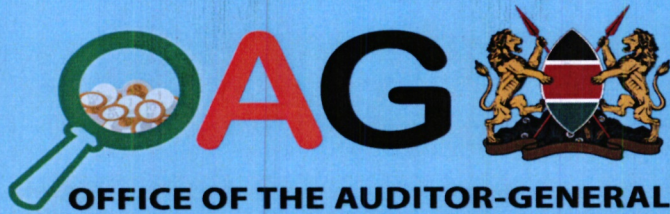
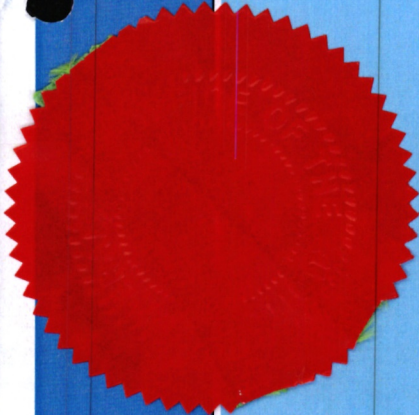


REPUBLIC OF KENYA



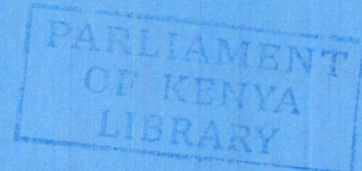
Enhancing Accountability



REPORT

PAPERS LAID	
DATE	30/5/2023
TABLED BY	SML
COMMITTEE	—
CLERK AT THE TABLE	Innocent Mbuga

OF

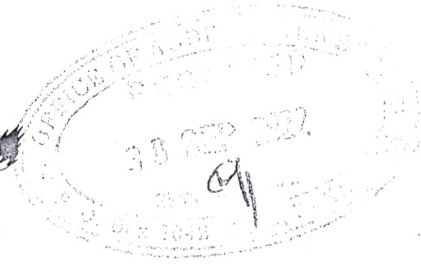
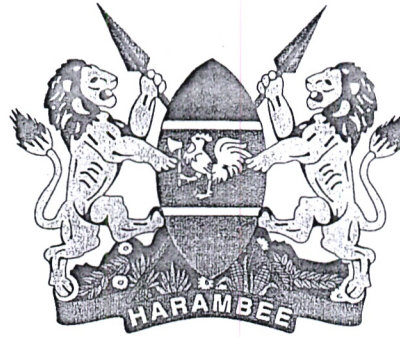


THE AUDITOR-GENERAL

ON

**BUNGOMA COUNTY PERSONS
WITH DISABILITIES
EMPOWERMENT FUND**

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



COUNTY GOVERNMENT OF BUNGOMA

FUND COMMITTEE

BUNGOMA COUNTY PERSONS WITH DISABILITIES EMPOWERMENT FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2022

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

**Bungoma County Persons with Disabilities Empowerment Fund
Reports and Financial Statements
For the year ended June 30, 2022**

Table of Contents

1. KEY ENTITY INFORMATION AND MANAGEMENT	2
2. THE BOARD OF TRUSTEES/ FUND ADMINISTRATION COMMITTEE	5
3. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S PREDETERMINED OBJECTIVES	7
4. MANAGEMENT TEAM	10
5. FUND ADMINISTRATION COMMITTEE CHAIRPERSON'S REPORT	11
6. REPORT OF THE FUND MANAGER/ ADMINISTRATOR	13
7. CORPORATE GOVERNANCE STATEMENT	17
8. MANAGEMENT DISCUSSION AND ANALYSIS	20
9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING	22
10. REPORT OF THE FUND ADMINISTRATION COMMITTEE	23
11. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES	25
12. REPORT OF THE INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS FOR FUND.	27
13. FINANCIAL STATEMENTS	28
14. NOTES TO THE FINANCIAL STATEMENTS	40
15. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS	42
16. APPENDIX I: INTER-ENTITY TRANSFERS	43

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Bungoma County Persons with Disabilities Empowerment Fund is established by and derives its authority and accountability from the BUNGOMA COUNTY PERSONS WITH DISABILITIES EMPOWERMENT FUND REGULATIONS, 2015. The Fund is wholly owned by the County Government of Bungoma and is domiciled in Kenya.

1. The Fund's objective is to:-

- (a) to provide funds to be used for granting low-interest loans to People Living with Disability with a view to scaling up their lending activities, value addition amongst other activities as may be prescribed;
- (b) to provide funds to support, revive and initiate micro-enterprises owned by PLWDs in sectors that can have an immediate impact to household economy;
- (c) to attract and facilitate investment in economic sectors that have linkages to micro, small and medium enterprises that benefit the PLWDs;
- (d) Facilitating access to business development services by micro and small enterprises;
- (e) Facilitating formalization and upgrading of informal micro and small enterprises; and promoting an entrepreneurial culture.

The Fund's principal activity is empower marginalized groups of the society by providing access to affordable loans and capacity building.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to enhance economic activities and social welfare of the marginalized persons in the society through access to loans.

**Bungoma County persons with Disabilities Empowerment Fund
Reports and Financial Statements
For the year ended June 30, 2022.**

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Saphia Awil Ibrahim	Chairperson.
2	Moses Chebonya	Fund Administrator/Secretary
3	Adrian Sakwa	Member/PWDs representative
4	Umami Maloba	Member/Women Representative
5	Rev Johnstone Wanyonyi	Member/CBO representative
6	Metrine Tenga	Member/Youth Representative
7	Joseph Musungu	Member/Finance Representative
8	Cynthia Nanyokia	Member/Legal Representative

d) Key Management

Ref	Position	Name
1	Fund Administrator	Moses Chebonya
2	Fund Accountant	Washington Makata

e) Fiduciary Oversight Arrangements

Ref	Position	Name
1	Directorate Internal Audit	Brian Makokha
2	Executive Audit Committee	Committee members
3	County Assembly administrative committee of women and Youth	County assembly
4	County Office of the Controller budget	Dennis Nyamwea

**Bungoma County persons with Disabilities Empowerment Fund
Reports and Financial Statements
For the year ended June 30, 2022.**

a) Registered Offices

P.O. Box 437 - 50200
County Headquarters
Moi Avenue
Bungoma, KENYA

b) Fund Contacts

Telephone :(254) 775 228598
E-mail: genderempowermentfunds@gmail.com
www.bungoma.go.ke

c) Fund Bankers

Cooperative Bank of Kenya
Bungoma Branch
P.O. Box 48231
Bungoma, KENYA

d) Independent Auditors

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

e) Principal Legal Adviser

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

**Bungoma County persons with Disabilities Empowerment Fund
Reports and Financial Statements
For the year ended June 30, 2022.**

2. THE BOARD OF TRUSTEES/ FUND ADMINISTRATION COMMITTEE

Name	Details of qualifications and experience
 Saphia Awil Ibrahim	<p>Prior to her appointment she worked as an advocate of the court. Academic qualification: an LLB from university of Nairobi and a diploma from LSK</p> <p>The member is an executive director as the chairperson she is 32 years old</p>
 Moses Chebonya	<p>Masters in Gender and advocacy. Bachelor of Arts Education specialising in English literature. He is Gender director affairs in the department</p> <p>The member is an executive director as Fund Administrator, prior to his appointment, was a deputy principle of a high school. Main responsibility, Oversees daily fund operations. He is 50 years old</p>
Rev: Johnston Nyongesa	<p>The member is the current Bishop of Anglican church of Kenya Bungoma branch. He is also an executive member of chamber of commerce Bungoma. Masters in theology and leadership from Nazarene university. He is an independent director as a member representing Business community. 61 years old</p>
 Joseph Musungu	<p>He is the accountant in charge of reporting at the county government. A certified public accountant (CPA K). A representative of the chief officer finance and economic planning in the fund. He is 51 years old</p>

**Bungoma County persons with Disabilities Empowerment Fund
 Reports and Financial Statements
 For the year ended June 30, 2022.**



Adrian Sakwa

Prior to his appointment, he worked as the director of disabled network of Bungoma; he is also the coordinator of NCPLD Bungoma branch. He holds a Bachelor of Arts linguistic religion from Kampala University. He is 39 years old



Metrine Tenga

She is the current NYC executive member in the region. a diploma holder in corporative management from Cooperatives college University. She 33 years old She is an independent director representing youths.



Ummi Maloba

The member works as the secretary of Maendeleo ya Wanawake Bungoma county. Academic qualifications; diploma in gender advocacy and mainstreaming from hamburger institute of Canada. She is 46 years old She is an independent director in the fund representing women.



Cynthia Nanyokia

She holds LLB holder from university of Nairobi, post graduate diploma from the LSK an advocate of the low court. Currently she works in the county legal office. She is an executive director in the fund representing County Attorney.

**3. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S
PREDETERMINED OBJECTIVES**

Introduction

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

The key development objectives of the Bungoma County Persons with Disabilities Empowerment Fund year under review and strategic plan policies are to:

- (a) to provide funds to be used for granting low-interest loans to People Living with Disability with a view to scaling up their lending activities, value addition amongst other activities as may be prescribed;
- (b) to provide funds to support, revive and initiate micro-enterprises owned by PLWDs in sectors that can have an immediate impact to household economy;
- (c) to attract and facilitate investment in economic sectors that have linkages to micro, small and medium enterprises that benefit the PLWDs;
- (d) facilitating access to business development services by micro and small enterprises;
- (e) Facilitating formalization and upgrading of informal micro and small enterprises; and promoting an entrepreneurial culture.

Bungoma County Persons with Disabilities Empowerment Fund
 Reports and Financial Statement
 For the year ended June 30, 2022

Progress on attainment of Strategic development objectives as adopted from Bungoma County persons with Disabilities
 Empowerment Fund strategic plan

Below we provide the progress on attaining the stated objectives:




Program	Objective	Outcome	Indicator	Performance
Bungoma county people living with disabilities empowerment fund	To provide funds for granting low-interest loans to PLWDs to scaling up their lending activities, value addition amongst other activities.	Increased number of loan and grants beneficiaries.	We didn't advanced loans to targeted groups under the year but followed up on the those repaying loans Targeted 350 groups in the county, so far we have funded 135 groups, 39%.	FY 2021/2022 we reduced the allocation on the budget because we were reviewing regulations and could not access exchequer. No loan was advanced because we are reviewing the laws to check on the vetting loopholes of noncompliance
	To facilitating access to business development services by micro and small enterprises by PLWDs	Increased number of PLWDs coming to apply for tax exemptions and county levies in business.	20 applicants applied for exemptions to do business in county.	FY 2021/2022 we increased the number of PLWDs businesses by sensitising a number to start business enterprises and enjoy incentives from government.
	Facilitating formalization and upgrading of informal micro and small enterprises; and	Formulations of Bungoma county micro finance corporation Act that will operationalize and upgrade	Formulated a regulation Formulated a fund policy	FY 2021/2022 under the fund regulation, the fund will facilitate the registration of PLWDs business enterprises.

Bungoma County persons with Disabilities Empowerment Fund
Reports and Financial Statement
For the year ended June 30, 2022.

Program	Objective	Outcome	Indicator	Performance
	promoting an entrepreneurial culture	all SMEs as well promote entrepreneurial knowledge in PLWDs sector.	Now formulation micro finance Act.	2020/2021, streamlining the sensitization and training on 30% AGPO provision for the marginalised.
Challenges in the fund		Opportunities in the fund.		
<ul style="list-style-type: none"> a. Loan default. a. Insufficient working capital. b. Political interference b. Dynamics nature of youths and clients. c. Poor investment and saving culture d. Inequality-disability group has always not given priority in terms of resource mobility 		<ul style="list-style-type: none"> a. Many partners championing empowerment of marginalized groups in the community. b. Agricultural Growth- western Kenya is agriculturally stable because of good weather patterns c. Education and Literacy d. Rural Development-devolution has enhanced development across 		

**Bungoma County Persons With Disabilities Empowerment Fund
Reports and Financial Statements
For the year ended 30 June 2022**

4. MANAGEMENT TEAM

Name	Details of qualifications and experience
 <p>Saphia Awil Ibrahim</p>	<p>Prior to her appointment she worked as an advocate of the court. Academic qualification: an LLB from university of Nairobi and a diploma from LSK</p> <p>The member is an executive director as the chairperson . She is 32 years old</p>
 <p>Moses Chebonya</p>	<p>Academics qualifications: Masters in Gender and advocacy. Bachelor of Arts Education specialising in English literature.</p> <p>Work Experience: Gender director affairs and prior to his appointment, was a deputy principle of a high school. Main responsibility, Oversees daily fund operations</p>
 <p>Washington Makata</p>	<p>M.B.A Finance, Bachelor of commerce finance and a certified accountant. Worked as an internal auditor teacher Sacco, an administrator at Jomo Kenyatta university of Agriculture and technology currently as an Accountant. Responsibility: preparations of; vouchers, cashbook, imprests, ledges, vote books and loan repayment schedules.</p>

5. FUND ADMINISTRATION COMMITTEE CHAIRPERSON'S REPORT

This year under review marks the seventh year since the establishment of Bungoma County Youth and Women Empowerment Fund. Cumulatively, since the inception of this revolving Fund, loans amounting to Ksh 5, 191,614 have been disbursed as a revolving fund. A number of PLWDs Groups that benefitted from the Fund as been sensitized and capacity build on the operations of the Fund to appreciate and comply with the repayment schedule as well as mandate of the fund.

Under our strategic plan 2020 to 2024 we are targeting to reach 350 groups of persons living with disability. Until the year under review, we have accessed 135 groups so far and by the end of the period we shall have covered the targeted group. The Fund has recorded a number of success stories despite the various challenges with regard to its operational coast and benefits. Groups have enhanced economic activities and social status through entrepreneurial activities and hence achieved mandate of the fund. This was informed by the monitoring and evaluation exercise that we undertook. The exercise was aimed at assessing the impact and success stories of the Fund since its inception. It's apparent that many more groups are applying for the funds to upgrade their economic activities.

Capacity building and creating general public awareness is paramount to the success of the Fund. This includes training on group dynamics, entrepreneurial skills, project management, record keeping as well as tendering reserved for women and youth at both county and national government level. These activities call for more resources, determination, dedication, proper management and funding to achieve the desired goals.

Currently the Fund is governed by the Bungoma County persons with disabilities Empowerment Fund regulation. This will help tackle the specific needs of youths at both individual and group levels by catering for their unique needs. The reviewed regulations will also help cut down on costs with regard to Fund administration and general needs of each fund. The reviewed regulations, once put in place, will bring in to existence more products tailored for Women both at individual and group levels. Also a prompt and continuous monitoring and evaluation will be

**Bungoma County Persons With Disabilities Empowerment Fund
Reports and Financial Statements
For the year ended 30 June 2022**

in place to ensure the desired objectives of the Fund as well as value for money are achieved. These will guarantee a revolving and self-sustaining fund in the long-term.

In conclusion, the fund is generally doing well. A big number of groups are not repaying loans, most groups' projects are not sustainable and generally a larger number are defaulting loans. This has necessitated some drastic action to be taken including stopping to fund new groups but refinance those old groups that have cleared the first loan as well as reviewing the law to tighten the vetting processes.

Signed:  _____

SAPHIA AWIL IBRAHIM
Chairperson -**Bungoma County Persons Living with Disabilities Empowerment Fund.**

**Bungoma County Persons With Disabilities Empowerment Fund
Reports and Financial Statements
For the year ended 30 June 2022**

6. REPORT OF THE FUND MANAGER/ ADMINISTRATOR

The Fund Administrator for Bungoma County Disability Empowerment Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial period ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangement 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 statement, 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.

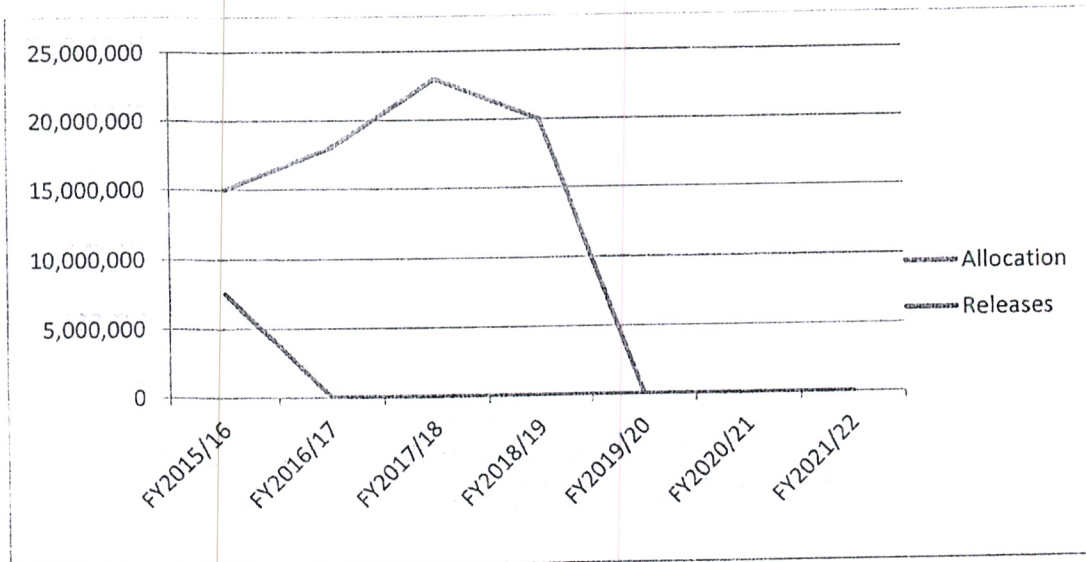
The the budget performance of the fund financial year 2021/2022 was as follows;

Allocation versus releases.

	Allocations	Releases
FY 2015/16	15,000,000	7,535,256
FY 2016/17	18,000,000	0
FY 2017/18	23,000,000	0
FY 2018/19	20,000,000	0
FY2019/2020	0	0
FY2020/2021	0	0
FY2021/2022	0	0
Total	76,000,000	7,535,256

**Bungoma County Persons With Disabilities Empowerment Fund
Reports and Financial Statements
For the year ended 30 June 2022**

Pie chart representation



Physical progress based on outputs, outcomes and impacts since establishment of Bungoma County Persons with Disabilities Empowerment Fund

Since establishment of the fund, the fund has launched all the product that is group loaning, LPO/LSO financing and Asset financing. Relating to the increasing default rate in group loaning repayments, we had to suspend the group loan product. The fund was approved to offer three products namely; group loaning, the LPO/LSO financing and asset financing products as stated under the Third Schedule, Sub regulation 22 (1)-(b) of Bungoma County Disability Empowerment Fund Loan Products. This was after the advice from our county legal office to change some clauses in the regulation to do with vetting of groups. Through the fund committee directive, we suspended the advancing of the products to pave way to amend the regulations in order to seal the loopholes

So far we have reached to 280 groups sensitized on the availability and purpose on the fund. On the 280, we have funded 3 groups per ward in all the 45 wards across the county. Those wards that haven't been able to raise three groups that can qualify for funding will be given time to rise worthy groups and access funds.

**Bungoma County Persons With Disabilities Empowerment Fund
Reports and Financial Statements
For the year ended 30 June 2022**

Programs implemented by the fund and how they have been achieved.

- a. Training on AGPO opportunities
- b. So far we have trained more than 300 groups on AGPO opportunities around in collaboration with the department of procurement
- c. Launching of the loaning product. Currently we have all product running loans, asset financing and LPO financing. The year under review we have not advanced loans because we are reviewing the regulations before we requests exchequer releases.
- d. Capacity building the targeted group in financial literacy; Bungoma County has moderate education and literacy level but on financial literacy is poor. Many targeted groups have little or no financial knowledge. For the program to succeed we had to inform the community on the need to know how to save and invest at the same time. It has been successful so the respond has been positive and many partners has come on board to champion the course.
- e. Upgrading of business enterprises for PLWDs: more than 13 groups have been upgraded to Sacco and Companies to access more financial support. Many PLWDs have applied to be exempted for tax meaning they are joining big business enterprises.

High level of the financial performance to achieve value for money

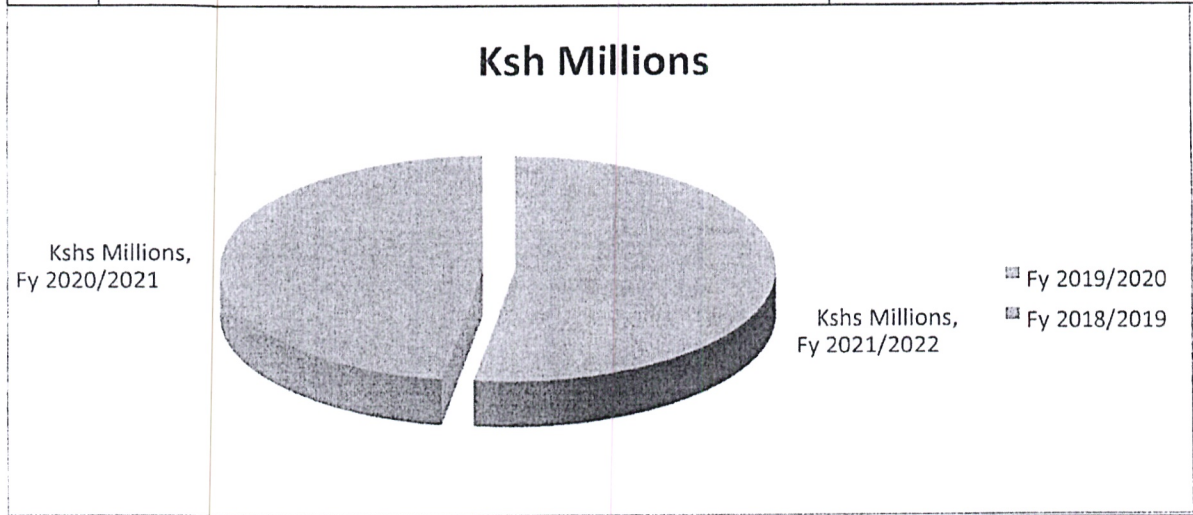
Sustainability of the fund. The financial statement of Bungoma County Disability Empowerment Fund indicates zero expenditure on expenses only the bank charges in the FY 2021/2022 as well FY 2019/2020 as follows with illustrations.

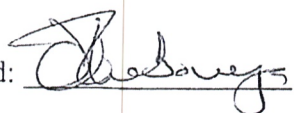
We have cut all expenses all expenses from the fund enable attain sustainability at all cost. The only expense the fund is incurring is the bank charges.

The Fund Administrator for Bungoma County Disability Empowerment Fund confirms that the Fund has complied fully with applicable Government Regulations and the terms of external financing covenants, and that the funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted. Though what was expected was not received but the fund relied on the revolving fund portfolio

**Bungoma County Persons With Disabilities Empowerment Fund
 Reports and Financial Statements
 For the year ended 30 June 2022**

N/So	Financial years	Expenses (kshs)
1	FY2021/2022	0
2	FY2020/2021	0



Signed: 
MOSES CHEBONYA

7. CORPORATE GOVERNANCE STATEMENT

According to the legal framework of the fund, Bungoma County Persons with Disabilities Empowerment Fund Regulations, 2015, FIRST SCHEDULE, Sub-Regulation 16 (1) provides as to the conduct of business and affairs of the committee as relates to meetings,

The Committee meets at such place in Bungoma County as the chairperson may determine and the meetings are convened by the chairperson.

The Committee has quarterly meetings in every financial year and not more than three months elapses between one meeting and the next meeting.

Unless three quarters of the members otherwise agree, at least seven days' notice in writing of a meeting shall be given to every member by the Fund Administrator of the fund, At the first meeting of the:

- a. County Committee, the chairperson was the Chief Officer(s) thereafter, the committee elected a chairperson of subsequent meetings from members appointed in as per

Regulation 7 (1) (d)

- b. Ward Committee, the chairperson was the Ward Administrator, thereafter, the committee elected a chairperson from among the members appointed in Regulation 12 (2) (c), (d), (e)

The chairperson may, at his/her discretion or at the written request made by at least half of the members of the Committee and within seven days of the request, convenes an extraordinary meeting at such a time and place as he/she may appoint.

Meetings are presided over by the chairperson or in his or her absence by the vice- chairperson.

The members of a Committee elected a vice- chairperson from among themselves-

- (a) at the first sitting of the Committee; and
- (b) Whenever it is necessary to fill the vacancy in the office of the vice-chairperson.

Where the chairperson or vice-chairperson is absent, the members appoints from among themselves, a person to chair the meeting of the Committee.

**Bungoma County Persons With Disabilities Empowerment Fund
Reports and Financial Statements
For the year ended 30 June 2022**

The Committee may invite a resource person(s) to attend any of its meetings and to participate in its deliberations, but such person does not have a vote in any decision of the Committee.

Conflict of interest

If any person has a personal or fiduciary interest in a project, proposed contract or any matter before the Committee, and is present at a meeting of the Committee at which any matter is the subject of consideration, that person shall as soon as is practicable after the commencement of the meeting, declare such interest and shall not take part in any consideration or discussion of, or vote on any question touching such matter.

A disclosure of interest made under such cases shall be recorded in the minutes of the meeting at which it is made.

Quorum

The quorum of the meeting should not be less than half of the appointed members of the Committee.

Where the persons present at a meeting of the Committee do not constitute the quorum necessary to hold a meeting under the fund Regulations or where by reason of exclusion of a member from a meeting, the number of members present falls below the quorum necessary to hold a meeting, the Committee postpone the consideration of the matter in question until there is a quorum.

Voting

A question before the Committee is decided by simple majority of the members present and voting and the chairperson should, in the case of an equality of votes, have a casting vote.

Rules of Procedure and minutes

The Committee always—

- a) determine rules of procedure for the conduct of its business; and
- b) Keep minutes of its proceedings and decisions.

Bungoma County Persons With Disabilities Empowerment Fund
Reports and Financial Statements
For the year ended 30 June 2022

Terms and conditions of service of the County Committee Members

The members of the Committee are paid such allowances as shall is determined by Salaries and Remuneration Commission.

Such allowance is drawn from the fund administrative allocation which is within 3 percent of the budget.

Internal controls

As a fund, the Committee Executive Member of finance has increased the level of approval in the fund to reduce interference and enhance the safety of the funds. She has appointed the Chief Officer of the department responsible of matters to do with PLWDs and to concur with the business happening in the fund at all times.

We have made it possible for all the transactions happening, at no time one person will be responsible for more than two transactions at a time.

**Bungoma County Persons With Disabilities Empowerment Fund
Reports and Financial Statements
For the year ended 30 June 2022**

8. MANAGEMENT DISCUSSION AND ANALYSIS

The management report on the operational and financial performance of the Fund.

The total loan allocated as at now is Ksh 76M out of which we have received Kshs.7.5M representing 9.87 percent

Fund's key projects or investments decision implemented or ongoing,

The main purpose of the loan or the scheme is to advance cheap loan facilities to the community with a view of scaling up their micro enterprises activities and borrowing capacity. Through the fund committee there are some measures being considered to initiate investment activities within the county where groups will get more asset financing from this pilot projects

Investment activities will also bring in more revenue as a source of the fund income to reduce on depending on the exchequer which is not forthcoming as well as reducing liquidity risk in the fund.

Fund's compliance with statutory requirements,

Regulations of the Fund: The Public Finance Management Act No 18 of 2012. The Executive Committee Member of Finance has made and gazettes the regulations to operationalize the fund "THE BUNGOMA COUNTY PERSONS WITH DISABILITIES EMPOWERMENT FUND REGULATIONS, 2015"

COMPLIANCE WITH 3% ON EXPENDITURE IN THIS PARTICULAR FINANCIAL YEAR UNDER REVIEW.

Appointment of the Fund Administrator: under PFM Act 2012, the CECM finance and planning has designated the fund Administrator to oversee the running of the fund on a day to day basis.

Preparation of the financial statements: Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by THE BUNGOMA COUNTY DISABILITYEMPOWERMENT FUND REGULATIONS,2015 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

Bungoma County Persons With Disabilities Empowerment Fund
Reports and Financial Statements
For the year ended 30 June 2022

Guiding Principles of operating the Fund: In the exercise of the powers or the performance of functions under the funds Regulations, the Executive Committee Member, the Committee and the fund administrator shall be guided by the following principles:-

- (a) Public participation and financial inclusiveness;
- (b) Protection of the interests of the marginalized, persons with disability, women and youth; and
- (c) Local ownership and sustainability.

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

- (a) Liquidity risk
- (b) Credit risk
- (c) Capital risk management

9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Bungoma County Persons with Disabilities Empowerment Fund exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on Bungoma County Persons with Disabilities Empowerment Fund pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar.

1. Sustainability strategy and profile

The top management especially the accounting officer and fund committee has embraced the cost cutting measures to achieve and sustainability in the fund and achieve the revolving fund principle. We are engaging partners at a high level to increase support and collaboration measures to achieve the mandates of the program without struggle and assure sustainability.

2. Environmental performance

The mother ministry of the fund is the one that streamlines the efforts and all matter to do with youths and all marginalised in the community. Matters environments and youth cannot be separated as the championing of youth matters must address the environmental protection measures.

3. Employee welfare

The fund on its own does not carry out social responsibility but does that through the mother ministry. All fund employees are paid by the county government. All staff are on secondment to the fund.

10. REPORT OF THE FUND ADMINISTRATION COMMITTEE

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

10.1 Principal activities

The principal activities of the Fund are

- a The principal activities of the Fund are To provide funds to be used for granting low-interest loans, support, revive and initiate micro-enterprises in sectors that can have an immediate impact to household economy;
- b To attract and facilitate investment in economic sectors that have linkages to micro, small and medium enterprises
- c Promoting an entrepreneurial culture

10.2 Performance

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

10.3 Committee Members

The members of the Committee who served during the year are shown on page 1 In accordance with Bungoma county person with Disabilities empowerment fund Regulation, No committee member is due for retire by rotation.

The committee members have been able to effectively discharge their duties through quarterly meetings as well as special meeting during the year under review. Special meetings were necessitated by the change of Chief Officers in charge of the Department of Gender and Culture, that is concerned with the Funds and who is also a committee member, the renewal of substantive Fund Administrator as per PFM Act by CECM in charge of Finance and Economic Planning and the other needs to review regulations of the Fund.

:

**Bungoma County Persons With Disabilities Empowerment Fund
Reports and Financial Statements
For the year ended 30 June 2022**

10.4 Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with the Public Finance Management (PFM) Act, 2012, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

By Order of the Fund Committee

MOSES CHEBONYA

Secretary, Bungoma County Women Empowerment Fund

Bungoma

Date: .../.../20...

11. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by the Bungoma County Persons with Disabilities Empowerment Fund Regulations, 2015 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the Bungoma County Persons with Disabilities Empowerment Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

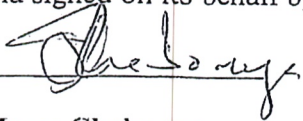
The Administrator of the Bungoma County Persons with Disabilities Empowerment Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Bungoma County Persons with Disabilities Empowerment Fund Regulations, 2015. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2022, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

Reports and Financial Statements
For the year ended 30 June 2022

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

Approval of the financial statements

The Fund's financial statements were approved by the Committee on 22/09/ 2022
and signed on its behalf by:



Moses Chebonya

Fund Administrator

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON BUNGOMA COUNTY PERSONS WITH DISABILITIES EMPOWERMENT FUND FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Bungoma County Persons with Disabilities Empowerment Fund set out on pages 28 to 42, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial

performance, statement of changes in net assets, statement of cash flows and 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 Bungoma County Persons with Disabilities Empowerment Fund as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, and the Public Finance Management (Bungoma County Persons with Disabilities Empowerment Fund) Regulations, 2017.

Basis for Qualified Opinion

1. Long Term Receivables from Exchange Transactions

1.1 Non-recoverable Loans

As reported in the previous year, the statement of financial position reflects a balance of Kshs.4,811,657 in respect of long-term receivables from exchange transactions as disclosed in Note 2 to the financial statements which relates to current loan repayments due. Records provided for review indicated that the amount represented loans disbursed in 2016/2017. Review of the loans disbursement and repayment schedule revealed that no repayment or recovery had been made since 2016/2017.

No explanation was provided for the failure to recover the long outstanding loans and this is contrary to Regulation 25(1) of the Public Finance Management (Bungoma County Persons with Disabilities Empowerment Fund) Regulations, 2017 which stipulates that outstanding loans should be recovered promptly. In addition, no provision was made in the financial statements to cushion the Fund from any bad and doubtful debts.

In the circumstances, the completeness and recoverability of the current loan repayments due balance of Kshs.4,811,657 could not be confirmed.

1.2 Unreconciled and Unsupported Receipts in the Financial Statements

As reported in the previous year, the statement of financial position, under long term receivables from exchange transactions, reflects a balance of Kshs.4,811,657 which includes an amount of Kshs.450,158 described as unreconciled receipts from loan recoveries which were not accounted for nor supported.

In the circumstances, the accuracy of the long-term receivables from exchange transactions balance of Kshs.4,811,657 could not be confirmed.

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts indicates that the Fund did not have any revenue or expenditure budget for the year. The statement of financial performance also indicates that the Fund did not have any actual receipts and actual expenditure during the year. Further, records maintained by the Fund indicate that its last funding of Kshs.7,535,256 was in 2015 and no explanation was provided for the failure to obtain funding since 2015. Therefore, sustainability of services by the Fund is doubtful.

The lack of funding affected the planned activities and may have impacted negatively on service delivery to the public.

2. Unresolved Prior Year Matters

In the audit of the previous year, several issues were raised under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not resolved the issues or given any explanation for the failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Failure to Gazette Regulations

The County Executive of Bungoma irregularly operationalized the Fund before gazettment of its Regulations to give effect to the establishment of the Fund, contrary to the provisions of Article 199(1) of the Constitution, which stipulates that County legislation does not take effect unless published in the Gazette.

The Management was in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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


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

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

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships

and other matters that may reasonably be thought to bear on my independence and, where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

24 February, 2023

Bungoma County Persons With Disabilities Empowerment Fund
Reports and Financial Statements
For the year ended 30 June 2022

13. FINANCIAL STATEMENTS

**13.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th
JUNE 2022.**

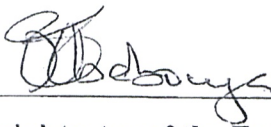
	Note	2021/2022	2020/2021
		Ksh	Ksh
Revenue			
Expenses			
General expenses		-	-
Total expenses		-	-
Deficit for the period		-	-

**Bungoma County Persons With Disabilities Empowerment Fund
 Reports and Financial Statements
 For the year ended 30 June 2022**

13.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	2021/2022	2020/2021
		KSHS	KSHS
Assets			
Current assets			
Cash and cash equivalents	1	35,576	35,576
long term receivables from exchange transactions	2	4,811,657	4,811,657
Total assets		4,847,233	4,847,233
Net assets			
Revolving Fund		5,191,614	5,191,614
Accumulated deficit		(344,381)	(344,381)
Total net assets		4,847,233	4,847,233

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 20/09/2022 and signed by:



Administrator of the Fund
Name: Moses Chebonya



Fund Accountant
Name: Washington Makata
ICPAK Member Number:

Bungoma County Persons With Disabilities Empowerment Fund
Reports and Financial Statements
For the year ended 30 June 2022

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

	Revolving Fund	Accumulated surplus	Adjustment	Total
	Ksh	Ksh		Ksh
Balance as at 1 July 2021	5,191,614	(344,381)		4,847,233
Surplus/deficit for the period				-
Prior year adjustment				-
Balance as at 30 June 2021	5,191,614	(344,381)	-	4,847,233
Balance as at 1 July 2021	5,191,614	(344,381)		4,847,233
Surplus/deficit for the period				-
Prior year adjustment				-
Balance as at 30 June 2021	5,191,614	(344,381)	-	4,847,233

The fund as no provision for reserves

Our interest income is part of administration fees and what gathers for expenditure allocation

Bungoma County Persons With Disabilities Empowerment Fund
 Reports and Financial Statements
 For the year ended 30 June 2022

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

	Note	2021/2022	2020/2021
		Kshs	Kshs
Payments			
General expenses		-	-
Total Payments		-	-
Net cash flows from operating activities		-	-
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalent as at 1 JULY		35,576	35,576
Cash and cash equivalent as at 30 JUNE	1	35,576	35,576

Bungoma County Persons With Disabilities Empowerment Fund
 Reports and Financial Statement
 For the year ended 30 June 2022

13.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2022.

	Original budget	Adjustments	Final budget	Actual on comparable basis	% utilization
	2021	2021	2021	2021	2021
	KShs	KShs	KShs	KShs	
Revenue					
Transfers from County Govt.	0	0	0	0	0%
Interest income	0	0	0	0	0%
Other income	0	0	0	0	0%
Total income	-	0	0	0	0%
Expenses					
Fund administration expenses	0	0	0	0	0%
General expenses	0	0	0	0	0%
Total expenditure	0	0	0	0	0%
Surplus for the period	0	0	0	0	0%

Budget notes

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

1. Zero % transfers from county government, the county government treasury did not remit to the fund account this financial year as there was no budget provision.
2. Zero percent on interest income, failure to get releases this financial year, we did not advance any new loan to retain interest income from the new loans.
3. Zero percent on other income, we didn't expect any income as we didn't provide for in the budget and in our regulations. Exchequer is the only source of income in our fund.
4. Zero percent on fund administrative. The only expenses incurred was bank charges because no income was realized

**Bungoma County Persons with Disabilities Empowerment Fund
Reports and Financial Statements
For the year ended June 30, 2022.**

13.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

2. Adoption of new and revised standards

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

Standard/ Amendments : Applicable: 1st January 2021:	Impact
a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks	There was no impact of the amendment to IPSAS 13 with respect to the current financial report
b) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard	The fund adopted the accrual basis in 2019 for the first time and currently it has no impact on the fund.

b) Early adoption of standards

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

4. Budget information

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

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 xxx of these financial statements.

4. Financial instruments

a) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

**Bungoma County Persons with Disabilities Empowerment Fund
Reports and Financial Statements
For the year ended June 30, 2022.**

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Contingent liabilities

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

5. Related parties

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

6. Cash and cash equivalents

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

7. Comparative figures

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Events after the reporting period

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

9. Ultimate and Holding Entity

The entity is a County Public Fund established by BUNGOMA COUNTY PERSONS WITH DISABILITIES EMPOWERMENT FUND REGULATIONS, 2015 under the Department of Gender Culture Youth and Sports. Its ultimate parent is the County Government of Bungoma.

10. Currency

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

a) Estimates and assumptions

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

11. Financial risk management

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

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

**Bungoma County Persons with Disabilities Empowerment Fund
Reports and Financial Statements
For the year ended June 30, 2022.**

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

b) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

Bungoma County Persons with Disabilities Empowerment Fund
Reports and Financial Statements
For the year ended June 30, 2022.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Interest rate risk

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

d) Capital risk management

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

	2021/2022	2020/2021
	KShs	KShs
Revaluation reserve	0	0
Revolving fund	5,191,614	5,191,614
Accumulated surplus	(344,381)	(344,381)
Total funds	4,847,233 -	4,847,233 -
Total borrowings	0	0
Less: cash and bank balances	35,576	35,576
Net debt/(excess cash and cash equivalents)	0	0
Gearing	7%	7%

Bungoma County Persons with Disabilities Empowerment Fund
 Reports and Financial Statements
 For the year ended June 30, 2022.

14. NOTES TO THE FINANCIAL STATEMENTS

1. Cash and cash equivalents

Description	2021/2022	2020/2021
	KShs	KShs
Current account	35,576	35,576
Total cash and cash equivalents	35,576	35,576

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

Financial institution	Account number	2021/2022	2021/2022
		KShs	KShs
a) Current account			
Kenya Commercial bank	1175217964	26,511	26,511
Kenya Commercial bank	1212000048	9,065	9,065
total		35,576	35,576

2. Receivables from exchange transactions

Description	2021/2022	2020/2021
	KShs	KShs
Current Receivables		
Current loan repayments due	4,811,657	4,811,657
Total Current receivables	4,811,657	4,811,657

**Bungoma County Persons with Disabilities Empowerment Fund
Reports and Financial Statements
For the year ended June 30, 2022.**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Related party balances

a) Nature of related party relationships

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

The fund/scheme is related to the following entities:

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

All parties in the fund are funded or facilitated by the mother ministry; this was as per the agreement between the fund administration and the management of the department. This is in line to achieve the sustainability measures of the fund.

Bungoma County Persons with Disabilities Empowerment Fund
 Reports and Financial Statements
 For the year ended June 30, 2022.

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

RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.2	The fund is Not Achieving Its Objectives and Purposes	We are reviewing the law to increase the mandates of the fund, to start advancing products that are more save than the group loaning	Not resolve	30 th june 2023
4.3	Going Concern/Sustainability of the Fund	Reviewing the regulations to adhere to the controller of budget in order to access the exchequer	Not resolved	30 th june 2023

**Bungoma County Persons with Disabilities Empowerment Fund
 Reports and Financial Statements
 For the year ended June 30, 2022.**

16. APPENDIX I: INTER-ENTITY TRANSFERS

ENTITY NAME:				
Break down of Transfers from the County Executive of xxx County Government				
	FY 2020/2021			
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		October 2015	7,535,256	FY 2015/16
			0	
			0	
		Total	7,535,256	

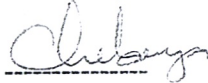
The above amounts have been communicated to and reconciled with the parent Ministry.

Finance Manager

Fund Administrator

Bungoma County Persons with Disabilities Empowerment Fund

Sign



Head of County Treasury at

Bungoma County Government.

Sign

