-**

County government of Makueni has made efforts in promoting fairness in the market place in the following aspects;

**a) Responsible Competition Practice**

Makueni County ensures responsible competition by promoting transparency and fair access to procurement opportunities. Anti-corruption efforts are evident through risk assessments conducted with the Ethics and Anti-Corruption Commission (EACC) and the implementation of corruption prevention measures, such as "corruption-free zone" signboards, complaints registers, and the MakueniApp for reporting malpractices. The publication of tenders on dedicated portals and communication of tender outcomes ensures equal opportunity for all bidders. At least 30% of the procurement budget is allocated to Youth, Women, and Persons with Disabilities (PWDs), and 20% to local contractors, promoting inclusivity and fair competition while respecting competitors.

**b) Responsible Supply Chain and Supplier Relations**

The County prioritizes ethical supply chain management by enhancing access to procurement opportunities and treating suppliers fairly. Publishing all tenders on the Public Procurement Information Portal ensures equal access, while feedback to all bidders maintains transparency. Makueni County also commits to reserving portions of the procurement budget for disadvantaged groups, empowering suppliers. Additionally, the County promptly inspects and processes payments for completed projects, preventing delays and honoring contractual obligations to maintain positive supplier relations.

**c) Responsible Marketing and Advertisement**

Makueni County maintains ethical marketing practices by transparently publishing procurement opportunities and contract awards, ensuring that information is readily accessible to the public. This approach fosters public trust and avoids misleading information or unfair competition. The County's communication efforts include clear disclosure of procurement outcomes, promoting accountability and transparency in all public advertisements related to government opportunities.

**d) Product Stewardship**

The County demonstrates stewardship of goods and services by implementing a consumer protection program aimed at promoting fair trade practices and safeguarding consumer rights. This includes regular inspection of weights and measures to ensure product quality and quantity in local markets. The oversight roles of the Members of County Assembly (MCAs) and the public help ensure that County staff provide services responsibly, diligently, and truthfully, thereby enhancing the County's commitment to protecting consumer interests and promoting ethical business practices.

**vi) Corporate Social Responsibility / Community Engagements**

In FY 2023/2024, Makueni County engaged citizens in governance through public participation forums for the CIDP 2023-27. These forums included 247 cluster blocks, 30 wards, and 9 urban areas, as well as thematic discussions involving PWDs, women, youth, PLHIV, trade unions, and development partners. This initiative enabled residents to address development challenges and prioritize interventions.

*Figure 2: CIDP III public participation, Kathonzweni and Ukia Wards, 19th Dec, 2023*

The County Government has ensured citizen participation in service delivery through establishing and capacity building project management and sustainability committees who play a critical role in overseeing project implementation and guaranteeing project sustainability after handover by the County Government or development partners/donor.

Each county project that was implemented in FY 2023/24 had project management committees whose members are democratically elected by project beneficiaries and have veto powers of certifying payment of contractors/suppliers after project completion. The County has also established committees to vet program beneficiaries such as Ward Bursary Committees.



Figure 3: Munyenze Borehole PMC training, Masongaleni Ward  
Figure 4: Joint Inspection Meeting for Kwa Kithue Wetland Protection Project, Mbooni Ward

Section 125 (2) of the Public Finance Management Act, 2012 mandates the CECM in charge of Finance to ensure active citizen engagement in the budget making process. The County Government facilitated budget participation forums in 60 sub wards, 30 wards, 2 diaspora fora and 2 municipalities fora for

Citizens to provide their inputs on development priorities for FY 2023/24. The forums were all inclusive with participation by special interest groups in the County. The process was technically data-driven with use technical officers and County statistical abstracts.

The County Government implemented community projects under Miradi Kwa Jamii program that aimed at creating employment opportunities for the citizens and community assets. The program was implemented through labour intensive approach. The program provided employment opportunities directly to at least 12,078 residents of Makueni County.

Figure 5: Manual Light grading at Ilima Ward

The County Government supported Kenya Youth Inter Sport Association games in an effort to support young sports talents. The CG has put efforts towards achieving Universal Health Care and subsidized treatment costs. The County Government supported County ECDE program by construction of ECDE classes and training of the ECDE teachers. The County also offers scholarships and bursaries to students.



**11. Report of the Directors/Fund Committee**

The Directors submits their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the Makueni County Empowerment Fund affairs.

**i) Principal activities**

The principal activity of the Fund is to provide credit that is affordable and easily accessible to the people of Makueni County.

**ii) Results**

The results of the Entity for the year ended June 30, 2024, are set out on page 1-5

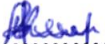
**iii) Directors/Fund Committee**

The members of the Board of Directors who served during the year are shown on page vii-viii. During the year, no director who retired/ resigned

**iv) 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

  
.....  
Name *Jibarus Ndungu*  
Secretary to the Committee

## 12. Statement of Fund Committee Responsibilities


Section 81 or 164 of the Public Finance Management Act, 2012 and Makueni County Empowerment Fund regulations 2022 require the Fund Committee to prepare financial statements in respect of that Fund, which give a true and fair view of the state of affairs of the Fund at the end of the financial year/period and the operating results of the Fund for that year/period. The Directors/Fund Committee are also required to ensure that the Fund keeps proper accounting records which disclose with reasonable accuracy the financial position of the Fund. The Directors/Fund Committee is also responsible for safeguarding the assets of the Fund.


The Directors/Fund Committee are responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year (period) ended on June 30, 2024. 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 Directors/Fund Committee accept responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Makueni County Empowerment Fund Act. The Directors/Fund Committee are of the opinion that the Fund's financial statements give a true and fair view of the state of the Fund's transactions during the financial year ended June 30, 20xx, and of the Fund's financial position as at that date. The Directors/Fund Committee further confirms 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 Fund Committee have assessed the Fund's ability to continue as a going concern. Nothing has come to the attention of the Fund Committee 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

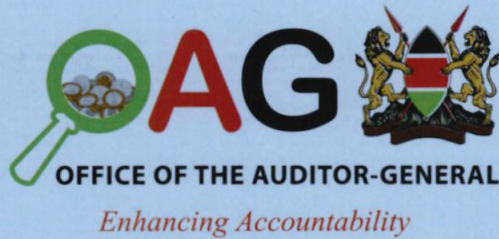
The Fund's financial statements were approved by the Board on 11/12 2024 and signed on its behalf by:

  
.....  
Name Paul Kipyoti  
Chairperson of the Board/Fund Committee

  
.....  
Name Urbanus Ndundu  
Accounting Officer/Fund Administrator

# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON MAKUENI COUNTY EMPOWERMENT FUND FOR THE YEAR ENDED 30 JUNE, 2024**

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### **PREAMBLE**

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

- A. Report on 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 the 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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 Makueni County Empowerment Fund set out on pages 1 to 36, which comprise of the statement of financial position as at 30 June, 2024 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 Makueni County Empowerment Fund as at 30 June, 2024 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 Makueni County, Empowerment Fund Regulations, 2022 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Receivables from Exchange Transactions in Suspense**

The statement of financial position and as disclosed in Note 10 to the financial statements reflect receivables from exchange transactions balance of Kshs.58,605,972. The balance is net of Kshs.12,591,526 which Management explained was cash deposited by loanees from 23 December, 2017 to 30 June 2024 which could not be linked to specific loan accounts for posting and reconciliation. In addition, review of records indicated that loans totalling Kshs.31,837,818 were unlikely to be recovered due to various reasons cited by Management such as uncooperative loanees, death and high levels of poverty of loanees. However, Management did not make a provision for bad debts.

Further, the debtors' ageing analysis provided for audit review indicated that the balance of Kshs.58,605,972 had been outstanding for over three (3) years. Although Management explained that demand notes were issued to defaulters, no recoveries were made during the year under review.

In the circumstances, the accuracy of receivables from exchange transactions balance of Kshs.58,605,972 and the recoverability of outstanding loans of Kshs.31,837,818 could not be confirmed.

#### **2. Unsupported Prior Year Adjustments**

The statement of changes in net assets reflects prior year adjustments of accumulated surplus and revolving fund of Kshs.122,926 and Kshs.3,086,812 negative respectively. Management explained that the prior year adjustments were payments made by the County Executive on behalf of the Fund in the prior year and as disclosed in Note 20 to the financial statements. However, no supporting documents were provided for audit review.

In the circumstances, the accuracy and completeness of the prior year adjustments could not be confirmed.

### 3. Inaccuracies in the Statement of Cash Flows

The statement of cash flows reflects comparative (opening) balances which differ with the balances reflected in the 2022/2023 audited financial statements as tabulated below;

Item	Audited Balances 2022/2023 (Kshs)	Comparative Balances 2023/2024 (Kshs)	Variance (Kshs)
Receipts from other operating activities	485,496	0	485,496
Net cash from operating activities	441,496	44,000	397,496
Additional borrowing	60,170,074	0	60,170,074
Repayment of borrowing	19,160,180	0	19,160,180
Net cash flows from financing activities	41,010,012	0	41,010,012

In the circumstances, the accuracy of the statement of cash flows could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Makeni County Empowerment Fund Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. 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 judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

#### Other Matter

#### Unresolved Prior Year Matters

In the audit report of the previous year, several paragraphs were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. Although Management has indicated the issues as having been resolved, no evidence was provided for audit review to confirm how they were resolved.

## **Other Information**

Management is responsible for the other information set out on pages iii to xxiv which comprise of Key Entity Information and Management, Key Management Team, Chairman's Statement, Report of the Fund Administrator, Statement of Performance Against the Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting and Statement of Fund Committee Responsibilities. The other information does not include the financial statements and my audit report thereon.

In connection with my audit on the Fund's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply 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 governance were not effective.

## **Basis for Conclusion**

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

## **Responsibilities of the Management and those Charged with Governance**

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

## **Auditor-General's Responsibilities for the Audit**


My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48

of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

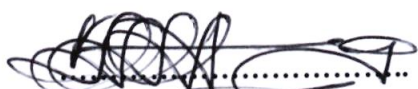

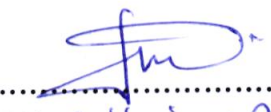
Nairobi

20 December, 2024

15. Statement of Financial Position as at 30 June 2024

	Notes	2023-2024	2022-2023
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	9	149,610,992	78,230,035
Receivables from Exchange Transactions	10	2,080,534	133,842,225
<b>Total Current Assets</b>		<b>151,691,526</b>	<b>212,072,260</b>
<b>Non-Current Assets</b>			
Receivables from Exchange Transactions	10	58,605,972	-
Property, Plant and Equipment	11	-	88,529
<b>Total Non- Current Assets</b>		<b>58,605,972</b>	<b>88,529</b>
<b>Total Assets (A)</b>		<b>210,297,498</b>	<b>212,160,789</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>		-	-
<b>Total Current Liabilities</b>		-	-
<b>Non-Current Liabilities</b>		-	-
<b>Total Non- Current Liabilities</b>		-	-
<b>Total Liabilities (B)</b>		-	-
<b>Net Assets (A-B)</b>		<b>210,297,498</b>	<b>212,160,789</b>
<b>Represented By:</b>			
Reserves		-	-
Accumulated Surplus		1,010,595	(122,926)
Revolving Fund		209,286,903	212,283,715
Capital Fund		-	-
<b>Net Assets</b>		<b>210,297,498</b>	<b>212,160,789</b>

The financial statements set out on pages 1 to 5 were signed on behalf of the Board of directors by:

		
Name: <i>Eng. Bayani</i>	Name: <i>Uobanus Ndundu</i>	Name: <i>Stuvia Mberu</i>
Chairman Board/Fund	Accounting Officer	Head of Finance
Date: <i>11/12/2024</i>	Date: <i>11/12/2024</i>	ICPAK M/No: <i>16462</i> Date

## 16. Statement of Changes in Net Assets for the year ended 30 June 2024

Description	Revaluation reserve	Fair value adjustment reserve	Accumulated surplus	Revolving Fund	Capital/	Total
					Development Grants/Fund	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>As at July 1, 2022</b>	-	-	<b>(34,661)</b>	<b>212,373,715</b>	-	<b>212,249,054</b>
Revaluation gain	-	-	-	-	-	-
Fair value adjustment on investments	-	-	-	-	-	-
Surplus/ deficit for the year	-	-	(88,265)	-	-	(88,265)
Funds received During the year	-	-	-	-	-	-
Transfers from accumulated surplus to revolving fund	-	-	(-)	-	-	-
Capital/development grants received during the year	-	-	-	-	-	-
<b>As at June 30, 2023</b>	-	-	<b>(122,926)</b>	<b>212,373,715</b>	-	<b>212,160,789</b>
<b>As at July 1, 2023</b>	-	-	<b>(122,926)</b>	<b>212,373,715</b>	-	<b>212,160,789</b>
Revaluation gain	-	-	-	-	-	-
Prior year adjustment	-	-	122,926	(3,086,812)	-	-
Fair value adjustment on investments	-	-	-	-	-	-
Surplus/ (deficit) for the year	-	-	1,010,595	-	-	-
Funds received During the year	-	-	-	-	-	-
Transfers from accumulated surplus to revolving fund	-	-	(-)	-	-	-
Capital/development grants received during the year	-	-	-	-	-	-
<b>As at June 30, 2024</b>	-	-	<b>1,010,595</b>	<b>209,286,903</b>	-	<b>212,160,789</b>

- The prior year adjustments were as a result of payments done by the County Executive on behalf of the fund and the transactions included in the funds books. A supplementary note no 20 on prior year adjustment had been included.

## 17. Statement of Cash Flows for the year ended 30 June 2024

	Notes	2023-2024	2022-2023
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments entities		-	-
Public contributions and donations		-	-
Interest received		4,900,890	-
Rendering of services		-	-
Rental revenue from facilities and equipment		-	-
Fees and other charges		-	-
Other income			
<b>Total receipts</b>		<b>4,900,890</b>	
<b>Payments</b>			
Use of goods and services		(5,970,830)	(44,000)
Employee costs		(-)	(-)
Board Expenses		(-)	(-)
Repairs and maintenance		(-)	(-)
Contracted services		(-)	(-)
Grants and subsidies		(-)	(-)
Finance costs		(-)	(-)
<b>Total payments</b>		<b>(5,970,830)</b>	<b>(44,000)</b>
<b>Net cash flows from/(used in) operating activities</b>	12	<b>(1,069,940)</b>	<b>(44,000)</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE		(-)	(-)
Purchase of Intangible assets		(-)	(-)
Proceeds from sale of PPE		-	-
Proceeds from loan principal repayments		72,450,896	18,977,639
Loan disbursements paid out			(55,502,274)
Purchase of investments		(-)	(-)
Proceeds from sale of investments		-	-
<b>Net cash flows from/(used in) investing activities</b>		<b>72,450,899</b>	<b>(40,524,516)</b>
<b>Cash flows from financing activities</b>			
Revolving fund receipts		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		(-)	(-)
<b>Net cash flows from financing Activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>		<b>71,380,956</b>	<b>(40,568,671)</b>
<b>Cash and cash equivalents at the beginning (1<sup>st</sup> July 2023)</b>	4	<b>78,230,036</b>	<b>118,798,551</b>
<b>Cash and cash equivalents at the end (30<sup>th</sup> June, 2024)</b>	4	<b>149,610,992</b>	<b>78,230,035</b>

## 18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c= (a+b)	D	e=(c-d)	f=d/c*100
<b>Revenue</b>						
Transfers from Other Governments entities	-	-	-	-	-	-
Public Contributions and Donations	-	-	-	-	-	-
Interest income	5,970,830	-	5,970,830	5,970,830	-	100%
Rendering of Services	-	-	-	-	-	-
Rental Revenue from Facilities and Equipment	-	-	-	-	-	-
Fees and other charges	-	-	-	-	-	-
Other Income ( <i>specify</i> )	-	-	-	-	-	-
<b>Total Income</b>	5,970,830	-	5,970,830	5,970,830	-	100%
<b>Expenses</b>						
Use of Goods and Services	5,970,830	-	5,970,830	5,970,830	-	100%
Employee costs	-	-	-	-	-	-
Board Expenses	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	-
Contracted Services	-	-	-	-	-	-
Grants and Subsidies	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-
<b>Total Expenditure</b>	5,970,830	0	5,970,830	5,970,830	-	100%
<b>Surplus for the period</b>	<b>0</b>		<b>0</b>	<b>0</b>	-	<b>100%</b>
<b>Capital Expenditure</b>	-	-	-	-	-	-

- Total income differs with the financial performance incomes because the fund earned higher interest amount than the budgeted amount by Ksh 1,010,595.

## **19. Notes to the Financial Statements**

### **1. General Information**

- Fund is established by and derives its authority and accountability from - Act. The Fund is wholly owned by the Government of Kenya/County Government of - and is domiciled in Kenya. The Fund's principal activity is -.

### **2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts, and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the *Fund's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Fund*. The financial statements have been prepared in accordance with the PFM Act 2012, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

### 3. Adoption of New and Revised Standards

- i. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

<p>IPSAS 43: Leases</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Fund. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
<p>IPSAS 45: Property Plant and Equipment</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46: Measurement</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b> The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>

<p>IPSAS 47: Revenue</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an Fund shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48: Transfer Expenses</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

*ii. Early adoption of standards*

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

#### **4. Summary of Significant Accounting Policies**

##### **a) Revenue recognition**

##### **i) Revenue from non-exchange transactions**

###### **Fees and other charges**

The *Fund* recognizes revenues from fees and other charges when the event occurs, and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Fund and the fair value of the asset can be measured reliably

###### **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 *Fund* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

##### **ii) Revenue from exchange transactions**

###### **Rendering of services**

The Fund recognizes revenue from the rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

###### **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.

###### **Rental income**

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

**b) Budget information**

The original budget for the Current FY was approved by the National/County Assembly on -. 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 Fund upon receiving the respective approvals to conclude the final budget. The Fund recorded additional appropriations of - on the 20xx budget following the governing body's approval. The *Fund'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 an 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 - of these financial statements.

## **Taxes**

### **Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the *Fund* operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates, and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits, and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally

enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable *Fund* and the same taxation authority.

**Sales tax**

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

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included  
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**c) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

**d) Property, plant, and equipment**

All property, plant, and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Fund recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in 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.

**e) Leases**

Finance leases are leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the *Fund*. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The *Fund* also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the *Fund* will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the *Fund*. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**f) 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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

**g) Research and development costs**

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

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale.
- ii) Its intention to complete and its ability to use or sell the asset.
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset.
- v) The ability to measure reliably the expenditure during development.

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

#### **Financial instruments**

IPSAS 41 addresses the classification, measurement, and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The Fund does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one Fund and a financial liability or equity instrument of another Fund. At initial recognition, the Fund measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

#### **a) Financial assets**

##### **Classification of financial assets**

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

### **Subsequent measurement**

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

### **Amortized cost**

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

### **Fair value through net assets/ equity**

Financial assets that are held for the collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue, and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

### **Trade and other receivables**

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

### **Fair value through surplus or deficit**

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

### **Impairment**

The Fund assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The Fund recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

### **b) Financial liabilities**

#### **Classification**

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

### **h) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or 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:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) 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 *Fund*.

### **i) Provisions**

Provisions are recognized when the *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 *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.

**j) Contingent liabilities**

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

**k) Contingent assets**

The Fund does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the 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.

**l) Nature and purpose of reserves**

The Fund creates and maintains reserves in terms of specific requirements. No reserves for the year ending.

**m) Changes in accounting policies and estimates**

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

**n) Employee benefits**

**Retirement benefit plans**

The *Fund* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Fund pays fixed contributions into a separate *Fund* (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 a proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**o) 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.

**p) 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 the construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**q) Related parties**

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

**r) Service concession arrangements**

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

**s) 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 an insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and various commercial banks at the end of the financial year.

**t) Comparative figures**

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

**u) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 20xx.

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

**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 *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 *Fund*. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Useful lives and residual value**

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

- a) The condition of the asset is based on the assessment of experts employed by the Fund.
- b) The nature of the asset, its susceptibility, and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) 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 37. 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. Other Income**

Description	2023-2024	2022-2023
	Kshs	Kshs
Interest on cash investments and fixed deposits	6,981,425	-
Interest on Bank balances	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Insurance recoveries	-	-
Income from sale of tender	-	-
Services concession income	-	-
Skills development levy	-	-
Bad debts recovered	-	-
Miscellaneous incomes ( <i>specify</i> )	-	-
<b>Total Other income</b>	<b>6,981,425</b>	<b>-</b>

**7. Use of Goods and Services**

Description	2023-2024	2022-2023
	Kshs	Kshs
Printing and Stationery	-	44,000
Training	400,000	-
Travel, Subsistence & Other Allowances*	4,270,830	-
Bank charges	1,670	-
Other program support expenses ( <i>Fund restructuring</i> )	1,298,330	-
<b>Total</b>	<b>5,970,830</b>	<b>44,000</b>

**8. Depreciation and Amortization Expense**

Description	2023-2024	2022-2023
	Kshs	Kshs
Property, plant, and equipment	-	44,265
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>-</b>	<b>44,265</b>

*The depreciation expense was not recognized in the FY 2023/24 since the asset was acquired on behalf of the fund by the department of Gender and recognised in the County Executive books.*

**9. Cash and Cash Equivalents**

Description	2023-2024	2022-2023
	Kshs	Kshs
Bank balances	44,710,102	4,347,152
On - Call Deposits	-	-
Fixed Deposits Account ( <i>below 3 months</i> )	104,900,890	<b>73,882,884</b>
Others ( <i>specify</i> )	-	-
<b>Total Cash and Cash Equivalents</b>	<b>149,610,992</b>	<b>78,230,036</b>

**Detailed Analysis of the Cash and Cash Equivalents**

Financial Institution	Account number	2023-2024	2022-2023
		Kshs	Kshs
<b>a) Bank balances</b>			
KCB	1183068646	44,710,102	4,347,152
- Bank		-	-
<b>Sub- Total</b>		<b>44,710,102</b>	<b>4,347,152</b>
<b>b) On - Call Deposits</b>			
- Bank		-	-
- Bank		-	-
<b>Sub- Total</b>		-	-
<b>c) Fixed Deposits Account</b>			
KCB	1183068646	104,900,890	73,882,884
KCB		-	
<b>Sub- Total</b>		<b>104,900,890</b>	<b>73,882,884</b>
<b>d) Others (Specify)</b>			
Cash In Transit		-	-
Cash In Hand		-	-
Mobile Money Accounts		-	-
<b>Sub- Total</b>		-	-
<b>Grand Total</b>		<b>149,610,992</b>	<b>78,230,036</b>

**10. Receivables from Exchange Transactions**

Description	2022-2023 Current	2022-2023 Comparative
	FY	FY
	Kshs	Kshs
<b>Current Receivables</b>		
Loan interest receivable	-	-
Current Loan Repayments Due		133,841,685
Fees and other charges due	-	-
Interest income receivable	2,080,534	-
Less: Impairment Allowance	(-)	(-)
<b>Total Current Receivables</b>	<b>2,080,534</b>	<b>133,841,685</b>
<b>Non-Current Receivables</b>		
Long Term Loan Repayments Due	58,605,972	-
<b>Total Non- Current Receivables</b>	<b>-</b>	<b>-</b>
<b>Total Receivables from Exchange Transactions</b>	<b>60,686,506</b>	<b>133,841,685</b>

**(b) Ageing analysis for Receivables from exchange transactions**

Description	2023-2024		2022-2023	
	Kshs		Kshs	
	2023-2024	% of the total	2022-223	% of the total
Less than 1 year	2,080,534	3%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	58,605,972	97%	-	%
<b>Total (a+b)</b>	<b>60,686,506</b>	<b>100%</b>	<b>-</b>	<b>%</b>

**(c) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions**

Impairment allowance/ provision	2023-2024	2022-2023
	Kshs	Kshs
At the beginning of the year	133,841,685	114,864,046
Additional provisions during the year	2,080,534	-
Recovered during the year	(72,450,896)	18,977,639
Prior Year adjustments	(2,784,818)	
Written off during the year	(-)	(-)
At the end of the year	<b>60,686,506</b>	<b>133,841,685</b>

**11. Property, Plant and Equipment**

Cost/Revalued amount	Land	Buildings	Motor vehicles	Furniture and fittings	ICT Equipment	Office Equipment	Other Assets (specify)	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Depreciation rate</b>									
As At 1 July 2023	-	-	-	<b>354,119</b>	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	(-)	(-)	(-)	-	-	-	(-)	(-)	(-)
Transfers/Adjustments	-	-	(-)	-	(-)	(-)	(-)	-	(-)
As at 30 <sup>th</sup> June 2023	-	-	-	<b>354,119</b>	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	(-)	(-)	-	-	-	-	(-)	(-)	(-)
Transfer/Adjustments	(-)	(-)	-	(354,119)	(-)	(-)	(-)	-	(-)
<b>As at 30<sup>th</sup> June 2024</b>	-	-	-	<b>0</b>	-	-	-	-	-
<b>Depreciation And Impairment</b>									
At 1 July 2023	-	(-)	(-)	<b>265,590</b>	(-)	(-)	(-)		(-)
Depreciation	-	(-)	(-)	(-)	(-)	(-)	(-)		(-)
Impairment	-	(-)	-	-	-	-	(-)		(-)
Transfers/ Adjustments	-	(-)	-	(265,590)	(-)	(-)	(-)		(-)
As At 30 <sup>th</sup> 2024	-	-	-	<b>0</b>	-	-	(-)		-
Depreciation	-	(-)	(-)	(-)	(-)	(-)	(-)		(-)
Disposals	-	-	-	-	-	-	-		-
Impairment	-	(-)	(-)	-	-	-	(-)		(-)
Transfer/Adjustment	-	-	(-)	(-)	-	-	(-)		-
<b>As at 30<sup>th</sup> June 2024</b>	-	-	-	-	-	-	-		-
<b>Net Book Values</b>									
As at 30 <sup>th</sup> June 2023	-	-	-	<b>88,529</b>	-	-	-	-	-
As at 30 <sup>th</sup> June 2024	-	-	-	<b>0</b>	-	-	-	-	-

The amount for furniture and fittings was adjusted in the FY 2023/24 since the asset was acquired on behalf of the fund by the department of Gender and recognised in the County Executive books.

**Valuation**

Land and buildings/ Equipment were valued by valuers in line with the National Assets and Liabilities Management Policy and Guidelines (issued 30<sup>th</sup> June 2020). The assets were revalued by valuers on this date -.

**(b) Property, Plant and Equipment at Cost**

If the freehold land, buildings, and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	-	-	-
Plant And Machinery	-	-	-
Motor Vehicles, Including Motorcycles	-	-	-
Computers And Related Equipment	-	-	-
Office Equipment	-	-	-
Furniture and Fittings	-	-	-
Others ( <i>specify</i> )	-	-	-
<b>Total</b>	-	-	-

Property plant and Equipment includes the following assets that are fully depreciated:

Description	Cost or valuation	Normal annual depreciation charge
Plant and Machinery	-	-
Motor Vehicles including Motorcycles	-	-
Computers and Related Equipment	-	-
Office Equipment	-	-
Furniture and Fittings	-	-
Others (specify)	-	-
<b>Total</b>	-	-

**12. Cash Generated from Operations**

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Surplus/Deficit for the year</b>	<b>1,010,595</b>	<b>(44,000)</b>
<b>Adjusted for:</b>		
Depreciation	-	-
Non-cash grants received	(-)	(-)
Contributed assets	(-)	(-)

Description	2023-2024	2022-2023
	Kshs	Kshs
Impairment	-	-
Gains and losses on disposal of assets	(-)	(-)
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
<b>Working capital adjustments</b>	<b>1,010,595</b>	<b>(44,000)</b>
Increase in inventory	(-)	(-)
Increase in receivables	(-)	(-)
Increase in deferred income	(2,080,534)	-
Increase in payables	-	-
Increase in payments received in advance	-	-
<b>Net cash flow from operating activities</b>	<b>(1,069,940)</b>	<b>(44,000)</b>

### 13. 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 the 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:

#### i) 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 assessments 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 Fund'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 Fund's maximum exposure to credit risk without taking account the value of any collateral obtained is made up as follows:

**Financial Risk Management**

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2024</b>				
Receivables from exchange transactions	60,686,506	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	44,710,101	-	-	-
<b>Total</b>	<b>105,396,607</b>	-	-	-
<b>As at 30 June 2023</b>				
Receivables from exchange transactions	60,880,676	-	-	-
Receivables from non-exchange transactions	70,176,194	-	-	-
Bank balances	4,347,151	-	-	-
<b>Total</b>	<b>135,404,022</b>	-	-	-

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 Fund has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Fund has a significant concentration of credit risk on amounts due from -. The board of directors sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Fund's directors, who have built an appropriate liquidity risk management framework for the management of the Fund's short, medium, and long-term funding and liquidity management requirements. The 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.

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2024</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Others ( <i>specify</i> )	-	-	-	-
<b>Total</b>	-	-	-	-
<b>As at 30<sup>th</sup> June 2023</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Others ( <i>specify</i> )	-	-	-	-
<b>Total</b>	-	-	-	-

**iii) Market risk**

The *Fund* has put in place an internal audit function to assist it in assessing the risk faced by the 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 rates, equity prices, and foreign exchange rates which will affect the Fund'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 - Department is responsible for the development of detailed risk management policies (subject to review and approval by the Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Fund's exposure to market risks or the way it manages and measures the risk.

**a) Foreign currency risk**

The *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 - days from the date of the invoice and conversion at the time of

payment is done using the prevailing exchange rate. The *Fund* manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting expected sales proceeds and matching the same with expected payments.

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

**Current FY**

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2024</b>			
<b>Financial Assets</b>	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
<b>Total Financial Assets</b>	-	-	-
<b>Financial Liabilities</b>			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
<b>Total Financial Liabilities</b>	-	-	-
<b>Net Foreign Currency Asset/(Liability)</b>	-	-	-

**Foreign currency sensitivity analysis**

**Current FY**

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2024</b>			
<b>Financial Assets</b>	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
<b>Total Financial Assets</b>	-	-	-
<b>Financial Liabilities</b>			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
<b>Total Financial Liabilities</b>	-	-	-
<b>Net Foreign Currency Asset/(Liability)</b>	-	-	-

### Financial Risk Management

The following table demonstrates the effect of the Fund's statement of comprehensive income 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.

Description	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
<b>Current FY</b>			
Euro	xx%	-	-
USD	xx%	-	-
Sterling pound	xx%	-	-
<b>Previous FY</b>			
Euro	xx%	-	-
USD	xx%	-	-
Sterling pound	xx%	-	-

#### b) Interest rate risk

Interest rate risk is the risk that the Fund's financial condition may be adversely affected as a result of changes in interest rate levels. The Fund'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 - (Current FY: Kshs -). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs - (Current FY – Kshs -)

**Fair value of financial assets and liabilities****a) Financial instruments are measured at fair value.****Determination of fair value and fair values hierarchy**

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *Fund's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *Fund* considers relevant and observable market prices in its valuations where possible.

The following table shows an analysis of financial and non-financial instruments recorded at fair value by level of the fair value hierarchy:

Description	Level 1	Level 2	Level 3	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30 June 2024</b>				
<b>Financial Assets</b>				
Quoted Equity Investments	-	-	-	-
<b>Non- Financial Assets</b>				
Investment Property	-	-	-	-
<b>Total</b>	-	-	-	-
<b>As at 30<sup>th</sup> June 2023</b>				
<b>Financial Assets</b>				
Quoted Equity Investments	-	-	-	-
<b>Non- Financial Assets</b>				
Investment Property	-	-	-	-
<b>Total</b>	-	-	-	-

There were no transfers between levels 1, 2, and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

**iv) 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 Fund capital structure comprises of the following funds:

Description	2023-2024	2022-2023
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	-	-
- Reserve	-	-
<b>Total Funds</b>	-	-
Total borrowing	-	-
Less: Cash and Bank Balances	-	-
Net Debt/(Excess Cash And Cash Equivalentents)	-	-
<b>Gearing</b>	xx%	xx%

**14. Related Party Disclosures****Nature of related party relationships**

Entities and other parties related to the *Fund* include those parties who have the 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.

**Government of Kenya**

The Government of Kenya is the principal shareholder of the *Fund*, holding 100% of the *Fund's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Fund, both domestic and external.

**Other related parties include:**

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of Directors/Fund Committees.
- vi) Others.

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Sales to related parties</b>		
Rent income from govt. Agencies	-	-
Others (specify)	-	-
<b>Total</b>	-	-
<b>b) Purchases from related parties</b>		
Purchases of electricity from KPLC	-	-
Purchase of water from govt service providers	-	-
Rent expenses paid to govt agencies	-	-
Training and conference fees paid to govt. Agencies	-	-
Others (specify)	-	-
<b>Total</b>	-	-
<b>c) Grants /transfers from the government</b>		
Grants from National government	-	-
Grants from County government	-	-
Donations in kind	-	-
<b>Total</b>	-	-
<b>a) Expenses incurred on behalf of related party</b>		

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Description	2023-2024	2022-2023
	Kshs	Kshs
Salaries and wages for - employees	-	-
Goods and services for -	-	-
Others ( <i>specify</i> )	-	-
<b>Total</b>		
<b>b) Key management compensation</b>		
Directors' emoluments	-	-
Compensation to key management	-	-
<b>Total</b>	-	-

**15. Contingent Assets and Contingent Liabilities**

**Contingent Assets**

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Contingent Assets</b>		
Insurance Reimbursements	-	-
Assets Arising from Determination of Court Cases	-	-
Reimbursable Indemnities and Guarantees	-	-
Receivables From Other Government Entities	-	-
Others (Specify)	-	-
<b>Total</b>	-	-

**Contingent Liabilities**

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Contingent Liabilities</b>	-	-
Court Case xx against the Fund	-	-
Bank Guarantees in Favour of Subsidiary	-	-
Contingent Liabilities arising from Contracts Including PPPs	-	-
Others (Specify)	-	-
<b>Total</b>	-	-

**16. Capital Commitments**

Capital Commitments	2023-2024	2022-2023
	Kshs	Kshs
Authorised for	-	-
Authorised and contracted for	-	-
<b>Total</b>	-	-

**17. Events after the Reporting Period**

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

**18. Ultimate and Holding Fund**

The Fund is a Corporation/ or a Semi-Autonomous Government Agency under the Ministry/County of -. Its ultimate parent is the Government of Kenya.

**19. Currency**

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

**20. Prior Year Adjustments**

	Balance b/f from FY 2022/2023 as per audited financial statements	Adjustments during the year relating to prior periods	Adjust Balance b/f from FY 2022/2023
Description of the Error	Kshs	Kshs	Kshs
Revolving Fund	212,373,715	(3,086,812)	209,286,903
Accounts Receivable	133,841,685	(2,784,818)	131,056,867.
Accumulated surplus	(122,926)	122,926	-
<b>Total</b>	<b>346,092,474</b>	<b>(5,748,703)</b>	<b>340,343,770</b>

The prior year adjustments relate to:

- i. **Revolving Fund-** Relates to receipts paid by the Department of Gender on behalf of the fund and erroneously recognized in the fund's books as well as the departments books of account resulting to double accounting
- ii. **Accounts Receivable-** relates to a prior year overstatement of the receivable from exchange transaction amounts.
- iii. **Accumulated surplus-** The adjustment was as a result of prior year depreciation recognised in the fund's books of account for an asset bought on behalf of the fund by the department of Gender and recognised in both books.

20. Appendices

**Appendix 1: Implementation Status of Auditor-General’s Recommendations**

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

S/No	ISSUE	RECOMMENDATION	STATUS	Timeframe
1	Inaccurate revolving fund comparative balances	The variance of ksh 90,000 was as a result of the prior year mis-posting. The statement of changes in a net asset for the revolving fund was amended to reflect the previous year's audited balance of ksh 212,283,717.	Resolved	Done
2	Accuracy of Cash and Cash Equivalent	A certificate of confirmation of bank balances and bank statements from Kenya Commercial Bank showing the account balances was provided. MOU with the Bank provided that the county Government would deposit a non-interest guarantee fund in a non-interest earning fixed account. It did not provide for a start and end date. The MOU expired and was not renewed. The fund is undergoing a re-engineering process, Ksh. 100,000,000, has been invested in an interest-earning deposit account at 11.5% p.a for six months.	Resolved	Done
3	Different Receivables from Exchange Transactions	<p>The difference between the Kenya Commercial Bank receivables and the reported figures in the financial statement was as a result of a non-exchange debtors “internal borrowings by county departments” recorded by the fund and not captured by the banks.</p> <p>The non-exchange debtors incurred in Fy 2022/23 were Ksh 60,176,194, the ksh 10,000,000 is opening balance for non-exchange debtors in the Fy 2021/22 which was not recovered within the reporting period (Fy 2022/23); the amount was therefore captured in the opening balance debtors. The funds were later repaid.</p> <p>The transfer of funds attracts charges by the bank and the repayment of the funds should include the cost incurred in transferring the funds. The amount of Kshs 6,120 represents the bank charges on the payments done on</p>	Resolved	Done

		disbursement of Ksh 55,615,084 and ksh 4,555,050 for pay as you earn and NSSF Deductions respectively.		
4	Unresolved Prior Year Matters	All the previous year's matters have since been resolved and disclosed in the audited financial statements for the period. The Fund Administration profiled all current and previous audit matters and solved them during the re-engineering process of the fund	Resolved	Done
<b>REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES</b>				
1	Unauthorized Expenditure	The payment of Ksh 55,615,024 and cash 4,555,050 for pay as you earn and NSSF deductions respectfully was necessitated by the need to pay statutory deductions in time upon delay of the July 2022 exchequer releases. Payment of the statutory deduction in time saved the County penalties that would have been imposed on late remittance of the deductions. The fund has forthwith stopped making any expenditure that is unrelated to the objects of the fund. The funds inclusive of the transaction cost of 6,120 have since been refunded to the fund.	Resolved	Done
2	Poor Loan Portfolio Management	The fund has provided reconciled individual loan ledgers for the period under review. The fund has since issued demand notices to all defaulters. The fund has also employed rigorous calling and bulk texting to all loan defaulters, follow-up meetings, visits and rescheduling to enhance the collection of defaulted loans. The ongoing fund restructuring process will streamline the loan repayment structure.	Resolved	Done



Chief Officer

Date: 11/12/2024



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