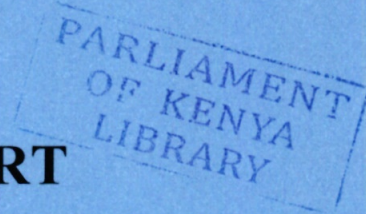


REPUBLIC OF KENYA



*Enhancing Accountability*



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**BUNGOMA COUNTY YOUTH AND  
WOMEN EMPOWERMENT FUND**

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

PAPERS LAID	
DATE	25/3/2024
TABLED BY	Senr. J. Kingua
COMMITTEE	—
CLERK AT THE TABLE	Polycarp



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**COUNTY GOVERNMENT OF BUNGOMA**  
**BUNGOMA COUNTY YOUTH AND WOMEN EMPOWERMENT FUND**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**JUNE 30, 2023**

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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, 2023**

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**Bungoma County Youth and Women Empowerment Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**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

**Bungoma County Youth and Women Empowerment Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**2. Key Entity 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**

The Fund's principal activity is empower 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**

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 June 30, 2023**

**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	Ummi 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**

SN	Position	Name
1	Directorate Internal Audit	CPA Brian Makokha
2	Bungoma County Assembly	

**Bungoma County Youth and Women Empowerment Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**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](mailto:genderempowermentfunds@gmail.com)  
[www.bungoma.go.ke](http://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

**d) County attorney**





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

**Bungoma County Youth and Women Empowerment Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**3. The Board of Trustees/Fund Management Committee**





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

**Bungoma County Youth and Women Empowerment Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

 <p><b>Adrian Sakwa</b></p>	<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. He is 39 years old</p>
 <p><b>Mitrine Tenga</b></p>	<p>She is the current NYC executive member in the region. A diploma holder in corporative management from Cooperatives college University. She 33 years old She is an independent director representing youths.</p>
 <p><b>Ummi Maloba</b></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. She is 46 years old She is an independent director in the fund representing women.</p>
 <p><b>Cynthia Nanyokia</b></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 office. She is an executive director in the fund representing County Attorney.</p>

**Bungoma County Youth and Women Empowerment Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**4. Management Team**

Name	Details of qualifications and experience
 <p><b>Danson Barasa</b></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</p>
 <p><b>Moses Chebonya</b></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.</p>
 <p><b>Washington Makata</b></p>	<p>M.B.A Finance, Bachelor of commerce finance and a certified accountant. Worked as an internal auditor teacher Sacco, an administrator at Jomo Kenyatta university of Agriculture and technology currently as an Accountant. Responsibility: preparations of; vouchers, cashbook, imprests, ledges, vote books and loan repayment schedules.</p>
 <p><b>Lydia Wanjala</b></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</p>

**Bungoma County Youth and Women Empowerment Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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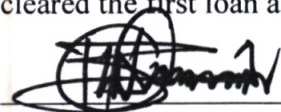
**5. Board/Fund Chairperson's Report**

This year under review marks the seventh year since the establishment of Bungoma County Youth and Women Empowerment Fund. Cumulatively, since the inception of this revolving Fund, loans amounting to Ksh 51,294,092 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.



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DENSON BARASA  
**Chairperson -Bungoma County Youth and Women Empowerment Fund.**

**Bungoma County Youth and Women Empowerment Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**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, 2023. 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.

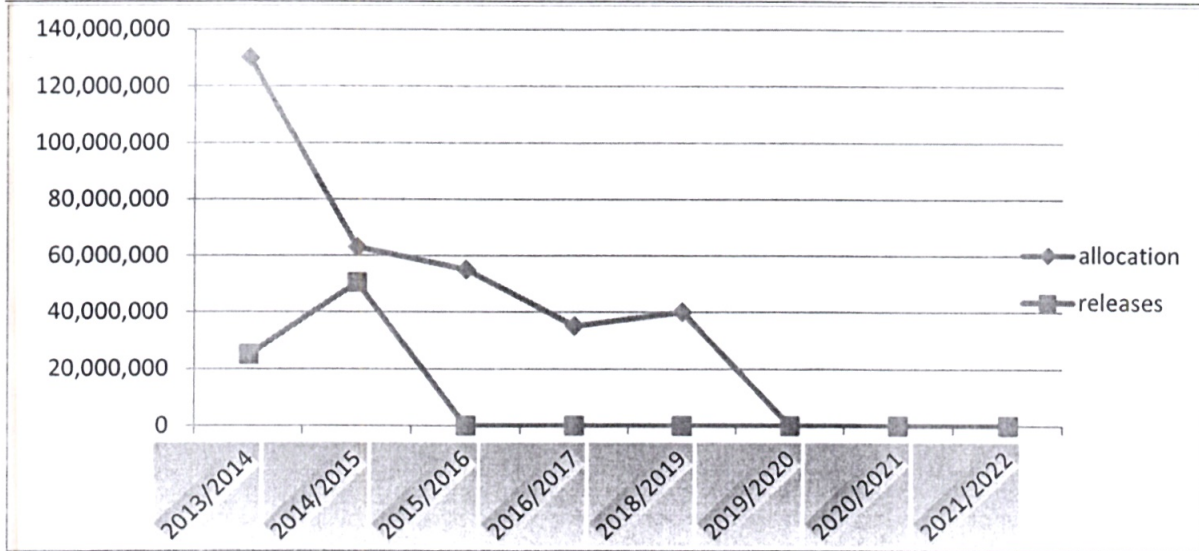
**The budget performance against actual amounts for current year and for cumulative to-date based on programmes.**

The year under reviews FY 2021/2023 there was no budget allocation, 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 373,000,000 out of this only ksh75.4 M has been released to us. 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.

	Allocations	Releases
2013/2014	130,000,000	25,000,000
2014/2015	63,000,000	50,414,500
2015/2016	55,000,000	0
2016/2017	50,000,000	0
2017/2018	35,000,000	0
2018/2019	40,000,000	0
2019/2020	0	0
2020/2021	0	0
2021-2022	0	0
2022-2023		
<b>Total</b>	<b>373,000,000</b>	<b>75,414,500</b>

**Pie chart representation of allocation against releases**

**Bungoma County Youth and Women Empowerment Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**



**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 Tujajira programme.

Formulating Bungoma county micro finance Act to operationalize all matters relating to maginalised 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

**Bungoma County Youth and Women Empowerment Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

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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.



.....  
**Name: Fredrick Makokha**

**Fund Administrator**

## **7. Statement of Performance against the County Fund's Predetermined Objectives**

### **Introduction**

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

The key development objectives of the Bungoma County 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, 2023**

**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	No groups benefited in loans but upgraded to Sacco and individual enterprises to upscale their economic activities	FY 22/22 -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 2022/2023 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 2022/2023 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.

**Bungoma County Youth and Women Empowerment Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**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 opportunities in the counties for the youths to explore their potential in terms of job creation, financial aids funding and poverty eradication.

**Bungoma County Youth and Women Empowerment Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**8. Management Discussion and Analysis**

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

Fund allocation versus releases since inception

<b>Financial yrs.</b>	<b>Allocations</b>	<b>Releases</b>
Fy2013/14	130,000,000	25,000,000
Fy2014/15	63,000,000	50,414,500
Fy2015/16	55,000,000	0
Fy2016/17	50,000,000	0
FY 2017/18	35,000,000	0
FY 2018/19	40,000,000	0
FY 2019/20	0	0
Fy 2020/2021	0	0
Fy 2021/2023	0	0
<b>Total</b>	<b>373,000,000</b>	<b>75,414,500</b>

The total loan portfolio as at now is Kshs **373,000,000** out of which we have only received Kshs **5,414,500** 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.

**Bungoma County Youth and Women Empowerment Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

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**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.

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

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

**Bungoma County Youth and Women Empowerment Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

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**9. 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.

**Bungoma County Youth and Women Empowerment Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

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**10. Report of the Trustees**

The Trustees 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

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 June 30, 2023, are set out on page 27 to 31

**Trustees**

The members of the Administration Committee who served during the year are shown on page 5 and 6. 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/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 behalf].

By Order of the Board

Bungoma County youth and Women Empowerment Fund

Sign:



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

**Date:**

**Bungoma County Youth and Women Empowerment Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

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**11. Statement of Management's Responsibilities**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by THE BUNGOMA COUNTY 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, 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; 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, 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.



# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON BUNGOMA COUNTY YOUTH AND WOMEN EMPOWERMENT FUND FOR THE YEAR ENDED 30 JUNE, 2023**

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### **PREAMBLE**

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal 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**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Bungoma County Youth and Women Empowerment Fund set out on pages 1 to 20, which comprise of the statement

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*Report of the Auditor-General on Bungoma County Youth and Women Empowerment Fund for the year ended 30 June, 2023*

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, except for the effects 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, 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 comply with the Public Finance Management Act, 2012, and the Bungoma County Youth and Women Empowerment Fund Regulations, 2015.

### **Basis for Qualified Opinion**

#### **1. Inaccuracies in the Statement of Financial Performance**

The statement of financial performance reflects a deficit totalling to Kshs.2,160 which as disclosed in Note 1 to the financial statements is in respect of bank charges. However, the cash and cash equivalents balance recorded a movement of Kshs.1,440 from the balance as at 30 June, 2022 of Kshs.184,602 to a balance of Kshs.183,162 resulting to unexplained variance of Kshs.720. In addition, no interest is disclosed as having been accrued from the receivables from exchange transactions balance of Kshs.23,380,522 while the provision for bad and doubtful debts on long outstanding receivables from exchange transactions has not been made and accrued even though the receivables have been outstanding for more than six (6) years.

In the circumstances, the accuracy and completeness of the statement of financial performance could not be confirmed.

#### **2. Doubtful Recoverability of Current Portion of Long-Term Receivables from Exchange Transactions Balance**

The statement of financial position reflects a balance of Kshs.23,380,522 under current portion of long-term receivables from exchange transactions which, as disclosed in Note 4 to the financial statements, represents current loan repayments due. As previously reported, review of records revealed that the loans have remained outstanding for more than six (6) years contrary to the provisions of Regulation 24(1) and (2) of the Bungoma County Youth and Women Empowerment Fund Regulations, 2015 which provides that if in the opinion of the unit there has been or is likely to be any breach or failure to comply with any condition or term of repayment with respect to a loan, the unit may forthwith recover the loan from the beneficiary as a civil debt under the Debts Recovery Act, enforce or realize any security relating thereto and engage the services of private legal practitioners. In addition, a provision for bad and doubtful debts has not been made in

the financial statements to mitigate the effect of the apparent uncertainty in recovering the amounts.

In the circumstances, the fair valuation and recoverability of the current portion of long-term receivables from exchange transactions balance of Kshs.23,380,522 could not be confirmed.

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

### **Emphasis of Matter**

#### **Sustainability of Services**

The statement of financial performance reflects Nil income and expenses of Kshs.2,160 which, as disclosed in Note 1 to the financial statements, relate to bank charges. Available information indicates that the total allocations since the establishment of the Fund in 2013/2014 financial year is Kshs.373,000,000 out of which only Kshs.75,414,500 has been released to the Fund. No funds have been released since 2015/2016 financial year and the statement of comparison of budget and actual amounts indicates that there was no budget for new loans during the year under review. The statement of financial position and statement of cash flows indicate that there were no loan recoveries during the year under review. The Fund may not be in a position to achieve the objective for which it was established and no effort has been made to improve the situation.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing

else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

### **1. Long Outstanding Imprest**

The statement of financial position and Note 2 to the financial statements reflects a balance of Kshs.601,280 in respect of outstanding imprest issued to two (2) officers in 2017/2018 and 2018/2019 financial years. As previously reported, no explanation was provided for the failure to have the imprest accounted for as required by Regulation 93(5) of the Public Finance Management (County Governments) Regulations, 2015 which provides that a holder of a temporary imprest shall account for or surrender the imprest within seven (7) working days after returning to duty station.

In the circumstances, Management was in breach of the law.

### **2. Failure to Finance the Operations of the Fund**

Available information indicates that no funds were allocated for the operations of the Fund during the year under review contrary to Regulation 6(1)(a) of the Public Finance Management (Bungoma County Assembly Youth and Women Empowerment Fund) Regulations, 2015 that provides that there shall be credited to the Fund at least 2% of the annual County Government Estimates which shall from time to time be voted by the County Assembly for that purpose.

In the circumstances, Management was in breach of the law.

### **3. Unbalanced Budget**

The statement of comparison of budget and actual amounts reflects final revenue budget of Kshs.9,078,216 and final expenditure budget of Kshs.270,000 resulting to budget surplus of Kshs.8,808,216 contrary to Regulation 31(c) of the Public Finance Management (County Governments) Regulations, 2015 on budget guidelines which provides that at all times during budget formulation and approval, budget revenue and expenditure appropriations shall be balanced.

In the circumstances, Management was in breach of the law.

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

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

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

### **Basis for Conclusion**

#### **Lack of a 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 internal controls, risk management and overall governance could not be confirmed.

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall 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 the Management is aware of the intention to terminate the Fund or to cease its operations. Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

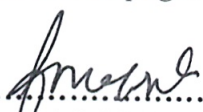
**20 February, 2024**


**Bungoma County Youth and Women Empowerment Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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

	Note	2022/2023	2021/2022
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>		0	0
<b>Revenue From Exchange Transactions</b>		0	0
<b>Total Revenue</b>		0	0
<b>Expenses</b>			
General expenses	1	2,160	60,000
<b>Total expenses</b>		<b>2,160</b>	<b>60,000</b>
<b>Surplus/Deficit for the Year</b>		<b>(2,160)</b>	<b>(60,000)</b>

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

  
 .....  
**Name: Frederick Makokha**  
**Administrator of the Fund**


  
 .....  
**Washington Makata**  
**Fund Accountant**  
**ICPAK Member**

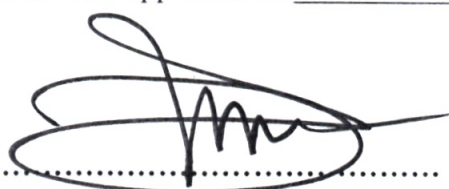
**Bungoma County Youth and Women Empowerment Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**14. Statement of Financial Position as At 30 June 2023**

	Note	2022/2023	2021/2022
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	183,162	784,602
Due from Parent Ministry (outstanding imprests)	3	601,280	-
Current portion of long term receivables from exchange transactions	4	23,380,522	23,380,522
<b>Total assets</b>		<b>24,164,964</b>	<b>24,165,124</b>
<b>Net assets</b>			
Revolving Fund		51,294,092	51,294,092
Accumulated surplus		(27,129,128)	(27,128,968)
<b>Total net assets and liabilities</b>		<b>24,164,964</b>	<b>24,165,124</b>

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 \_\_\_\_\_ 2023 and signed by:

  
 Name: **Fredrick Makokha**  
 Administrator of the Fund


  
 Name: **Washington Makata**  
 Fund Accountant  
 ICPAK Member

**Bungoma County Youth and Women Empowerment Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**15. Statement of Changes in Net Assets for the year ended 30<sup>th</sup> June 2023**

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
	KShs	KShs	KShs	KShs
<b>Balance as at 1 July 2021</b>	<b>51,294,092</b>		<b>27,068,968</b>	<b>24,225,124</b>
deficit for the period			60,000	(60,000)
Funds received during the year				
Revaluation gain				
<b>Balance as at 30 June 2022</b>	<b>51,294,092</b>		<b>27,126,968</b>	<b>24,165,124</b>
<b>Balance as at 1 July 2022</b>	<b>51,294,092</b>		<b>27,126,968</b>	<b>24,165,124</b>
Deficit for the period			2,160	(2,160)
Funds received during the year				
Revaluation gain				
<b>Balance as at 30 June 2023</b>	<b>51,294,092</b>		<b>27,129,128</b>	<b>24,162,964</b>

Note: Fund has no reserves currently



.....  
**Name: Fredrick Makokha**  
**Administrator of the Fund**



.....  
**Name: Washington Makata**  
**Fund Accountant**  
**ICPAK Member Number:**

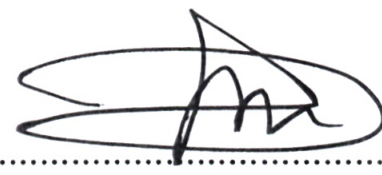
**Bungoma County Youth and Women Empowerment Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**16. Statement of Cash Flows for the Year Ended 30 June 2023**

	Note	2022/2023	2021/2022
		Kshs	Kshs
<b>Payments</b>			
General expenses	1	2,160	60,000
<b>Total Payments</b>		<b>2,160</b>	<b>60,000</b>
<b>Net cash flows from operating activities</b>		<b>(2,160)</b>	<b>(60,000)</b>
<b>Cash flows from investing activities</b>			
Increase in long term receivables		0	0
<b>Net cash flows used in investing activities</b>		<b>0</b>	<b>0</b>
<b>Net decrease in cash and cash equivalents</b>		<b>2,160</b>	<b>60,000</b>
Cash and cash equivalents at 1 JULY		784,602	844,162
<b>Cash and cash equivalents at 30 JUNE</b>		<b>782,442</b>	<b>784,602</b>

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

  
 Name: Fredrick Makokha  
 Administrator of the Fund

  
 Name: Washington Makata  
 Fund Accountant  
 ICPAK Member Number:

**Bungoma County Youth and Women Empowerment Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**17. Statement Of Comparison Of Budget And Actual Amounts For The Period**

	<b>Original budget</b>	<b>Adjustments</b>	<b>Final budget</b>	<b>Actual on comparable basis</b>	<b>Performance difference</b>	<b>% utilization</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
<b>Revenue</b>						
Transfers from County Govt.	9,000,000	0	9,000,000	-	0	0%
Interest income	78,216	0	78,216	0	0	0%
<b>Total income</b>	<b>9,078,216</b>	<b>0</b>	<b>9,078,216</b>	<b>0</b>	<b>0</b>	<b>0%</b>
<b>Expenses</b>						
Staff costs		-		-		
General expenses	270,000	0	270,000	2,160	267,840	1,7%
<b>Total expenditure</b>	<b>270,000</b>	<b>0</b>	<b>270,000</b>	<b>2,160</b>	<b>267,840</b>	<b>1.7%</b>
<b>Surplus for the period</b>	<b>8,808,216</b>	<b>-</b>	<b>8,808,216</b>	<b>(2,160)</b>	<b>0</b>	<b>1%</b>

**Budget notes:**

1. Zero percent Transfers from County Government; the fund didn't receive the exchequer releases in the financial year under review.
2. Zero percent on Interest income; the income we targeted was from the outstanding LPO financing loans of kshs 1,117,370 which is 7% as interest income. Having not collected any outstanding loans, no interest was paid.
3. 2,237.2% 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. One percent on surplus for the period is the objective of in the fund to reduce on operational cost and improve on revolving fund balance.

## **18. 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 1<sup>st</sup> January 2023 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January 2023.

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

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 41: Financial Instruments</b>	<b>Applicable: 1<sup>st</sup> January 2023:</b> (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 June 30, 2023**

Standard	Effective date and impact:
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2023:</b></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 1<sup>st</sup> 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.

The fund does not charge interest on group loans. The reported receivables balance of Kshs.23,380,522 relates to group loans on which no interest is charged. No interest income was earned.

**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 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.

*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.

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**5. Notes To The Financial Statements**

**1. Use of Goods and Services**

Description	2022/23	2021/22
	Kshs.	Kshs.
General Office Expenses	0	26,500
Bank Charges	2,160	-
Postage And Courier	0	18,500
Printing And Stationery	0	15,000
<b>Total for Use of Goods and Services</b>	<b>2,160</b>	<b>60,000</b>

**2. Cash And Cash Equivalents**

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Account	183,162.14	184,602
Others (imprest)		600,000
<b>Total Cash And Cash Equivalents</b>	<b>183,162.14</b>	<b>784,602</b>

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

		2022-2023	2021-2022
Financial Institution	Account number	Kshs	Kshs
<b>a) Current Account</b>			
<b>Cash and cash equivalents for Women fund</b>			
Cooperative Bank of Kenya	01141536727200	3,711.65	4,311.65
Cooperative Bank of Kenya	01141536727201	152,498.75	152,618.75
<b>Cash and cash equivalents for Youth fund</b>			
Cooperative Bank of Kenya	01141536727100	24,751.74	25,351.74
Cooperative Bank of Kenya	01141536727101	2,200	2,320
<b>total</b>		<b>183,162.14</b>	<b>184,602</b>

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**3. Due from Parent Ministry (outstanding imprests)**

	2022-2023	2021-2022
	Kshs	Kshs
Due From Parent Ministry (outstanding imprests)	601,280	600,000
<b>Total</b>	<b>601,280</b>	<b>600,000</b>

**4. Receivables from exchange transactions**

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Current Receivables</b>		
Interest Receivable	0	0
Current Loan Repayments Due	23,380,522	23,380,522
Other Exchange Debtors	0	0
<b>Total Current Receivables</b>	<b>23,380,522</b>	<b>23,380,522</b>
<b>Non-Current Receivables</b>		
Long Term Loan Repayments Due	0	0
<b>Total Non- Current Receivables</b>	<b>0</b>	<b>0</b>
<b>Total Receivables From Exchange Transactions</b>	<b>23,380,522</b>	<b>23,380,522</b>

**5. Cash generated from operations**

	2022-2023	2021-2022
	Kshs	Kshs
<b>(Deficit) For the Year Before Tax</b>	<b>2,160</b>	<b>60,000</b>
<b>Adjusted For:</b>		
Interest Income	(0)	(0)
<b>Working Capital Adjustments</b>		
Increase In Inventory	(0)	(0)
Increase In Receivables	(0)	(0)
Increase In Payables	0	0
<b>Net Cash Flow From Operating Activities</b>	<b>(2,160)</b>	<b>(60,000)</b>

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**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**

	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Due From Parent Ministry (outstanding imprests)	598,720	600,000
<b>Total</b>	<b>598,720</b>	<b>600,000</b>

**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:

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**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:

	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 June 2023</b>				
Receivables From Exchange Transactions	<b>51,294,092</b>	27,913,570	23,380,522	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	0	0	786,762	0
<b>Total</b>	<b>51,294,092</b>	27,913,570	<b>24,167,284</b>	<b>0</b>
<b>At 30 June 2022</b>				
Receivables From Exchange Transactions	<b>51,294,092</b>	27,913,570	24,167,284	0
Receivables From Non Exchange Transactions	0	0	0	0
Bank Balances	0	0	844,604	0
<b>Total</b>	<b>51,294,092</b>	27,913,570	<b>25,011,888</b>	<b>0</b>

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for

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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.

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**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:

	2022-2023	2021-2022
	Kshs	Kshs
Revaluation reserve	0	0
Revolving fund	51,294,092	51,294,092
Accumulated surplus	(27,131,128)	(27,128,968)
<b>Total funds</b>	<b>24,162,964</b>	<b>24,165,124</b>
Total borrowings	0	0
Less: cash and bank balances	(784,602)	(784,602)
Net debt/(excess cash and cash equivalents)	(784,602)	(784,602)
<b>Gearing</b>	<b>0.3%%</b>	<b>0.3%%</b>

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**19. 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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1.0	Inaccuracies in the financial statement	During consultation of the two funds has taken time by we are working reconciliation to harmonise our figures	resolved	June 2023
2.0	Failure to provide the trial balance and ledger	It was an omission but we promise to avail the trial balance and ledger in the next audit	Resolved	Three month.
3.0	Cash and cash equivalents	The time we reconciled our books for the FS end of 30 June, 2020. We expected the bank charges were applied to the account. The time we applied for the certificate of balance we realised the charged had been applied passed 30 <sup>th</sup> June, 2020 bring this difference	Resolved	1 month
4.0	Current portion of receivables from exchange transactions	Recovery of the loans remains the challenge to the fund. The fund committee decided to stop any further disbursement of loans to reduce the risk of more defaulting. We are reviewing the regulations to provide more powers to the unit to engage loan collectors through a competitive tender that will be away from political interference.		
<b>Other matter;</b>	Budgetary control and performance	The funds regulations have no provisions for fund budget preparation. It's through treasury intervention that we review all regulations to provide for that.	Resolved	6 month
3.0	Non-compliance with revolving fund principle.	Sustainability has been a challenge as well. We are reviewing the laws so that the fund can get enough working capital and be able to serve its mandate to the public and again be able to	resolved	18month.

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
		meets it's financial obligation and still observe the PFM Act stipulations.		