

REPUBLIC OF KENYA



Enhancing Accountability

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DATE	07-07-2024
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COMMITTEE	FINANCE AND BUDGET
CLERK AT THE TABLE	C-CHGROP

REPORT

OF

THE AUDITOR-GENERAL



ON

**KIRINYAGA COUNTY ALCOHOLIC DRINKS
AND SUBSTANCE ABUSE CONTROL FUND**

**FOR THE YEAR ENDED
30 JUNE, 2023**



**COUNTY GOVERNMENT OF KIRINYAGA
ALCOHOLIC DRINKS & SUBSTANCE ABUSE CONTROL FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2023**

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

Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
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1. Acronyms and Glossary of Terms

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

b) Glossary of Terms

C.E.C.M	County Executive Committee Member
C.O.S	Chief Officer Sports
P.O	Programme Officer
ICPAK	Institute of Certified Public Accountant of Kenya
D. I. A	Directorate of Internal Audit
C.O.A.R.A	Chief Officer Accounting, Revenue & Audit
F, M	Fund Manager
T.C.M	Trustee Committee Member
C.M	County Commissioner
C.P.H.O	County Public Health Officer
C.P.C	County Police Commander
S, C.A	Sub County Administrator
C.L	Chairman Liquor
P.W.D	People with Disability

2. Key Entity Information and Management

a) Background information

Alcoholic Drinks & Substance Abuse Control Fund is established by and derives its authority and accountability from Public Finance Management Act the Fund is wholly owned by the County Government of Kirinyaga and is domiciled in Kenya.

The fund's objective is to enable the department regulate the production, distribution, promotion, sale and consumption of alcoholic beverages within the county and ensure fairness and ethical business practices among the bar owners.

Kirinyaga Alcoholic Drinks Control Act 2014 has been implemented in the county for the last nine years with the aim of protecting the health of all residents/individual within the county from drinking adulterated substances in regards to Alcohol.

The Fund's principal activity is to:-

- (i) Facilitate and support the principal fight against alcoholic drug and abuse in the County.
- (ii) The funds also assist in the operation of the Sub-County liquor Advisory committee and the department such as:
 - Liquor inspection exercise.
 - Liquor enforcement exercise.

The fund shall consist of any monies accruing to, donated, rent or received by the fund from any other sources.

b) Principal Activities

The principal activity of the fund is to support and facilitate County Liquor licensing Board, the directorate in-conjunction with Sub-County committee in carrying out public/citizen participation, educating general public, youth/County residents on issues relating to Alcoholic drug and substance abuse, Facilitate the department in carrying out research relating to drug use, Alcohol use and substance abuse.

The fund also facilitate both County liquor licensing board and county Alcoholic drinks control enforcement and coordinating committee in carrying out their functions such as enforcing to the liquor premises to ensure compliance and adherence of the act is implemented and achieved accordingly.

***Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023***

3. Key Management Team/Fund Administration Committee

Ref	Name	Position
1	Dennis Muciimi	County Executive Committee Member Sports, Culture and Social Services
2	Kepha M.Kariuki	Chie Officer Sports, Culture and Social Services
3	Edward Nyaga	Chief Officer Finance & Economic Planning
4	James K Kihia	Chairman County Liquor Licensing Committee
5	Samuel Murithii	Fund Manager/ Administrator
6	Martha W Wachira	Program Officer Alcoholic
7	Ann joy Mburu	Accountant

**Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
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4. Management Team

NAME /PHOTO	DETAILS OF ACADEMIC QUALIFICATION AND EXPERIENCE
 Mr. Dennis Muciimi Gichobi	CEC Member-Sports, Culture and Social services Date of Birth- 12/12/1989 Academic Qualification Bachelor of Finance & Banking Over 7 years of experience
 Mr. Kepha M.Kariuki	Chief Officer-Sports, Culture and Social services Date of Birth- 10/12/1990 Academic Qualification Bachelor of Laws(LLB)University of Nairobi ECOP 12 Years' experience
 CPA. Edward Nyaga	Chief officer -Finance and Economic Planning Date of Birth- 1 st Feb 1973 Academic Qualification MBA – Human Resource Option Bachelor of co-operative management CPA K Finalist Over 15 years of experience
 Mr. Samuel Mwangi Muriithi	Director-Alcoholic, Drinks & Culture Date of Birth- 08/01/1974 Academic Qualification Bachelor of Arts Over 15 years of experience
 Miss. Martha Wakuthii Wachira	Programme Officer Alcoholic, Drinks Control Date of Birth- 10/10/1988 Academic Qualification Bachelor of Science in Public Health 7 years of experience
 CPA .Ann joy Mburu	Accountant Date of Birth- 26/10/1980 Academic Qualification Bachelor of Business Administration (Finance Option) CPAK Finalist Over 15 years of experience

**Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
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c) Fiduciary Oversight Arrangements

SN	Position	Name
1	Director Internal Audit	CPA Njokabi Nyaga
2		

d) Registered Offices

Kirinyaga County
Department of Finance and Economic Planning
County Headquarters, Building Ground Floor
P.O. Box 260
Kutus-Kenya

e) Fund Contacts

Telephone: (254) 720380870
E-mail: kirinyaga.go.ke
Website: www.kirinyaga.go.ke

f) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Co-operative Bank
P.O. Box 635-10300
KERUGOYA

g) Registered Offices

Kirinyaga County
Department of Finance and Economic Planning
County Headquarters, Building Ground Floor
P.O. Box 260
Kutus-Kenya

h) Fund Contacts

Telephone: (254) 720380870
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i) Fund Bankers

3. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
4. Co-operative Bank
P.O. Box 635-10300
KERUGOYA

**Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

5. Board/Fund Chairperson's Report

The annual financial report has been prepared in accordance with generally accepted accounting principles. (GAAPs) The (IAS) international accounting standards (IPSAS) Accrual basis, the section 163 of the public finance management ACT 2012.

The approved budget 2022/2023 financial year was Kshs.1,549,000 the rate of absorption was 94.9% of the general administration such payment of Alcoholic drinks control committee members, sensitization of bar owners on issues of drug and substance abuse, inspection of liquor premise among others.

There was slight change in management during the year since there was a newly appointed chairperson of the County Liquor license Board by her Excellency the Governor.

During the year there were several activities such as liquor enforcement exercise which enhanced our revenue collection hence enabled the department achieve its target though not 100%?

Conclusion

All underlying issues will be worked on and there will be more improvement in revenue collection and handling all issues regarding the alcoholic drinks control in the upcoming subsequent years.

Name... MAINA KIPRA Signature... MBO Date... 25/11/2023

Chairperson of the Board/Fund

6. Report of the Fund Administrator

The Alcoholic Drinks Control Fund was established to perform various roles such as helps in carrying out the functions of the directorate which are broad, and assisting in the operations of the Sub County Committees and any other matters approved by the County Executive Committee regarding to alcoholic and substance use.

However, the directorate is usually allocated very little money despite many programs and operation within the liquor industry/directorates. There has been effort from the fund administrator and management in engaging the County assembly to increase the directorate allocation. It is important to note that this financial year the fund allocation was Kshs. 1,549,000.

The funds regulation stipulate that the fund should be allocated 60%of the revenue collected which has never been executed leading to unmet goals i.e. training. For the four financial years the fund has received inadequate funding less than 10% of revenue collected hence hinders the performance of the directorate core mandates. The low allocation has also hindered the operation of the Sub County Advisory Committee and other vital functions like establishment of rehabilitation centres in the Country.

The fund has however conducted various programs within the county such as inspection of liquor premises within the county, enforcement to all premises with the aim of checking compliance and collection of revenue and conducted sensitization meetings for bar owners and the committee members with the minimal funds available. The allowances of the Committee are yet to be harmonised by SRC because the committee indicated the money set aside for the allowances of the members is too little hence the members of the Committee are paid lunches other than sitting allowance.

The fund management is however determined to ensure that the fund is adequately funded by making the necessary proposals to the relevant entities .Further the fund management will engage the County Assembly Committee in charge of department with an aim of conveying clear information regarding the functions of the fund with an aim of having more allocation for the fund.

CONCLUSION

The Fund has great potential to provide services to Kirinyaga resident hence this can only be achieved if adequate funding if provided.

Signed: _____

**SAMUEL MURIITHI
FUND ADMINISTATOR**

**Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

7. Statement of Performance against the County Fund's Predetermined Objective

Program name: Control the sale, production of adulterated alcoholic drinks

Objective: To control and minimize the usage of alcoholic and other substances

Outcome: a well informed and a healthy community

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Liquor application	To know the total no of applicants/outlets in the county	Total no of applicants	No of applicants	The year under review we had a total no of 1976 applicants
Liquor premises inspection	To check compliance	No of premises inspected The year under review 1976 premises were inspected Most were approved and other were differed and rejected	1976 premises were inspected	1663 premises were approved 313 premises were differed
Liquor enforcement exercises	Check for both compliance and adherence of both finance and alcoholic drinks control act	No of liquor premises enforced/wards No of non-compliant	No of compliant premises Revenue collected	1000 premises were enforced and about 700 premises have adhered to the act
Issuance of liquor premises	Control the sale and production of liquor within the county	Total No of licences	Total No of licences	Issued about 700 liquor license to the bar owners/operators
Public participation	To inform and engage to the general public on matter pertaining alcoholic drinks	Total No of attendee No of public participation conducted	No of liquor premises enforced/wards No of non-compliant	held public participation in all the 5 sub-counties
Board /Stakeholder meetings	Discuss and deliberate on emerging issues regarding to alcoholism and drug use within the county		No of the meeting	Held at least 2 stakeholder meeting Held 2 county liquor licensing board meeting and Sub-county Advisory committee meeting in every sub-county.

8. Corporate Governance Statement

Pursuant to Kirinyaga County Alcoholic Drinks Control Act 2014, department is mandated to facilitate and support all the Committee/boards constituted as per the Acts. Subsequently the acts outline the four board/committee as follows;

(i) BOARDS

A) County Liquor Licensing Committee comprises of the following members which include;

- a) County Commissioner
- b) County Public Health Person
- c) County Police Commander
- d) Chairperson
- e) Sub-County Administrator-two members of the County Executive members
- f) C.E.C Trade
- g) C.E.C Sports Culture and Social Services
- h) One representative from the County Chamber of Commerce
- i) 2 ex-official
- j) A youth
- k) Person with disability
- l) The Secretary Directorate

APPOINTMENTS

The Chairman of the board and the two ex-official members are appointed by Her Excellency the Governor or in her absence the Deputy Governor and approved by the County Assembly of Kirinyaga.

BOARD MEETINGS/ATTENDANCE

The county Liquor Licensing Committee should hold a maximum of 14 meetings annually. However during 2022/2023 financial year the board held a total of 1 meeting in the year ended 30th June 2023.

FUNCTIONS OF THE BOARD

- (i) To issue License (Liquor License in accordance to Kirinyaga Alcoholic drink control.
- (ii) Carry out inspections
- (iii) Ensure there is effective participation by the citizens in matters pertaining to Alcohol, drug and substance abuse.

Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
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B) ADVISORY COMMITTEES

The Sub County Liquor Advisory Committee is under the County Licensing Committee.

It consists of six members each

- (i) The Sub-County Administrator -Chair
- (ii) The Secretary-An officer from Directorate of Alcoholics Drinks Control
- (iii) Sub-County Police Commander
- (iv) Sub-County Public Health
- (v) Sub-County Administrative Police
- (vi) Sub County representative and chamber of commerce

Appointments

Chairman of the Board and the two ex-official members are appointed by Her Excellency the Governor or in her absence the Deputy Governor and approved by the County Assembly of Kirinyaga.

Removal of a member

The alcoholic drinks control acts state that a person shall not be a member of the committee if such person is the:

- a) The holder of or has a license in the county under the act
- b) Undischarged bankrupt
- c) If a person is convicted of an offence under the act or of a felony

9. Management Discussion and Analysis

Kirinyaga County Alcoholic Drinks Fund was established by an Act of Kirinyaga County Assembly on 2014. This Act is in compliance with the provisions of Public Finance Management Act (Cap 412). The Director Alcoholic Drinks is the Administrator of the fund of Alcoholic Drinks and Substance Abuse and the County Executive member should approve day to day activities/expenditure as stipulated in the act.

The fund is meant to enhance the directorate perform its core mandate such as:- regulate the production, distribution, promotion, sale and consumption of alcoholic beverages within the county and assist the County Liquor Licensing Board and Sub-County Liquor Advisory Committee in carrying out their functions.

The approved budget for 2022/2023 financial year was kshs. 1,549,000 and the rate of absorption was about 94.9% of the fund mainly on general administration, payments of alcoholic committee allowances, carrying out liquor inspection and enforcement activities to liquor premises within Kirinyaga county and sensitization of the bar owners and general public on matters related to Liquor and drug/substance abuse. It's also better to note that some of committee allowance were not paid due to delay in disbursement of fund from the National Treasury making hence difficult in payments of vouchers' in time.

Projects and programs implemented

In the Financial Year under review 2022/2023 the department had proposed the construction of rehabilitation centre within the County but the proposal was not funded. However with the minimal allocation the directorate was able to implement the following programmes with an expenditure of Kshs. 1,470,420/=

1. Hold public participation with the general public to deliberate on matter and issues relating to alcohol and drug abuse within our communities
2. Carry out liquor inspections to all liquor outlets within the county.
3. Hold meetings in all committee's i.e. Sub- County liquor advisory committee and County liquor licensing committee as required by the law.
4. Purchase of liquor license leaf print paper \
5. conducted sensitization meetings for bar owners together with the committee members
6. Carried out enforcement activities to all liquor premises in the aim of checking compliance and enhancing revenue collection.

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Besides implementing all these programs, the department was faced with some challenges such as;-

- The delay in disbursements of funds to County Governments. The County Government therefore had limited resources, hurting timely implementation of the budget during the period under review.
- Mobility. The department lacked sufficient fuel which hindered the performance of the directorate since some areas were not covered during enforcement exercise.

These annual financial reports have been prepared in accordance with Generally Accepted Accounting Principles (GAAPs), the International Accounting Standards (IAS), the International Public Sector Accounting Standards (IPSAS) accrual basis, and Section 163 of the Public Finance Management Act, 2012.

The County endeavoured to utilize Public Finance Management procedures and regulations, which included; Procurement and Disposals Act, Public Finance Management Act, 2012 just to mention a few to ensure optimal utilisation of the County Resources and achieve value for money as enshrined in the Constitution of Kenya 2010.

10. Environmental and Sustainability Reporting

The Fund shall carry out public Education on Alcoholic Drinks Control in the County directly and in collaboration with other public or private bodies and institutions ,Facilitate citizen participation in matters relating to Alcoholic Drinks Control in accordance to the framework for citizen participation established under the county government Act to Facilitate and promote in collaboration with other Counties and National Government institutions the establishment of treatment and rehabilitation facilities and programmes.

1. Sustainability strategy and profile -

The department is headed by the C.E.C member; there is the Chief Officer, the Director Program officer and committee members who work along with the Chairman who is politically elected, the C.E.C, and C.O are appointed and vetted at assembly while other staff are employed on permanent basis. The sustainability priority is well catered for and the department is a going concern.

2. Environmental performance

The department has not developed the environmental policy. This is due to the fact that most of the activities and programmes haven't taken off due to non-funding, though there is a draft of the policy on how to curb solid waste generated from the liquor industry.

3. Employee welfare

The department doesn't hire directly but through the public service board which follows the public policy and other statutory requirements as outlined in the constitution regarding hiring of employees including gender ratio. The department however facilitates officers to attend seminars and trainings to improve their skills though this financial year the department did not facilitate any person/officer to attend any seminar due to adequate funding.

4. Market place practices-

The Directorate enforces best market practices by ensuring there is stake holder involvement and inviting all stakeholders in public participation and meetings to ensure all their views are taken into consideration hence enhance decision making in the liquor industry.

The department has also contract with the competition Authority of Kenya who also advise on the competition requirement as required by law. The department is also in contact with the EACC to ensure fairness in the dealings of the activities mandated. The department does all the procurement through the procurement department as presented in the public procurement Act, this ensures fairness and good business practises and treatment of suppliers by ensuring honouring of contracts and respecting payment practices.

Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023

5. **Community Engagements-**

During 2022/2023 the department did not engage in CSR due to lack of funds. However the fund has previously funded/facilitated community in empowering the addicts by referring / taking them for counselling session at our general referral hospitals.

11. Report of the Management Committee

The Committee submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are to support and facilitate Sub-county committee, administration in carrying out their functions.

Results

The results of the Fund for the year ended June 30, 2023 are set out on page xi


Trustees

The members of the Board who served during the year are shown on page vii. The changes in the Board during the financial year are as shown below:

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 for the year/period ended June 30, 2023 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his/her behalf.

By Order of the Board

for 
Sign.....

Date: 24/11/2023.....

Name: MARTHA WACHIRA.....

Chair of the Board/Fund Administration Committee

Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023

12. 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 section 163 of the PDM ACT 2012 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2023. 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
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. 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, 2023, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

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

**Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Approval of the financial statements

The Fund's financial statements were approved by the Board on 15/09/ 2023 and signed on its behalf by:

Sign 

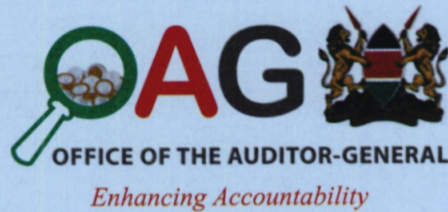
Date: 24/11/2023

Name: MARtha WAACHIRA

Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KIRINYAGA COUNTY ALCOHOLIC DRINKS AND SUBSTANCE ABUSE CONTROL FUND FOR THE YEAR ENDED 30 JUNE, 2023

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 the Government achieves value for money and that such funds are applied for the intended the purpose.
- C. Report on the 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.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund set out on pages 1 to 39, which comprise the statement of financial position as at 30 June, 2023, 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, because of the significance of the matter discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund as at 30 June, 2023, 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 do not comply with the Public Finance Management Act, 2012 and the Kirinyaga County Alcoholic Drinks Control Act, 2014.

Basis for Adverse Opinion

Failure to Submit Financial Statements for Year 2014/2015

As reported in the previous year, according to the Kirinyaga County Alcoholic Drinks Control Act, 2014 and related Regulations, 2015, the Fund was established in 2014. However, the Fund administrator has to date, not submitted for audit the financial statements for the financial year 2014/2015, contrary to Section 167 of the Public Finance Management Act, 2012, which states that “the administrator of a County Public Fund established by the Constitution, an Act of Parliament or County legislation shall prepare financial statements for the Fund for each financial year in a form prescribed by the Accounting Standards Board” and Section 7(3)(c) of the Alcoholic Drinks Control Act, 2014, which requires preparation and forwarding to the chief officer books of accounts and other books for onward transmission to the Auditor-General in respect of each financial year and within three (3) months after the end of the financial year in accordance with the Public Audit Act, 2015 and in such details as the County Treasury may from time to time direct.

Failure to submit for audit the financial statements for the financial year 2014/2015 implies that the accuracy of all subsequent comparative balances in the financial statements, including the year under review, could not be confirmed.

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

Unresolved Prior year Matters

Three (3) prior year audit issues remained unresolved as at 30 June, 2023 and Management has not provided reasons for delay in resolving the prior year audit issues. Further, two (2) of the prior year issues for year 2021-2022 are not disclosed under the

progress on follow up of auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board.

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. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matter discussed in the Basis for Adverse Opinion section of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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, because of the significance of the matter discussed in the Basis for Adverse Opinion section of my report, based on the audit procedures performed, I confirm that internal controls, risk Management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 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 control, risk management and governance.

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements 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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in

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

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

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

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

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

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



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

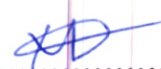
Nairobi

05 February, 2024


**Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

14. Statement of Financial Performance for the Year Ended 30th June 2023

	No.	Insert Current	Insert Comparative
		FY 2022/2023	FY 2021/2022
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1		
Transfers From the County Government	2	1,549,000	1,549,000
Fines, Penalties and Other Levies	3		
TOTALS		1,549,000	1,549,000
Revenue From Exchange Transactions			
Interest Income	4		
Other Income Bal b/f			
Cash Deposit			
Total Revenue	2	1,549,000	1,549,000
Expenses			
Employee Costs	6		
General Expenses	7	1,470,420	1,970,150
Depreciation and Amortization Expense	8		
Finance Costs	9		
Total Expenses	7	1,470,420	1,970,150
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10		
Gain /Loss on fair value of investments	11		
Surplus/(Deficit) for the Period		78,580	(421,150)

for 

Name:
Administrator of the Fund



Name: Annjoy K. Mburu
Fund Accountant
ICPAK Member Number: 11003

**Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
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15. Statement of Financial Position as at 30 June 2023

Description	Note	Insert Current FY 2022/2023	Insert Comparative FY 2021/2022
Assets			
Current Assets			
Cash and Cash Equivalents	12	385,586	306,988
Current Portion of Long- Term Receivables From Exchange Transactions	13		
Prepayments	14		
Inventories	15		
Investments in financial assets	16		
Total current assets		385,586	306,988
Non-Current Assets			
Property, Plant and Equipment	17		
Intangible Assets	18		
Long Term Receivables from Exchange Transactions	13		
Investment Property	19		
Total non- current assets			
Total Assets		385,586	306,988
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20		
Current Portion of Borrowings	21		
Employee Benefit Obligations	22		
Social benefit liabilities	23		
Total current liabilities			
Non-Current Liabilities			
Long Term Portion of Borrowings	21		
Non-Current Employee Benefit Obligation	22		
Social benefit liabilities	23		
Total Liabilities			


**Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
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	Note	Insert Current FY	Insert Comparative FY
		2022/2023	2021/2022
Net Assets			
Revolving Fund		-	-
Reserves			
Accumulated Surplus		385,568	306,988
Total Net Assets and Liabilities		385,568	306,988

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 15/09/2023 and signed by:

for 

Name:
Administrator of the Fund



Name: Annjoy K. Mburu
Fund Accountant
ICPAK Member Number: 11003

Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
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16. Statement of Changes in Net Assets for the year ended 30th June 2023

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2021/2022			728,138	728,138
Surplus/(Deficit) For the Period	-	-	(421,150)	(421,150)
Funds Received During the Year		-		
Cash deposit				
Revaluation Gain	-		-	
Balance As At 30 June 2021/2022)			306,988	306,988
Balance As At 1 July (2022/2023			306,988	306,988
Surplus/(Deficit) For the Period		-	78,580	78,580
Funds Received During the Year		-		
Transfers				
Revaluation Gain	-		-	
Balance As At 30 June (2022/2023			385,568	385,568

Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
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17. Statement of Cash Flows for the Year Ended 30 June 2023

Description	Note	Current FY	Current FY
		2022/2023	2021/2022
Cash flows from operating activities			
Receipts Bal b/f			
Public contributions and donations			
Transfers from the county government	2	1,549,000	1,549,000
Interest received			
Receipts from other operating activities			
Total receipts	2	1,549,000	1,549,000
Payments			
Fund administration expenses			
General expenses	7	1,470,420	1,970,150
Finance cost			
Other payments			
Total Payments	7	1,470,420	1,970,150
Net cash flows from operating activities	25	78,580	(421,150)
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets			
Proceeds from sale of property, plant & equipment			
Proceeds from loan principal repayments			
Loan disbursements paid out			
Net cash flows used in investing activities			
Cash flows from financing activities			
Proceeds from revolving fund receipts			
Additional borrowings			
Repayment of borrowings			
Net cash flows used in financing activities			
Net increase/(decrease) in cash & cash Equivalents	25	78,580	(421,150)
Cash and cash equivalents at 1 July 2022		306,988	728,138
Cash and cash equivalents at 30 June	12	385,568	306,988

Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
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18. Statement of Comparison of Budget and Actual Amounts for the Period

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	f=d/c*100
	a	b	C=(a+b)	d	e=(c-d)	
Revenue						
Public Contributions and Donations						
Transfers From County Govt.	1,549,000	-	1,549,000	1,549,000	-	100%
Interest Income		-				
Other Income Bal b/f		-				
Total Income	1,549,000	-	1,549,000	1,549,000		100%
Expenses						
Fund Administration Expenses						
General Expenses	1,549,000	-	1,549,000	1,470,420	78,580	94.9%
Finance Cost						
Total Expenditure	1,549,000	-	1,549,000	1,470,420	78,580	94.9%
Surplus For the Period				78,580		
Capital expenditure						

Budget notes

1. Late disbursement of funds from the National Treasury delayed full implementation of the budget
2. Lack of proper allocation of funds lead to no project implementation

19. Notes to the Financial Statements

1. General Information

Alcoholic Drinks and Substance Abuse Control entity is established by and derives its authority and accountability from Public Finance Management Act 2012. The entity is wholly owned by the Kirinyaga County Government and is domiciled in Kenya. The entity’s principal activity is to support and facilitate County Liquor Licensing Board in issues relating to Alcoholic drugs, and substance Abuse.

2. Statement of compliance and basis of preparation

The Fund’s financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

Standard	Effective date and impact
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. <p>The model develops a strong link between an Entity’s risk</p>

**Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
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Standard	Effective date and impact
	management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023 a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other improvements to IPSAS	Applicable 1st January 2023 <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008).

**Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Standard	Effective date and impact
	<ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

Standard	Effective date and impact
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>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 Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>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:</p> <p>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>

(i) Early adoption of standards

The entity did not early-adopt any new or amended standards in the year 2023.

Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023

3. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

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 2022/2023 was approved by the County Assembly on 18th June 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of **Kshs.1, 549,000/=** on the FY **2022/2023** budget following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on 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.

Summary of Significant Accounting Policies (Continued)

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 18 of these financial statements.

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

d) Intangible Assets

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

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

e) 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 derecognition.

Summary of Significant Accounting Policies (Continued)

f) 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. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity 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.

Financial assets

Classification of financial assets

The entity 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 entity'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 entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity 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.

Summary of Significant Accounting Policies (Continued)

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 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.

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 entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

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.

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Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

g) Inventories

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

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

h) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

i) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme

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is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

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Summary of Significant Accounting Policies (Continued)

j) 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.

Contingent assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. Changes in accounting policies and estimates

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

l) Employee benefits – Retirement benefit plans

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

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

Summary of Significant Accounting Policies (Continued)

m) 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.

n) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

o) Related parties

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

p) Cash and cash equivalents

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

q) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made e.g.

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available.

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.

Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
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19. Notes to the Financial Statements

1. Public contributions and donations

	Insert Current FY 2022/2023	Insert Comparative FY 2021/2022
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

2. Transfers from County Government

	Insert Current FY 2022/2023	Insert Comparative FY 2021/2022
Transfers From County Govt. –Operations	1,549,000	1,549,000
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
Total	1,549,000	1,549,000

3. Fines, penalties and other levies

	Insert Current FY 2022/2023	Insert Comparative FY 2021/2022
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

	Insert Current FY 2022/2023	Insert Comparative FY 2021/2022
Interest Income from Mortgage Loans	-	-
Interest Income From Car Loans	-	-
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	-	-
Total Interest Income	-	-

Notes to the Financial Statements Continued

**Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

5. Other income

Description	Insert Current FY	Insert Comparative FY
	2022/2023	2021/2022
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total Other Income Bal b/f	-	-

6. Employee Costs

Description	Insert Current FY	Insert Comparative FY
	2022/2023	2021/2022
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	880,150
Social Security Contribution	-	-
Other (Specify)	-	-
Total	-	880,150

7. Use of Goods and Services

Description	Insert Current FY	Insert Previous FY
	2022/2023	2021/2022
General Office Expenses	1,470,420	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	-	-
Committee Allowances	-	-
Bank Charges	-	34,000
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	140,000
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	-	610,000
Rental Costs	-	-

**Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
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Description	Insert Current FY	Insert Previous FY
	2022/2023	2021/2022
Security Costs	-	-
Telephone And Communication Expenses	-	-
Bank Charges	-	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other (Specify)	-	-
Social benefit expenses*	-	-
Total	1,470,420	1,090,000

8. Depreciation and Amortization Expense

Description	Insert Current FY	Insert Comparative FY
	2022/2023	2021/2022
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

9. Finance costs

Description	Insert Current FY	Insert Comparative FY
	2022/2023	2021/2022
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

10. Gain/(loss) on disposal of assets

Description	Insert Current FY	Insert Comparative FY
	2022/2023	2021/2022
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

11. Gain/ (loss) on Fair Value Investments

Description	Insert Current FY	Insert Comparative FY
	2022/2023	2021/2022

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	2022/2023	2021/2022
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
Total Gain	-	-

12. Cash and cash equivalents

Description	Insert Current FY	Insert Comparative FY
	2022/2023	2021/2022
County Car Loan Account	-	-
County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	385,586	306,988
Others Bal c/d		
Total Cash And Cash Equivalents	385,586	306,988

Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements Continued

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

	Account Number	Insert Comparative FY	
		2022/2023	2021/2022
a) Fixed Deposits Account	-	-	-
Kenya Commercial Bank	-	-	-
Equity Bank, Etc.	-	-	-
Sub- Total	-	-	-
	-	-	-
b) On - Call Deposits	-	-	-
Kenya Commercial Bank	-	-	-
Equity Bank - Etc.	-	-	-
Sub- Total	-	-	-
	-	-	-
c) Current Account	-	-	-
Kenya Commercial Bank	-	-	-
Co-operative Bank	011415672202401	385,568	306,988
Sub- Total	-	-	-
	-	-	--
d) Others(Specify)	-	-	-
Cash In Transit	-	-	-
Cash In Hand	-	385,568	306,988
Sub- Total	-	385,568	306,988
Grand Total	-	385,568	306,988

13. Receivables from exchange transactions

	Insert Comparative FY	
	2022/2023	2021/2022
Current Receivables	-	-
Interest Receivable	-	-
Current Loan Repayments Due	-	-
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables	-	-
	-	-
Non-Current Receivables	-	-
Long Term Loan Repayments Due	-	-
Total Non- Current Receivables	-	-
Total Receivables From Exchange Transactions	-	-

Notes to the Financial Statements Continued

**Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Additional disclosure on interest receivable

Description	Insert Current FY	Insert Comparative FY
	2022/2023	2021/2022
Interest Receivable	-	-
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due	-	-
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

14. Prepayments

Description	Insert Current FY	Insert Comparative FY
	2022/2023	2021/2022
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments (<i>Specify</i>)	-	-
Total	-	-

15. Inventories

Description	Insert Current FY	Insert Previous FY
	2022/2023	2021/2022
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (<i>Specify</i>)	-	-
Total Inventories at The Lower of Cost and Net Realizable Value	-	-

Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
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Notes to the Financial Statements Continued

16. Investments in financial assets

Description	Insert Current FY	Insert Previous FY
	2022/2023	2021/2022
a. Investment in Treasury bills and bonds	-	-
Financial institution	-	-
CBK	-	-
CBK	-	-
Sub- total	-	-
b. Investment with Financial Institutions/ Banks	-	-
Bank x	-	-
Bank y	-	-
Sub- total	-	-
c. Equity investments (specify)	-	-
Equity/ shares in Entity xxx	-	-
Sub- total	-	-
Grand total	-	-

Movement of Equity Investments

Movement (addances/ provision)	Insert Current FY	Insert Previous FY
	2022/2023	2021/2022
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	-	-
Gain/(loss) in fair value of investments through surplus or deficit	-	-
At the end of the year	-	-

e) Shareholding in other entities

Name of Entity	No. of shares			Nominal value of shares	Fair value of all shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding			
	%	%	%	Kshs	Kshs	Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
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Notes to the Financial Statements (Continued)

17. Property, plant and equipment

	Land and Buildings Kshs	Motor vehicles Kshs	Furniture and fittings Kshs	Computers and office equipment Kshs	Total Kshs
At 1st July (2022)	-	-	-	-	-
Additions	-	-	-	--	-
Disposals	-	-	--	--	-
Transfers/Adjustments	-	-	-	-	-
At 30th June (2022)	-	-	-	-	-
At 1st July (2023)	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30th June (2023)	-	-	-	-	-
Depreciation And Impairment	-	-	-	-	-
At 1 st July (2022)	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June (2022)	-	-	-	-	-
At 1st July (2023)	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	--	-	--	--	--
Transfer/Adjustment	-	-	-	-	-
At 30th June (2023)	--	-	-	-	-
Net Book Values	-	-	-	-	-
At 30th June (2022)	-	-	-	-	-
At 30th June (2023)	-	-	-	-	-

Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
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Notes to the Financial Statements (Continued)

18. Intangible assets

Description	Insert Current FY	Insert Comparative FY
	2022/2023	2021/2022
Cost	-	-
At Beginning of The Year	-	-
Additions	-	-
At End of The Year	-	-
Amortization And Impairment	-	-
At Beginning of The Year	-	-
Amortization	-	-
At End of The Year	-	-
Impairment Loss	-	-
At End of The Year	-	-
NBV	-	-

19. Investment Property

Description	Insert Current FY	Insert Comparative FY
	2022/2023	2021/2022
At beginning of the year	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
At end of the year	-	-

Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description	Insert Current FY		Insert Comparative FY	
	2022/2023		2021/2022	
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
Total Trade and Other Payables	-		-	
Ageing analysis (Trade and other payables)	Current 2022/2023 FY	% of the Total	Comparative 2021/2022 FY	% of the Total
Under one year	-	-	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total (tie to above total)	-	-	-	-

21. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At the Beginning Of The Year	-	-	-	-
Additional Provisions	-	-	-	-
Provision Utilised	-	-	-	-
Change Due To Discount And Time Value For Money	-	-	-	-
Transfers From Non -Current Provisions	-	-	-	-
Balance At The End of The Year	-	-	-	-

Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
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Notes to the Financial Statements (Continued)

22. Borrowings

Description	Insert Comparative FY	
	2022/2023	2021/2022
Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments Of External Borrowings During the Period	-	-
Repayments Of Domestic Borrowings During the Period	-	-
Balance At End of The Period	-	-

:

Description	Insert Comparative FY	
	2022/2023	2021/2022
External Borrowings	-	-
Dollar Denominated Loan From 'Organization'	-	-
Sterling Pound Denominated Loan From 'Organization'	-	-
Euro Denominated Loan from Organization'	-	-
Domestic Borrowings	-	-
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End of The Year	-	-

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

Description	Insert Comparative FY	
	2022/2023	2021/2022
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
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Notes to the Financial Statements (Continued)

23. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Insert Current FY	Insert Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

24. Social Benefit Liabilities

Description	Insert Current FY	Insert Comparative FY
	2022/2023	2021/2022
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	=	=
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	=	=
	-	-
Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
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Notes to the Financial Statements (Continued)

25. Cash generated from operations

	2022/2023	2021/2022
Surplus/ (Deficit) For the Year Before Tax	78,580	(421,150)
Adjusted For:	-	-
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments	-	-
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
Net Cash Flow From Operating Activities	78,580	(421,150)

Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
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Notes to the Financial Statements (Continued)

26. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	Insert Current FY	Insert Comparative FY
	2022/2023	2021/2022
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

Description	Insert Current FY	Insert Comparative FY
	2022/2023	2021/2022
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	Insert Current FY	Insert Comparative FY
	2022/2023	2021/2022
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

**Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Other Disclosures Continued

e) Due to related parties

Description	Insert Current FY	Insert Comparative FY
	2022/2023	2021/2022
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

27. Contingent assets and contingent liabilities

Contingent Liabilities	Insert Current FY	Insert Comparative FY
	2022/2023	2021/2022
Court Case Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
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Notes to the Financial Statements (Continued)

28. Financial risk management

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

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

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022	-	-	-	-
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
At 30 June 2021	-	-	-	-
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-

**Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
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Notes to the Financial Statements (Continued)

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

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

b) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June (2022/2023)	-	-	-	-
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June (2021/2022)	-	-	-	-
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

**Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
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Notes to the Financial Statements (Continued)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

Description	Other currencies		Total
	Kshs	Kshs	
At 30 June (2022/2023)	-	-	-
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables	-	-	-
Liabilities	-	-	-
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	--	-

**Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
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Notes to the Financial Statements (Continued)

Foreign currency sensitivity analysis

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

Description	Change in exchange rate	Effect on surplus/deficit	Effect on equity
	KShs	KShs	KShs
(2022/2023)		-	-
Euro	10%	-	-
USD	10%	-	-
(2021/2022)		-	-
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate 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.

**Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
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Notes to the Financial Statements (Continued)

d) Capital risk management.

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

Description	Current FY	Comparative FY
	2022/2023	2021/2022
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
Total funds	-	-
	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

29. Events after the reporting period

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

30. Ultimate and Holding Entity

The entity is a County Public Fund established by Public Finance Management Act 2012 under the Ministry of Sports Culture and Social Services its ultimate parent is the County Government of Kirinyaga County.

31. Currency

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

**Kirinyaga County Alcoholic Drinks and Substance Abuse Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

16. Annexes

Annex I: 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.

Reference Number in the Annual Report	Issue/ Observations from Auditor	Management comments	Status (Resolved / Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
3.0 2020/2021 Financial year	Failure to submit Financial Statement for 2014/2015	The Fund has prepared the Financial Statement as required	Resolved	Resolved
2.0. 2020/2021 Financial year	Unsupported Expenditure	The expenditure has been fully supported by payment vouchers	Resolved	Resolved
1.0. 2020/2021 Financial year	Inaccuracies in the Financial Statement	The Financial statement has been amended accordingly	Resolved	Resolved

Fund Manager (Alcoholic Drinks & Substance Abuse Control Fund


Date.....

Kirinyaga County
Alcoholic Drinks and Substance Abuse Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Annex II: Inter-Fund Confirmation Letter
Kirinyaga County Government

The Alcoholic Drinks & Substance Abuse Control Fund wishes to confirm the amounts disbursed to you as at 30th June 20x23 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Alcoholic Drinks & Substance Abuse Control Fund as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by Alcoholic Drinks & Substance Abuse Control Fund (Kshs) as at 30 th June 2023				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	18/06/2023	1,549,000	0	0	1,549,000	0	1,549,000
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total	-	=	=	=	=	-	-

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Fund:

Name Amajoy Mburu Sign [Signature] Date 24/11/2023

Kirinyaga County
Alcoholic Drinks and Substance Abuse Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Annex III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarterly Expenditures				Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
-	--	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-

Annex IV: Reporting on Disaster Management Expenditure

Column I Programme	Column II Sub-programme	Column III Disaster Type	Column IV Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Column V Expenditure item	Column VI Amount (Kshs.)	Column VII Comments
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

