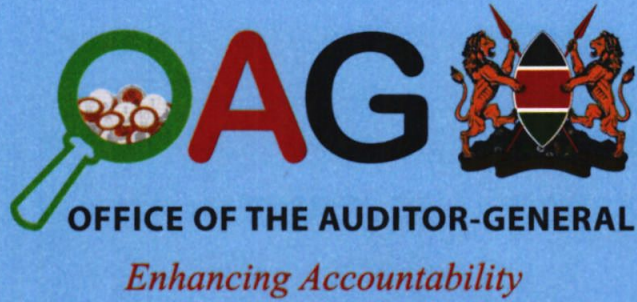


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

**BUNGOMA COUNTY YOUTH AND
WOMEN EMPOWERMENT FUND**

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

PAPERS LAID	
DATE	26.02.2025
TABLED BY	MAJORITY LEADER
COMMITTEE	
CLERK AT THE TABLE	BEHIDA



COUNTY GOVERNMENT OF BUNGOMA

BUNGOMA COUNTY YOUTH AND WOMEN EMPOWERMENT FUND

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

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

Bungoma County Youth and Women Empowerment Fund
Reports and Financial Statements
For the year ended June 30, 2024

Table of Content

1. Acronyms and Glossary of terms.	iii
2. Key Fund Information and Management	iv
3. Fund Management Committee	vii
4. Management Team	ix
6. Report of The Fund Administrator	xi
7. Statement of Performance against the Predetermined Objectives of the fund.	xiv
8. Corporate Governance Statement	xviii
9. Management Discussion and Analysis	xx
10. Environmental and Sustainability Reporting	xxii
11. Report of the Trustees	xxiii
12. Statement of Management's Responsibilities	xxiv
13. Report of the Independent Auditor	xxvi
14. Statement of Financial Performance for the year ended 30 June 2024	1
15. Statement of Financial Position for the year ended 30 June 2024	2
16. Statement of Changes in Net Assets for the year ended 30 June 2024	3
17. Statement of Cash Flows for the year ended 30 June 2024	4
18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024	5
19. Notes to the Financial Statements	6
20. Progress on Follow up of Prior Year Auditor's Recommendations	18

1. Acronyms and Glossary of terms.

a) Acronyms

BOM	Board of Management
CECM	County executive Committee Member
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
NCPLD	National council of persons living with disability
NYC	National Youth council.
LLB	Bachelor of Laws.
LPO	Local purchase order.
LSO	Local service order.

b) Glossary of Terms

<i>Micro, small and medium enterprise</i>	Business that have a limited size of investment, output, employment or assets
<i>Empower marginalised groups:</i>	Focuses on participation of the marginalised by focusing on three basic competencies or skills sets (1) representation, mobilisation and market literacy as well as dialogue and negotiation. :
<i>Financial inclusiveness:</i>	Efforts to make financial products and services accessible and affordable to all individuals and businesses, regardless of their personal net worth or company size
<i>Public participation:</i>	Inclusion of the public in any activity of an organization
<i>Financial obligations:</i>	Person or company owes and must pay at a particular time

2. Key Fund Information and Management

a) Background information

Bungoma County Youth and Women Empowerment Fund is established by and derive its authority and accountability from THE BUNGOMA COUNTY YOUTH AND WOMEN EMPOWERMENT FUND REGULATIONS, 2015. The Fund is fully owned by the County Government of Bungoma and is domiciled in Kenya.

The fund's objective is to

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

The Fund's principal activity is

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

b) Principal Activities

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

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

**Bungoma County Youth and Women Empowerment Fund
Annual Report and Financial Statements for the year ended 30 June, 2024**

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Danson Barasa	Chairperson.
2	Fredrick Makokha	Fund Administrator/Secretary
3	Adrian Sakwa	Member/PWDs representative
4	Umami Maloba	Member/Women Representative
5	Rev Johnstone Wanyonyi	Member/CBO and Faith based representative
6	Metrine Tenga	Member/Youth Representative
7	Joseph Musungu	Member/Finance Representative
8	Cynthia Nanyokia	Member/county Attorney Representative

d) Key Management

Ref	Name	Position
1	Eng. Agnes N Wachie	CECM- Gender, Culture, Sports and Youth.
2	Danson Barasa	Chairperson.
3	Fund Administrator	Moses Chebonya
4	Fund Accountant	Washington Makata

e) Fiduciary Oversight Arrangements

Ref	Position	Name
1	Directorate Internal Audit	CPA BRIAN MAKOKHA
2	Sector Committees	County Assembly
3	External Audits	Kenya Auditor General Office
4.	Controller of Budget	Office of controller of budget.

f) Registered Offices

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

g) Fund Contacts

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

h) Fund Bankers

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

i) Independent Auditors

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





j) Principal Legal Adviser

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





k) County attorney

The County Attorney
Bungoma County Govt
Legal Department.
Executive Building 1st flr
P.O BOX 437, 50200
Bungoma, Kenya





3. Fund Management Committee

Name	Details of qualifications and experience
 Danson Barasa	<p>Prior to his appointment he worked as a teacher specific a principal of a high school and chairman KUPPET BUNGOMA Branch. Academic qualification: Bachelor of Arts Education from university of Nairobi. He has equally worked as chief officer in several departments in the county; chief officer in the office of the governor, department of trade and industry, department of lands, housing and urban planning and now Ag. Chief officer gender and culture.</p> <p>The member is an executive chairperson as the chairperson born 13th February 1979.</p>
 Fredrick Makokha	<p>Masters in Gender and advocacy. Bachelor of Arts Education specialising in English literature. He is Gender director affairs in the department</p> <p>The member is an executive director as Fund Administrator, prior to his appointment, was a deputy principle of a high school. Main responsibility, Oversees daily fund operations. Born 20th May 1972 he is 52 years old</p>
 Rev: Johnston Nyongesa	<p>The member is the current Bishop of Anglican church of Kenya Bungoma branch. He is also an executive member of chamber of commerce Bungoma. Masters in theology and leadership from Nazarene university. He is an independent director as a member representing Business community. Born 07th November 1963 he is 61 years old</p>
 Joseph Musungu	<p>He is the accountant in charge of reporting at the county government. A certified public accountant (CPA K). A representative of the chief officer finance and economic planning in the fund. Born 23th May 1971 he is 53 years old.</p>

**Bungoma County Youth and Women Empowerment Fund
Annual Report and Financial Statements for the year ended 30 June, 2024**

	<p>Prior to his appointment, he worked as the director of disabled network of Bungoma; he is also the coordinator of NCPLD Bungoma branch. He holds a Bachelor of Arts linguistic religion from Kampala University. Born 27th January 1982 he is 42 years.</p>
	<p>She is the current NYC executive member in the region. A diploma holder in corporative management from Cooperatives college University. Born 10th October 1991 she 33 years old She is an independent director representing youths.</p>
	<p>The member works as the secretary of Maendeleo ya Wanawake Bungoma county. Academic qualifications; diploma in gender advocacy and mainstreaming from hamburger institute of Canada. Born 05th August 1978, she is 46 years old She is an independent director in the fund representing women.</p>
	<p>She holds LLB holder from university of Nairobi, post graduate diploma from the LSK an advocate of the low court. Currently she works in the county legal department. She is an executive director in the fund representing County Attorney. Born 12th September, 1985 she is 39 years.</p>

4. Management Team

Name	Details of qualifications and experience
 <p>Danson Barasa</p>	<p>Prior to his appointment he worked as a teacher specific a principal of a high school and chairman KUPPET BUNGOMA Branch. Academic qualification: Bachelor of Arts Education from university of Nairobi. He has equally worked as a chief officer in several departments in the county; chief officer in the office of the governor, department of trade and industry, department of lands, housing and urban planning and now Ag. Chief officer gender and culture.</p> <p>The member is an executive chairperson as the chairperson, born 13th February 1979.</p>
 <p>Moses Chebonya</p>	<p>Academics qualifications: Masters in Gender and advocacy. Bachelor of Arts Education specialising in English literature. Work Experience: Gender director affairs and prior to his appointment, was a deputy principle of a high school. Main responsibility, Oversees daily operations of the fund. Born 20th May 1972 he is 52 years old</p>
 <p>CPA Ambrose Makokha</p>	<p>M.B.A Finance, certified public accountant currently is the director accounting services. 'Born on 26th December 1982.</p>
 <p>Lydia Wanjala</p>	<p>Academic qualifications: Bachelor of disaster management and international diplomacy.</p> <p>Work experience: Clerk funds.</p> <p>Responsibilities: updating of cashbooks, record keeping born on 20th October 1988.</p>


5. Fund Committee Chairperson's Report

This year under review marks the ninth year since the establishment of Bungoma County Youth and Women Empowerment Fund. Cumulatively, since the inception of this revolving Fund, loans amounting to Kshs51,294,092 has been disbursed of which 54% have been repaid. A number of Youth Groups that benefitted from the Fund need to be sensitized and capacity build on the operations of the Fund to appreciate and comply with the repayment schedule as well as mandate of the fund.

The Fund has recorded a number of success stories despite the various challenges with regard to its administration and sustainability. Groups have enhanced economic activities and social status through entrepreneurial activities and hence achieved mandate of the fund. This was informed by the monitoring and evaluation exercise that we undertook in all the forty five wards across the county. The exercise is aimed at assessing the impact and success of the Fund since its inception as well as finding out the ways to effectively achieve the Fund objectives. It's apparent that many more groups are applying for the funds to enhance their economic activities. Majority of the group keep poultry, fish farming, bee keeping, boda boda, cereals and tree nurseries and merry go round.

Capacity building and creating general public awareness is paramount to the success of the Fund. This includes training on group dynamics, entrepreneurial skills, project management, record keeping as well as tendering reserved for women and youth at both county and national government level.

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

Name.....  Signature..... Date..... 20/09/2024
Chairperson of the Fund Committee.

6. Report of The Fund Administrator

The Fund Administrator for Bungoma County Women and Youth Empowerment Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial period ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The budget performance against actual amounts for current year and for cumulative to-date based on programmes.

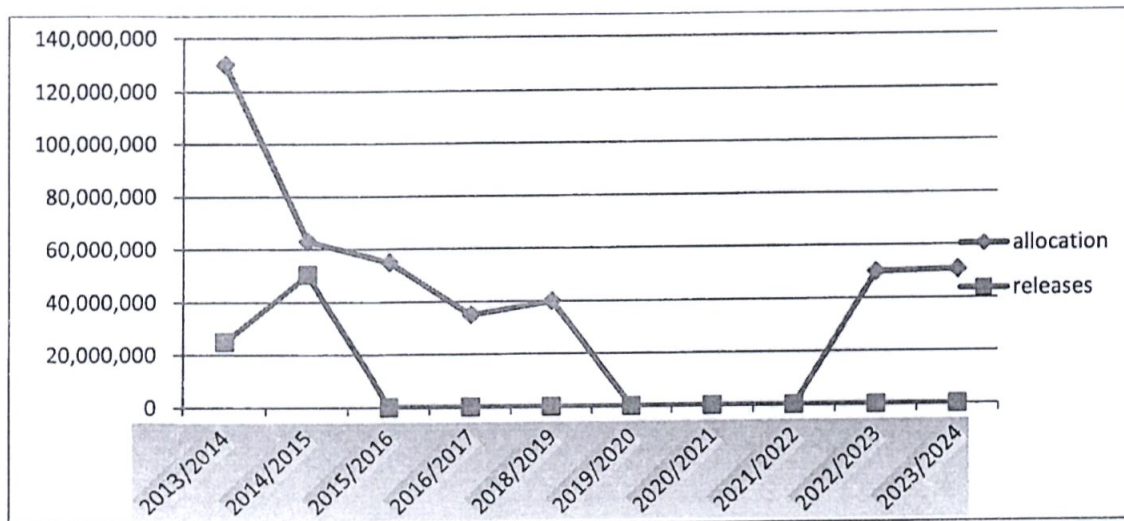
The year under reviews FY 2023/2024 there was budget allocation of Kshs 50,690,669.30, we didn't access our annual transfer from the county as exchequer releases. This was because of the on-going review of the regulations after the controller of budget pointing out some inconsistency in our regulations. It would be hard to access exchequer before reviewing issues addressed first. Up to date the fund has been allocated kshs 482,690,669.30 out of this only ksh75.4 M has been released to the fund. This has affected the working capital of the fund immensely. We have been unable to roll out some functions or mandate despite approval by the committee owing to insufficiency of funds.

Financial yrs.	Allocations	Releases
Fy2013/2014	130,000,000	25,000,000
Fy2014/2015	63,000,000	50,414,500
Fy2015/2016	55,000,000	0
Fy2016/2017	50,000,000	0
FY 2017/2018	35,000,000	0
FY 2018/2019	40,000,000	0
FY 2019/2020	0	0
Fy 2020/2021	0	0
Fy 2021/2022	0	0

**Bungoma County Youth and Women Empowerment Fund
Annual Report and Financial Statements for the year ended 30 June, 2024**

Fy 2022/2022	9,000,000	0
Fy 2022/2023	50,000,000	0
Fy 2023/2024	50,690669.30	0
Total	482,690,669.3	75,414,500

Pie chart representation of allocation against releases



Physical progress based on outputs, outcomes and impacts since establishment of fund.

Disbursement of the loans

So far 2275 groups have expressed interest to apply of the empowerment loans. This is a good response remember the first year up to the third year there we no groups to apply for the devolved funds. The national government devolved funds had very little loan uptake. This shows good work going on regarding sensitization and trainings. Out of 2275 groups that have applied almost half have qualified and benefited from the fund in terms of loan facilities.

The fund has been able to train more than 1500 since inception on different topic relating economic empowerment and group dynamism. The 1500 groups trained, 650 groups have come up to seek for loans to start their projects.

Signed an MOU with KCB Bank to train our groups and identify potential projects to fund and employ youths and women on Tujiajira programme.

Formulating Bungoma county micro finance Act to operationalize all matters relating to marginalised members of the community at all levels now and in future.

The implementation challenges of strategic objectives for the fund and the future outlook

Relating to the increasing default rate in group loaning repayments, we had to suspend the group loan product. The fund was approved to offer three products namely; group loaning, the LPO/LSO financing and asset financing products as stated under the Third Schedule, Sub-regulation 22 (1)-(b) of Bungoma County Youth And Women Empowerment Fund Loan Products. This was after the advice from our county legal office to change some clauses in the regulation to do with vetting and approval for the award of the loan. Through the fund committee decisions, we suspended the advancing of the products to pave way to amend the regulations in order to seal the loopholes; it's good to report the amendment is going on well currently at county assembly for approval.

We are as well amending the regulations to provide for individual products. Many youths and women that don't feel comfortable to work in groups but has more viable ideas will benefit from the fund in the near future. We are as well working around with the committee to provide more ways we can raise more funding to the programme to avoid depending on the exchequer only.

Value-for-money achievements,

The Fund Administrator for Bungoma County Women and Youth Empowerment Fund confirms that the Fund has complied fully with applicable Government Regulations and the terms of external financing covenants, and that the funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted hence achieved value for money.

Cost Cutting Measures in the Fund; the financial statement of Bungoma County Women and Youth Empowerment Fund indicates drastic reduction in the expenses in the FY 2021/2023.

Highlight key risk management strategies.

The major risk in the fund remains default rate. Poor loan repayment has disadvantaged every activity the fund. It's threatening sustainability of the fund and failure to execute the fund mandate to the society.

7. Statement of Performance against the Predetermined Objectives of the fund.

Introduction

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

The key development objectives of the Bungoma County Youth and Women Empowerment Fund the periods under review are as follows

- i. To provide funds to be used for granting low-interest loans to youth with a view to scaling up their lending activities, value addition amongst other activities as may be prescribed;
- ii. To provide funds to support, revive and initiate micro-enterprises owned by women and the youth in sectors that can have an immediate impact to household economy;
- iii. To attract and facilitate investment in economic sectors that have linkages to micro, small and medium enterprises that benefit the youth;
- iv. Facilitating access to business development services by micro and small enterprises;
- v. Facilitating formalization and upgrading of informal micro and small enterprises; and promoting an entrepreneurial culture.

**Bungoma County Youth and Women Empowerment Fund
Reports and Financial Statements
For the year ended June 30, 2024**

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Bungoma County Youth and Women Empowerment Fund.	To enhance economic activities and social welfare of the disadvantaged persons in the society through access to cheap loans	Increased youth and Women individual/ groups accessing the loans	Nogroups benefited in loans but upgraded to Sacco and individual enterprises to upscale their economic activities	FY 2023/24 -No transfer from the county exchequer. -No advance of loan facility to groups due to on-going review of regulations to close loopholes during vetting.
	To attract & facilitate investment in economic sectors that have linkages to micro, small and medium enterprises	Increased number of investment partners to provide cheap loans and grants.	13 % of partners representing 5 partners providing credit facilities and grants to the society.	FY 2023/2024 21 groups accessed financial aid from our corporate investment partners.
	To Facilitate formalization and upgrading of informal micro and small enterprises; and promoting an entrepreneurial culture	Approved legislations and partnership deeds that improve and promote entrepreneurial culture and as well upgrading SMES.	partners ministry of natural resource and environment world bank environmental programme	FY 2023/2024 No groups upgraded to Sacco after training and recommendations' Entered an agreement with KCB Bank to train our youths and advance them loans to employ themselves.

Challenges Bungoma County Youth and Women Empowerment Fund

a. Long outstanding loan/defaulters.

Currently there is huge uncollected amount of money outstanding as loans. Efforts to recover have yielded little resulted. Together with internal audit we are verifying the status of our beneficiaries to identify those that we can recover and those that we cannot trace for recovery. Those we can recover, we indent to commence legal process to recover the outstanding amount.

b. No budget allocation.

For the last four years, the department has not allocated funds to the programme. Failure to access exchequer funding for the four year as the main sources of funding to the programme and huge default rate has negatively impacted on the working capital of the programme. We are unable to run some programmes and activities as scheduled and this has a huge impact on the success of the program.

c. Political interference.

The political input has negatively affected the programme, mainly in areas where their political rivalry the government of the day. Some local leaders have told residents not to repay the loan saying its government money and one should not be forced to repay.

d. Huge unemployment among youths

Huge unemployment status amongst the youths has created an artificial demand amongst the youths for loans just as the last resort. They join groups not for just to seek for funding to engage in job search but they don't implement projects that they requested funds for.

e. Inadequate knowledge on saving and investments.

A number of youths who are willing to enter groups for economic empowerment, majority are semi illiterate or no education at all. Despite interest to form groups for economic or social empowerment they suffer knowledge deficiency and experience to undertake some projects that can genuinely impact them positively.

Opportunities of Bungoma County Youth and Women Empowerment Fund

The presence of larger population in Bungoma County is made of youths and women comprising of 67% from 2019 total population censurs. This is a good factor to consider coming

up with radical youth and women oriented programmes that targets larger percentage of the population. This ensures already available clients for consumption of the programme and quick positive impact economically and socially to the community.

Devolved programmes in the community that targets youths and women.

More programmes have been devolved either from the National Government or County Government to empower the youth and women as majority of the population.

More empowerment programmes like; Uwezo fund, Women Enterprise fund and Youth Enterprise fund. They are serving the same client and capacity building is happening across the board. Sensitisation and knowledge sharing is at a good rate. This in the near future will create the informed society and such programme will succeed easily unlike now.

Empowering Youth through Vocational Training

Youth in Kenya face many challenges. At the heart of these challenges is poverty that makes them vulnerable to involvement in risky behavior, cutting short their potential, dreams and lives.

HOPE worldwide Kenya works with youth in informal settlements and addresses the structural drivers that directly and indirectly increases their vulnerability including poverty, gender inequality, sexual violence, and a lack of education.

Part of the devolved function of the county governments is the vocational training. The counties have created a huge opportunity in the counties for the youths to explore their potential in terms of job creation, financial aids funding and poverty eradication.

8. Corporate Governance Statement

According to the legal framework of the fund, Bungoma County Women and Youth Empowerment Fund regulations, FIRST SCHEDULE, Sub-Regulation 16 (1) provides as to the conduct of business and affairs of business and of the committee as relates to meetings,

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

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

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

At the first meeting of the:

a. County Committee, the chairperson was the Chief Officer(s) thereafter, the committee elected a chairperson of subsequent meetings from members appointed in as per Regulation 7 (1) (d)

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

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

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

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

(a) at the first sitting of the Committee; and

(b) Whenever it is necessary to fill the vacancy in the office of the vice-chairperson.

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

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

Conflict of interest

If any person has a personal or fiduciary interest in a project, proposed contract or any matter before the Committee, and is present at a meeting of the Committee at which any matter is the



subject of consideration, that person shall as soon as is practicable after the commencement of the meeting, declare such interest and shall not take part in any consideration or discussion of, or vote on any question touching such matter.

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

Quorum

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

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

Voting

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

Rules of Procedure and minutes

The Committee always—

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

Terms and conditions of service of the County Committee Members

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

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



Bungoma County Youth and Women Empowerment Fund
Annual Report and Financial Statements for the year ended 30 June, 2024

9. Management Discussion and Analysis

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

Fund allocation versus releases since inception

Financial yrs.	Allocations	Releases
Fy2013/2014	130,000,000	25,000,000
Fy2014/2015	63,000,000	50,414,500
Fy2015/2016	55,000,000	0
Fy2016/2017	50,000,000	0
FY 2017/2018	35,000,000	0
FY 2018/2019	40,000,000	0
FY 2019/2020	0	0
Fy 2020/2021	0	0
Fy 2021/2022	0	0
Fy 2022/2022	9,000,000	0
Fy 2022/2023	50,000,000	0
Fy 2023/2024	50,690,669.30	0
Total	482,690,669.3	75,414,500

The total loan portfolio as at now is Kshs 482,690,669.3 out of which we have only received Kshs 75,414,500 representing a 13.4 percent

Entity's key projects or investments decision implemented or on-going,

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

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

Here we are considering many applicants to access more on asset financing than in LPO/LSO or group loaning. It's out of poor loan repayment culture amongst the youths.

Fund's compliance with statutory requirements,

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

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

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

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

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

Ethics and conduct as well as governance audit.

Treasury has enumerated measures on the conduct as well as governance audit in the fund operations. The introduction of two tie vetting procedure, the avoid issues of collusion and inference on the genuine beneficiaries. The introduction of the special account at central bank. This will enable all expenditure of the fund to be captured in the IFMIS systems. The appointment of the Chief Officer of the department responsible of matters to do with PLWDs and to concur with the business happening in the fund at all times.

10. Environmental and Sustainability Reporting

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

1. Sustainability strategy and profile

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

2. Environmental performance

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

3. Employee welfare

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



11. Report of the Trustees

The Trustees submit their report together with the audited financial statements for the year ended 30 June, 2024, which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are

1. To provide funds to be used for granting low-interest loans, support, revive and initiate micro-enterprises in sectors that can have an immediate impact to household economy;
2. To attract and facilitate investment in economic sectors that has linkages to micro, small and medium enterprises
3. Promoting an entrepreneurial culture.

Performance

The performance of the Fund for the year ended 30 June, 2024, are set out on page 1 to 5

Trustees

The members of the Administration Committee who served during the year are shown on page vii and viii. There were no changes in the committee during the financial year:

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. The Auditor General carried out the audit of the Bungoma County Youth and Women Empowerment Fund for the year ended June 30, 2024 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board
Bungoma County youth and Women Empowerment Fund
Sign:



.....
Chair of the Board/Fund Administration Committee

Date:

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 THE BUNGOMA COUNTY YOUTH AND WOMEN EMPOWERMENT FUND REGULATIONS, 2015 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the 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, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the fund; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and by THE BUNGOMA COUNTY YOUTH AND WOMEN EMPOWERMENT FUND REGULATIONS, 2015. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2024, 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.

Bungoma County Youth and Women Empowerment Fund
Annual Report and Financial Statements for the year ended 30 June, 2024

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

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

Approval of the financial statements

The Fund's financial statements were approved by the Administration Committee on 28/6/2024 and signed on its behalf

By: 

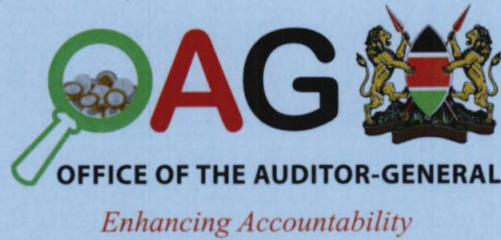
Name: Moses Chebonya

Administrator Bungoma County Youth and Women Empowerment Fund



REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON BUNGOMA COUNTY YOUTH AND WOMEN EMPOWERMENT FUND FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Bungoma County Youth and Women Empowerment Fund set out on pages 1 to 18 which comprise the statement of

Report of the Auditor-General on Bungoma County Youth and Women Empowerment Fund for the year ended 30 June, 2024

financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Bungoma County Youth and Women Empowerment Fund as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with Public Sector Accounting Standards (Accrual Basis) and comply with the Bungoma County Youth and Women Empowerment Fund Regulations, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unconfirmed Financial Statements Balances

1.1. Use of Goods and Services

The statement of financial performance reflects an amount of Kshs.601,280 in respect to use of goods and services as disclosed in Note 1 to the financial statements. However, the general ledger, payment vouchers and other supporting documents supporting the expenses were not provided for audit.

In the circumstances, the accuracy and validity of use of goods and services amount of Kshs.601,280 could not be confirmed.

1.2. Statement of Cash Flows

The statement of cash flows reflects a cash and cash equivalents balance of Kshs.183,162 as at 30 June, 2024. However, the opening balance of Kshs.784,442 as at 1 July, 2023 differs in comparison to Kshs.183,162 reflected in the statement of financial position in respect to previous financial year audited financial statements, resulting to an unreconciled and unexplained variance of Kshs.601,280.

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

2. Receivables from Exchange Transactions

2.1. Unsupported Receivables Balance

The statement of financial position reflects a balance of Kshs.23,380,522 in respect to receivables from exchange transactions for the current and previous year and as

disclosed in Note 3 to the financial statements, which refers to current loan repayments due. However, the general ledger and subsidiary ledgers supporting the receivables balance were not provided for audit review. Therefore, the names of borrowers, dates, amount borrowed and duration of advanced loans were not confirmed at the time audit.

In the circumstances, the accuracy and completeness of receivables from exchange transactions balance of Kshs.23,380,522 could not be confirmed.

2.2. Failure to Recover Outstanding Loan Balances

Review of the bank statements of the Fund's four (4) bank accounts revealed that there were Nil cash inflows during the year under review. This indicates that there were zero loan recoveries made in respect to the loan which have been reported as outstanding at Kshs.23,380,522 in the last four financial years from 2020/2021.

In the circumstances, accuracy, validity and recoverability of receivables from exchange transactions balance of Kshs.23,380,522 could not be confirmed.

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

Material Uncertainty Related to Sustainability of Services

The statement of financial performance reflects Nil revenue and an expenditure of Kshs.601,280 which relates to surrender of imprest that was taken in the prior years. In addition, the certificates of bank balances for the Fund's bank accounts indicates that there were no cash inflows and outflows during the financial year, and receivables balance of Kshs.23,380,522 as stated in the statement of financial position has remained outstanding for more than four (4) financial years.

In the circumstances, the Fund has not been achieving its objective over the years which threaten the sustainability of services for which it was created.

Emphasis of Matter

Budget Control and Performance

The statement of comparison of budget and actual amounts reflects revenue and expenditure budgets amounting to Kshs.50,768,885 and Kshs.1,523,067 respectively. However, the Fund reported Nil actual revenue and expenditures for the year under review. Further, the approved budget of the Fund for the year under review was not

provided for audit review. In addition, the budget notes provided do not explain the budget performance for the year under review.

In the circumstances, the under-performance affected the planned activities and impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion and Material Uncertainty Related to Going Concern section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

As disclosed under the progress on follow up of auditor's recommendations section of the financial statements, some of the prior year audit issues remained unresolved as at 30 June, 2024. Management has not provided satisfactory reasons for the delay in resolving the issues. Further, review of Appendix I of the financial statements on progress on follow up of prior year auditor's recommendations revealed that the report shows the title of issues raised and does not include the actual audit issue raised in the previous financial year. Further, the report was not signed by the accounting officer as provided in the reporting template.

In the circumstances, the issues remain unresolved.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (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 comply, in all material respects, with the authorities that govern them. I believe that the

audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of Risk Management Policy

During the year under review, the Fund did not have a risk management policy in place and therefore had no approved processes and guidelines on how to mitigate operational, legal and financial risks.

In the circumstances, the effectiveness of risk management could not be confirmed.

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 the Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I also consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

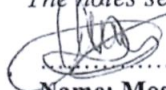
20 December, 2024


Bungoma County Youth and Women Empowerment Fund
Annual Report and Financial Statements for the year ended June 30, 2024

14. Statement of Financial Performance for the year ended 30 June 2024

Description	Note	2023/2024	2022/2023
		Kshs.	Kshs.
Revenue from non- exchange transactions		0	0
Revenue from exchange transactions		0	0
Total revenue		0	0
Expenses			
Use of Goods and Services	1	601,280	2,160
Total expenses		601,280	2,160
Surplus/Deficit for the Year		(601,280)	(2,160)

The notes set out on pages 6 to 18 form an integral part of these Financial Statements


 Name: Moses Chebonya
 Fund Administrator

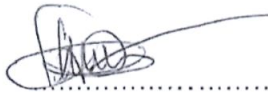

 Name: CPA Ambrose Makokha
 Director Accounting services
 ICPAK Member: 7929.


Bungoma County Youth and Women Empowerment Fund
Annual Report and Financial Statements for the year ended 30 June, 2024

15. Statement of Financial Position for the year ended 30 June 2024

Description	Note	2023/ 2024	2022/2023
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	2	183,162	183,162
others (imprests)			601,280
Non-current assets			
Receivables from exchange transactions exchange transactions	3	23,380,522	23,380,522
Total assets		23,563,684	24,164,964
Net assets			
Revolving Fund		51,294,092	51,294,092
Accumulated surplus		(27,730,408)	(27,129,128)
Total net assets and liabilities		23,563,684	24,164,964

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 28/09/ 2024 and signed by:


 Name: Moses Chebonya
 Fund Administrator

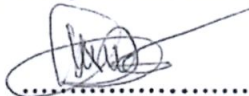

 Name: CPA Ambrose Makokha
 Director Accounting services
 ICPAK Member: 7929.

Bungoma County Youth and Women Empowerment Fund
Annual Report and Financial Statements for the year ended June 30, 2024


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

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
	KShs	KShs	KShs	KShs
Balance as at 1 July 2022	51,294,092		(27,126,968)	24,167,124
deficit for the period			2160	(2160)
Funds received during the year				
Revaluation gain				
Balance as at 30 June 2023	51,294,092		(27,129,128)	24,164,964
Balance as at 1 July 2023	51,294,092		(27,129,128)	24,164,964
Deficit for the period			601,280	(601,280)
Funds received during the year				
Revaluation gain				
Balance as at Jun, 30, 2024	51,294,092		(27,730,408)	23,563,684

The fund has no reserves



Name: Moses Chebonya
 Administrator of the Fund



Name: CPA Ambrose Makokha
 Director Accounting services
 ICPAK Member: 7929.

Bungoma County Youth and Women Empowerment Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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

	Note	2023/2024	2022/2023
		Kshs	Kshs
Payments			
General expenses	1	0	2,160
Total Payments		0	2,160
Net cash flows from operating activities		(0)	(2,160)
Cash flows from investing activities			
Increase in long term receivables		0	0
Net cash flows used in investing activities		0	0
Net decrease in cash and cash equivalents		601,280	2,160
Cash and cash equivalents at 1 JULY		784,442	786,602
Cash and cash equivalents at 30 June		183,162	784,442

The fund as presented the cash flow statement using the direct method

**Bungoma County Youth and Women Empowerment Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

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

	Originalbudget	Adjustmen ts	Final budget	Actual on comparable basis	Performance difference	% utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from County Govt.	50,690669.30	0	50,690669.30	0	50,690669.30	0%
Interest income	78,216	0	78,216	0	78,216	0%
Total income	50,768,885.3	0	50,768,885.3	0	50,768,885.3	0%
Expenses						
Staff costs						
General expenses	1,523,066.6	0	1,523,066.6	0	1,523,066.6	0%
Totalexpenditure	1,523,066.6	0	1,523,066.6	0	1,523,066.6	0%
Surplusfortheperiod	49,245,818.741	0	49,245,818.741	0	49,245,818.741	0%

Budget notes:

1. Zero percent Transfers from County Government; the fund didn't receive the exchequer releases in the year under review.
2. Zero percent on Interest income; the income we targeted was from the outstanding LPO financing loans of kshs 78,216 which is 7% as interest income. Having we did not collect any outstanding loans; no interest was paid.
3. Zero percent on general expenses; is the provision of 3% administration on the expected income in the fund. Realizing only Kshs, 2,160 as general expenses.
4. Zero percent on surplus for the period is the objective of the fund to reduce on operational cost and improve on revolving fund balance in order to achieve sustainability.

Bungoma County Youth and Women Empowerment Fund
Annual Report and Financial Statements for the year ended 30, June 2024

19. Notes to the Financial Statements

1. General Information

Bungoma County Youth and Women Empowerment Fund is established by and derives its authority and accountability from THE BUNGOMA COUNTY YOUTH AND WOMEN EMPOWERMENT FUND REGULATIONS, 2015. The entity is wholly owned by the Bungoma County Government and is domiciled in Kenya. The entity's principal activity is to enhance economic activities and social welfare of the marginalised persons in the society through access to loans.

2. Statement of compliance and basis of preparation

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

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

3. Adoption of new and revised standards

(i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2023

IPSASB deferred the application date of standards from 1st January 2023 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: (the standard has not affected the financial reporting in anyway but it has enable classification of financial instruments in the fund well)

**Bungoma County Youth and Women Empowerment Fund
Annual Report and Financial Statements for the year ended 30, June 2024**

Standard	Effective date and impact:
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>Has no impact on financial reporting in all aspect. The entity has not borrowed, neither have we hedging on credit risks involved as well as contracts committed in the fund.</p>
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>The IPSAS has led to more disclosures on long term receivables and classifications. Has been more relevant to classify for understanding</p>

(iii) Early adoption of standards

The entity did early – adopted new or amended standards in year 2023.

1. Significant Accounting Policies

a) Revenue recognition

i. 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.

a) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial

Bungoma County Youth and Women Empowerment Fund
Annual Report and Financial Statements for the year ended 30, June 2024

asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

a) 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.

Bungoma County Youth and Women Empowerment Fund
Annual Report and Financial Statements for the year ended 30, June 2024

Summary of Significant Accounting Policies (Continued)

a) 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.

b) 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.

c) Comparative figures

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

d) Events after the reporting period

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

e) Ultimate and Holding Entity

The fund is a County Public Fund established by THE BUNGOMA COUNTY YOUTH AND WOMEN EMPOWERMENT FUND REGULATIONS, 2015 under the Ministry of Gender, Culture, Sports and Youths. Its ultimate parent is the County Government of Bungoma.

f) Currency

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

The preparation of the 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.

Bungoma County Youth and Women Empowerment Fund
Annual Report and Financial Statements for the year ended 30, June 2024

5. Notes To The Financial Statements

1. Use of Goods and Services

Description	2023/2024	2022/2023
	Kshs.	Kshs.
General Office Expenses	601,280	0
Bank Charges	0	2,160
Postage and Courier	0	0
Printing and Stationery	0	0
Total for Use of Goods and Services	601,280	2,160

2. Cash and Cash Equivalents

Description	2023/2024	2022/2023
	Kshs	Kshs
Current Account	183,162.14	183,162.14
Others (imprest)	0	601,280
Total Cash and Cash Equivalents	183,162.14	783,162.14

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

		2023/2024	2022/2023
Financial Institution	Account number	Kshs	Kshs
a) Current Account			
Cash and cash equivalents for Women fund			
Cooperative Bank of Kenya	01141536727200	3,711.65	3,711.65
Cooperative Bank of Kenya	01141536727201	152,498.75	152,498.75
Cash and cash equivalents for Youth fund			
Cooperative Bank of Kenya	01141536727100	24,751.74	24,751.74
Cooperative Bank of Kenya	01141536727101	2,200	2200
total		183,162.14	183,162.14

Bungoma County Youth and Women Empowerment Fund
Annual Report and Financial Statements for the year ended 30, June 2024

3. Receivables from exchange transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Current Receivables		
Interest Receivable	0	0
Current Loan Repayments Due	23,380,522	23,380,522
Other Exchange Debtors	0	0
Total Current Receivables	23,380,522	23,380,522
Non-Current Receivables		
Long Term Loan Repayments Due	0	0
Total Non- Current Receivables	0	0
Total Receivables From Exchange Transactions	23,380,522	23,380,522

Cash generated from operations

	2023-2024	2022-203
	Kshs	Kshs
(Deficit) For the Year Before Tax	601,280	2,160
Adjusted For:		
Interest Income	(0)	(0)
Working Capital Adjustments		
Increase In Inventory	(0)	(0)
Increase In Receivables	(0)	(0)
Increase In Payables	0	0
Net Cash Flow From Operating Activities	(601,280)	(2,160)

**Bungoma County Youth and Women Empowerment Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Other Disclosures

1. 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) Fund Administration committee.

b) Due from related parties

	2023-2024	2022-2023
	Kshs	Kshs
Due From Parent Ministry (outstanding imprests)	0	601,280
Total	0	601,280

Other Disclosures

1. Financial risk management

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

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

Bungoma County Youth and Women Empowerment Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Other Disclosures Continued

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:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2023				
Receivables from Exchange Transactions	51,294,092	27,913,570	23,380,522	0
Receivables from Non-Exchange Transactions	0	0	0	0
Bank Balances	0	0	786,762	0
Total	51,294,092	27,913,570	24,167,284	0
At 30 June 2024				
Receivables from Exchange Transactions	51,294,092	27,913,570	24,167,284	0
Receivables from Non-Exchange Transactions	0	0	0	0
Bank Balances	0	0	183,162.14	0
Total	51,294,092	27,913,570	24,350,446	0

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

Bungoma County Youth and Women Empowerment Fund
Annual Report and Financial Statements for the year ended June 30, 2024

uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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.

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.

Bungoma County Youth and Women Empowerment Fund
Annual Report and Financial Statements for the year ended June 30, 2024

i. 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.

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:

	2023/2024	2022/2023
	Kshs	Kshs
Revaluation reserve	0	0
Revolving fund	51,294,092	51,294,092
Accumulated surplus	(27,132,528)	(27,131,128)
Total funds	27,132,528	24,162,964
Total borrowings	0	0
Less: cash and bank balances	(181,762.14)	(183,162.14)
Net debt/(excess cash and cash equivalents)	(0)	(0)
Gearing	100%%	100%%

**Bungoma County Youth and Women Empowerment Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

20. Progress on Follow up of Prior Year Auditor's Recommendations.

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

Reference No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
Basis of Qualified Opinion.				
1.0	Inaccuracies in the statement of financial performance	was understatement of the bank balances but was reconciled and posted a right figure in the cash and cash equivalent ledger.	resolved	June 2023
2.0	Doubtful recoverability of current of portion of long-term receivables from exchange transactions balance	Working on exchequer to finance the follow-up exercise and a legal debt collector.	Not resolved	30, Jun, 2026.
3.0	Sustainability of services	Reviewing the regulations and allocating funds to the program to operationalise the fund	Resolved	1 month
Report on lawfulness and effective in use of public resource				
1.0	Long outstanding imprest.	The imprest has so far been surrendered	Resolved	30, Dec, 2024
2.0	Failure to finance the operations of the fund.	Reviewing the regulations and allocating funds to the program to operationalise the fund	Partially resolved	30 Jun, 2025
3.0	Unbalanced budget	The budget is made according the PFM Act provision of 3% administration 97% capital	resolved	18month.
Report on effectiveness of internal controls, risk management and Governance.				
	Lack of a risk management policy.	The fund is engaging a county risk management policy 2019. When we shall have finances, we indent to formulate one for the fund.	Partially resolved	June,2026