

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

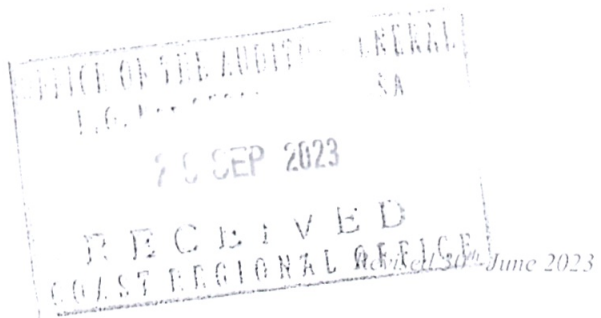
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**TAITA TAVETA COUNTY
DATU SAWAZISHA FUND**

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



TAITA TAVETA COUNTY DATU SAWAZISHA FUND

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

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



TAITA TAVETA DATU SAWAZISHA FUND
Annual Report and Financial Statements for the year ended June 30, 2023

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TAITA TAVETA DATU SAWAZISHA FUND
Annual Report and Financial Statements for the year ended June 30, 2023

1. Acronyms and Glossary of Terms

a) Acronyms

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

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
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TAITA TAVETA DATU SAWAZISHA FUND
Annual Report and Financial Statements for the year ended June 30, 2023

2. Key Entity Information and Management

a) Background information

DATU Fund is established by and derives its authority and accountability from **TAITA TAVETA COUNTY DATU SAWAZISHA FUND BILL, 2014** on 23RD, May 2014. The Fund is wholly owned by the County Government of Taita Taveta and is domiciled in Kenya.

The Fund's principal activity is:

1. The object of the Fund is to—
 - (a) improve and stimulate the economy and standard of living in the County;
 - (b) provide credit facilities for women, the youth and persons with disability to enable them engage in profitable activities that enhance their economic growth; and
 - (c) promote and develop enterprises within the county.

b) Principal Activities

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

2. The object of the Fund is to—
 - (d) improve and stimulate the economy and standard of living in the County;
 - (e) provide credit facilities for women, the youth and persons with disability to enable them engage in profitable activities that enhance their economic growth; and
 - (f) promote and develop enterprises within the county.

c) Board of Trustees/Fund Administration Committee

Ref	Position	Name
	Chairman of the Board	Mr. Dawson Katuu Mzenge
1	Chief Officer –Youth, Sport & Gender	Ms. Rina Mwanake
2	Chief Officer finance	Mr. Nashon Nyali
3	Committee Members	Mr. Donald Ndau
4	Fund Manager/ Administrator	Mr. Peter Mwazighe

TAITA TAVETA DATU SAWAZISHA FUND
Annual Report and Financial Statements for the year ended June 30, 2023

Key Entity and Management (Continued)

d) Key Management Steam

Ref	Position	Name
1	Fund Administrator	Mr. Peter Mwazighe
2	Fund Accountant	Mr. Peter Kathuri

e) Fiduciary Oversight Arrangements

Ref	Position	Name
1	Directorate Internal Audit	CPA MOHAMMED ALI

f) Registered Offices

P.O. Box 1066-10304
Red Elephant Bistro Building
Along Msa-Nairobi Highway
Voi, Kenya

g) Fund Contacts

Telephone: (254) 797014328
E-mail: datusawazishafund@yahoo.com
Website: www.go.ke

h) Fund Bankers

1. Cooperative Bank of Kenya
Voi Branch
Elganga Plaza
P.O. Box 770-80300
Voi, Kenya
2. Kenya Commercial Bank
Wundanyi Branch
P.O Box 1067-80304
Wundanyi, Kenya

TAITA TAVETA DATU SAWAZISHA FUND
Annual Report and Financial Statements for the year ended June 30, 2023

Key Entity and Management (Continued)

i) Independent Auditors

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




j) Principal Legal Adviser

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

k) County Attorney




Office of the Governor
Mwatate Town, Off Voi – Taveta Highway,
P.O. Box 1066-80304
Wundanyi, Kenya

TAITA TAVETA DATU SAWAZISHA FUND**Annual Report and Financial Statements for the year ended June 30, 2023****3. Fund Administration Committee.**

Name	Details of qualifications and experience
1) Mr. Dawson Katuu Mzenge 	- CECM Finance & Planning -CPAK -Bachelor of Business Management -Vast Experience In Finance
2) Mr. Nashon Chovu Nyali 	-CCO Finance & Planning -CPAK -Vast Experience in Accounting & Finance
3) Ms. Joyce Kambe Mwachia 	-Director Accounting Services -Holds a MSc Business Administration -CPAK -BCOM (BA) - has Vast experience in Finance & accounting
4) Mr. Peter Mwazighe	-Fund Administrator. - CPAK -Vast Experience in Finance & Accounting

TAITA TAVETA DATU SAWAZISHA FUND
Annual Report and Financial Statements for the year ended June 30, 2023

4. Management Team

Name	Details of qualifications and experience
<p>1) Mr. Dawson Katuu Mzenge</p> 	<ul style="list-style-type: none"> - CECM Finance & Planning -CPAK -Bachelor of Business Management -Vast Experience In Finance
<p>2) Mr. Nashon Chovu Nyali</p> 	<ul style="list-style-type: none"> -CCO Finance & Planning -CPAK -Vast Experience in Accounting & Finance
<p>3) Ms. Joyce Kambe Mwachia</p> 	<ul style="list-style-type: none"> -Director Accounting Services -Holds a MSc Business Administration -CPAK -BCOM (BA) - has Vast experience in Finance & accounting
<p>4) Mr. Peter Mwazighe</p>	<ul style="list-style-type: none"> -Fund Administrator. - CPAK -Vast Experience in Finance & Accounting

TAITA TAVETA DATU SAWAZISHA FUND
Annual Report and Financial Statements for the year ended June 30, 2023

5. Board/Fund Chairperson's Report

It is my pleasure to present the Taita Taveta Datu Sawazisha Fund to financial statements for the year ended 30th June 2023. The financial statements have been prepared in accordance with the provisions of the Public Financial Management Act, 2012. The financial statements present the financial performance of the fund over the past year.

• **Review of the Fund's performance**

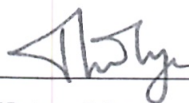
INCOME

In the year ended 30th June 2023 the fund had projected to receive Kshs 11,375,292 being the short-term loan repayments, however due to board non-existence there was no recovery from the loans.

EXPENDITURE

The total expenditure for the period was Kshs 5,040, this being the bank charges from the Kenya Commercial Bank Account.

Signed: _____



Dawson Katuu Mzenge

CECM - Finance and Economic Planning

County Government of Taita Taveta

TAITA TAVETA DATU SAWAZISHA FUND
Annual Report and Financial Statements for the year ended June 30, 2023

6. Report of The Fund Administrator

It is my pleasure to present the Taita Taveta County Datu Sawazisha Fund Financial Statements for the year ended 30th June 2023. The financial statements present the financial performance of the fund over the past year.

The Taita Taveta County Datu Sawazisha Fund was established by the 'Taita Taveta County DATU SAWAZISHA Fund Act, 2014, through a special issue "Kenya Gazette Supplement No. 5 (Taita Taveta County Acts No. 3) dated 23RD, May 2014.

FINANCIAL PERFORMANCE

a) Revenue

In the year ended 30th, June 2023 the fund had projected to collect Kshs, 11,375,292 this being short term loans, however due to board nonexistence there was no recovery from the loans.

b) Expenditures

The total expenditure for the period was Kshs 5,040, this being the bank charges from the Kenya Commercial Bank Account

c) Cash flows

In the FY 2022/23, the cash and cash equivalent decreased from Kshs 599,069 as at 30th June 2022 to Kshs 594,026 as at 30th June 2023

d) Conclusion

FY 2022/2023 nothing much was done regarding DATU SAWAZISHA fund, we look forward to come with mechanisms which will help us recover the loans issued.

Signed:  _____

Peter Mwazighe

Fund Administrator

TAITA TAVETA DATU SAWAZISHA FUND
Annual Report and Financial Statements for the year ended June 30, 2023

7. Report of The Fund Administrator

It is my pleasure to present the Taita Taveta County Datu Sawazisha Fund Financial Statements for the year ended 30th June 2023. The financial statements present the financial performance of the fund over the past year.

The Taita Taveta County Datu Sawazisha Fund was established by the 'Taita Taveta County DATU SAWAZISHA Fund Act, 2014, through a special issue "Kenya Gazette Supplement No. 5 (Taita Taveta County Acts No. 3) dated 23RD, May 2014.

FINANCIAL PERFORMANCE

a.) Revenue

In the year ended 30th, June 2023 the fund had projected to collect Kshs, 11,375,292 this being short term loans, however due to board nonexistence there was no recovery from the loans.

b.) Expenditures

The total expenditure for the period was Kshs 5,040, this being the bank charges from the Kenya Commercial Bank Account

c.) Cash flows

In the FY 2022/23, the cash and cash equivalents decreased from Kshs 599,069 as at 30th June 2022 to Kshs 594,026 as at 30th June 2023

d.) Conclusion

FY 2022/2023 nothing much was done regarding DATU SAWAZISHA fund, we look forward to come with mechanisms which will help us recover the loans issued.

Signed: _____



Peter Mwazighe

Fund Administrator

TAITA TAVETA DATU SAWAZISHA FUND
Annual Report and Financial Statements for the year ended June 30, 2023

8. 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 Accounting Officer when preparing financial statements of each County Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity’s performance against predetermined objectives.

The key development objectives of the Taita Taveta DATU SAWAZISHA FUND plan are to:

1. The object of the Fund is to—
 - (a) improve and stimulate the economy and standard of living in the County;
 - (b) provide credit facilities for women, the youth and persons with disability to enable them engage in profitable activities that enhance their economic growth; and
 - (c) promote and develop enterprises within the county.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
DATU SAWAZISHA FUND	a) improve and stimulate the economy and standard of living in the County;	N/A	N/A	In FY 22/23, since the board was non existence There was no activity which was done

TAITA TAVETA DATU SAWAZISHA FUND
Annual Report and Financial Statements for the year ended June 30, 2023

9. Corporate Governance Statement

THE FUND

The Taita Taveta County DATU SAWAZISHA Fund was Gazetted on 23RD, May, 2014 in the TAITA TAVETA COUNTY DATU SAWAZISHA FUND BILL, 2014

The fund committee performs all functions vested in the fund legislation and other Regulations.

The Fund is committed to ensuring compliance with regulatory and supervisory corporate governance requirements. Essential to the establishment of a corporate governance framework in the fund is a formal governance structure with the Fund committee at its apex. The structure is designed to ensure an informed decision-making process based on accurate reporting to the board.

THE FUND COMMITTEE MEMBERS

The Fund's legislation provides that the CEC Youth, Sports, Gender, Culture and Social Services designated person who shall be the Fund administrator as directed by the funds Act. The Fund Committee exercises leadership, enterprise, integrity and judgment in directing the Fund.

The Members are provided with full, appropriate and timely information that enables them to maintain full and effective control over the strategic, financial, operational and compliance issues. The day-to-day running of the operations of the fund is delegated to the fund Administrator but the Members are responsible for establishing and maintaining the fund's system of internal controls for the realization of its mandate of providing financial support for Mortgage and car loan

FUND COMMITTEE MEETINGS

The fund has not held any meeting during the FY 2022/2023.

AUDIT AND RISK COMMITTEE

The County internal Audit committee and internal Auditors are tasked with ensuring that corporate governance and integrity is enhanced in between the governance of the fund. The committee was established to advice the board on institutional risk management and compliance.

STATEMENT OF COMPLIANCE

The committee confirms that the fund has throughout the FY2022/2023 complied with all statutory and regulatory requirements and that the fund has been managed in accordance with the principles of good corporate governance.

The fund will conduct an external legal audit which will confirm that the institution had complied with all relevant laws, regulations and requirements.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

The committee is responsible for reviewing the effectiveness of the fund's system of internal control which is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against unauthorized use or disposition and the maintenance of proper accounting records and the reliability of financial information used within the business or for publication. These controls are designed to manage rather than eliminate the risk of failure to achieve business objectives due to circumstances which may reasonably be foreseen and can only provide reasonable and not absolute assurance against material misstatement or loss.

Standing Instructions

The fund has a Code of Ethics and Service that is applicable to all employees. These have a number of standing instructions to employees of the fund designed to enhance internal control.

Organization Structure

A clear organizational structure exists, detailing lines of authority and control responsibilities.

Strategic Plan

The business of the fund is determined by the strategic plan. The strategic plan sets out the objectives of the fund, and the annual targets to be met to attain those objectives. The strategic plan is evaluated annually to assess the achievement of those objectives.

Internal Control Framework

The fund continues to review its internal control framework to ensure it maintains a strong and effective internal control environment. Business processes and controls are reviewed on an ongoing basis. A risk-based audit plan, which provides assurance over key business processes and operational and financial risks facing the fund, is approved by the audit and risk committee.

The audit and risk committee considers significant control matters raised by management and both the internal and external auditors and reports its findings to the board. Where weaknesses are identified, the committee ensures that management takes appropriate action. No significant failings or weaknesses were identified during the FY 2022/23.

Management Team

The management team headed by the Fund Administrator implements the Fund Committee decisions and policies through action plans.

Auditor

The fund is audited by the Auditor-General.

TAITA TAVETA DATU SAWAZISHA FUND
Annual Report and Financial Statements for the year ended June 30, 2023

10. Management Discussion and Analysis

The committee has not been in existence for the financial year ended 30th June 2022. The management has ensured that we comply with statutory requirements relating to the functions of the fund and also making sure that there is no any form of non-compliance.

BUSINESS PERFORMANCE

Revenue

In the year ended 30th, June 2023 the fund had projected to collect Kshs, 11,375,292 this being short term loans, however due to board nonexistence there was no recovery from the loans.

Cash flow

In the FY 2022/23, the cash and cash equivalents decreased from Kshs 599,069 as at 30th June 2022 to Kshs 594,026 as at 30th June 2023.

OPERATIONAL PERFORMANCE

Beneficiaries of the Fund include Youth, Women and Persons with Disability.

The ward committees are under pressure to award all applicants, but there is need to put in place mechanisms that will enable to appraise and rank all the applicants and allocate only the most deserving cases.

The benefits of this Fund can only be effective where the group dynamics are taught to take beneficiaries. Deserving cases therefore need to be monitored with a view of helping them economically and sustainability in the projects undertaken by the groups.

Employees

Human capital is a critical ingredient towards ensuring realisation of our key strategic objectives and mandate. As our stakeholders increase their expectations, it is imperative to ensure adequate and motivated human resource capacity is available to provide services.

Conclusion

We appreciate the unrelenting support from the committee members, staff, the county government, development partners and all the key stakeholders. We look forward to the continued partnerships and cooperation in areas of mutual interest in the FY 2023/2024.

TAITA TAVETA DATU SAWAZISHA FUND
Annual Report and Financial Statements for the year ended June 30, 2023

11. Environmental and Sustainability Reporting

Datu Sawazisha Fund exists to transform lives. This is our purpose; however, the fund was not active in the financial year ended 30th June 2023

TAITA TAVETA DATU SAWAZISHA FUND
Annual Report and Financial Statements for the year ended June 30, 2023

12. 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 (i) Improve and stimulate the economy and standards of living in the County. (ii) Provide credit facilities for women, the youth and persons with disability to enable them engage in profitable activities that enhance their economic growth. (iii) Promote and develop enterprises within the county

Results

The results of the Fund for the year ended June 30, 2023 are set out on page 13

Trustees

The members of the Fund Committee who served during the year are shown on page 4

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

TAITA TAVETA DATU SAWAZISHA FUND

Annual Report and Financial Statements for the year ended June 30, 2023

13. 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 Kenya Gazette Supplement No. 5 (Taita Taveta County Acts No. 3) 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 Kenya Gazette Supplement No. 5 (Taita Taveta County Acts No. 3). The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2023, and of the Fund's financial position as at that date.

The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

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

Approval of the financial statements

The Fund's financial statements were approved by the Board on _____ 28th -Sept- 2023 and signed on its behalf by:



Peter Mwazighe
Fund Administrator

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON TAITA TAVETA COUNTY DATU SAWAZISHA FUND FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Taita Taveta County Datu Sawazisha Fund set out on pages 1 to 34, which comprise the statement of financial

position as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Taita Taveta County Datu Sawazisha 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.

Basis for Qualified Opinion

Unsupported Receivables from Exchange Transactions

The statement of financial position and Notes 11 and 16 to the financial statements reflects current portion of long-term receivables from exchange transactions of Kshs.11,375,292 and long-term receivables from exchange transactions of Kshs.34,125,876 respectively, totalling to Kshs.45,501,168. However, Management did not provide ageing analysis for audit verification in support of the loan balance and no policy document or guidelines were developed on how the loans disbursed would be repaid or recovered. Further, the total amount being same as the previous year's balance is an indication that there were neither issuance nor recoveries of loans. No reasons were provided by Management for the dormancy in the operations of the Fund. The long-term receivables from exchange transactions balance of Kshs.34,125,876 was wrongly supported by Note 16 since the note to the financial statements reflects a nil balance.

In the circumstances, the accuracy and completeness of the receivables from exchange transactions of Kshs.45,501,168 and their recoverability could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. I have determined that there were no other key audit matters to communicate in my report.

Emphasis of the Matter

Operating Without an Approved Budget

The Fund had no approved budget for the year ended 30 June, 2023. Failure to allocate budget may lead to cease of operations or termination of the Fund before achieving its objectives and results in loss of funds. Management has however not disclosed the Fund's inability to continue to sustain its services or the intention to terminate the Fund or cease operations.

My opinion is however not modified in respect of the above matter.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Unauthorized Opening and Operating of Bank Accounts

The statement of financial position and Note 10 to the financial statements reflects cash and cash equivalents balance of Kshs.594,026 being amount held in local commercial bank accounts. However, no evidence was provided in support of the opening and operating the accounts at the local commercial banks contrary to Regulation 82(1)(b) of the Public Finance Management (County Governments) Regulations, 2015 which requires that "all County exchequer accounts shall be opened at the Central Bank of Kenya except for imprest bank accounts for petty cash".

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

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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and Fund Administration Committee

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 overall governance.

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and 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

16 January, 2024

TAITA TAVETA DATU SAWAZISHA FUND
Annual Report and Financial Statements for the year ended June 30, 2023

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

	Note	FY2022/2023 KShs	FY2021/2022 KShs
Revenue from non-exchange transactions			
Public contributions and donations	1	-	-
Transfers from the County Government	2	-	-
Fines, penalties and other levies	3	-	-
Revenue from exchange transactions			
Interest income	4	-	-
Other income	5	-	-
Total revenue		-	-
Expenses			
Fund administration expenses	6	-	-
General expenses	7	5,040	5,040
Finance costs	8	-	-
Total expenses		5,040	5,040
Other gains/losses			
Gain/loss on disposal of assets	9	-	-
Surplus/(deficit) for the period		(5,040)	(5,040)

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 28th-Sept- 2023 and signed by:



Fund Administrator

Name: Peter Mwazighe

ICPAK Member Number: 25666



Fund Accountant

Name: Peter Kathuri

TAITA TAVETA DATU SAWAZISHA FUND
Annual Report and Financial Statements for the year ended June 30, 2023

16. Statement of Financial Position As at 30 June 2023

	Note	FY2022/2023 KShs	FY2021/2022 KShs
Assets			
Current assets			
Cash and cash equivalents	10	594,021	599,061
Current portion of long-term receivables from exchange transactions	11	11,375,292	11,375,292
Prepayments	12	-	-
Inventories	13	-	-
Non-current assets			
Property, plant and equipment	14	-	-
Intangible assets	15	-	-
Long term receivables from exchange transactions	16	34,125,876	34,125,876
Total assets		46,095,190	46,100,230
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	17	-	-
Provisions	18	-	-
Current portion of borrowings	19	-	-
Employee benefit obligations	20	-	-
Non-current liabilities			
Non-current employee benefit obligation		-	-
Long term portion of borrowings	21	-	-
Total liabilities			
Net assets		46,095,190	46,100,230
Revolving Fund	25	54,435,424	54,435,424
Reserves	26	-	-
Accumulated surplus	27	(8,340,234)	(8,335,194)
Net Value of the Fund		46,095,190	46,100,230

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 28th-Sept- 2023 and signed by:



Fund Administrator

Name: Peter Mwazighe

ICPAK Member Number: 25666



Fund Accountant

Name: Peter Kathuri

TAITA TAVETA DATU SAWAZISHA FUND
Annual Report and Financial Statements for the year ended June 30, 2023

17. Statement Of Changes in Net Assets for the year ended 30th June 2023

	Note	Revolving Fund	Revaluation Reserve KShs	Accumulated surplus KShs	Total KShs
Balance as at 1 July 2021		54,435,424	-	(8,330,154)	46,105,270
Surplus/(deficit) for the period	25	-	-	(5,040)	(5,040)
Funds received during the year	26	-	-	-	-
Revaluation gain	27	-	-	-	-
Balance as at 30 June 2022		54,435,423.9	-	8,335,194.0	46,100,229.9
Balance as at 1 July 2022		54,435,424	-	(8,335,194)	46,100,230
Surplus/(deficit) for the period	25	-	-	(5,040)	(5,040)
Funds received during the year	26	-	-	-	-
Revaluation gain	27	-	-	-	-
Balance as at 30 June 2023		54,435,424	-	(8,340,234)	46,095,190

TAITA TAVETA DATU SAWAZISHA FUND
Annual Report and Financial Statements for the year ended June 30, 2023

18. Statement of Cash Flows for The Year Ended 30 June 2023

	Note	FY2022/2023 KShs	FY2021/2022 KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations	1	-	-
Transfers from the County Government	2	-	-
Fines, penalties and other levies	3	-	-
Interest received	4	-	-
Receipts from other operating activities	5	-	-
Total Receipts		-	-
Payments			
Fund administration expenses	6	-	-
General expenses	7	5,040	5,040
Finance cost	8	0	-
Total Payments		5,040	5,040
Net cash flows from operating activities		(5,040)	(5,040)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from sale of property, plant and equipment		-	-
Proceeds from loan principal repayments	24	-	-
Loan disbursements paid out	23	-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(5,040)	(5,040)
Cash and cash equivalents at 1 JULY	10	599,061	604,101
Cash and cash equivalents at 30 JUNE	10	594,021	599,061
Financial Position		594,021	599,061

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 28th-Sept- 2023 and signed by:



Fund Administrator

Name: Peter Mwazighe

ICPAK Member Number: 25666



Fund Accountant

Name: Peter Kathuri

TAITA TAVETA DATU SAWAZISHA FUND
Annual Report and Financial Statements for the year ended June 30, 2023

19. Statement Of Comparison of Budget and Actual Amounts for The Period Ended 30th June 2023

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2023	2023	2023	2023	2023	2023
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Public contributions and donations					-	0%
Transfers from County Govt.					-	0%
Interest income					-	0%
Other income				-	-	0%
Total income	-	-	-	-	-	-
Expenses						
Fund administration expenses				-	-	0%
General expenses				5,040	5,040	0%
Other Transfers					-	0%
Loans					-	0%
Total expenditure	-	-	-	5,040	(5040)	
Surplus for the period	-	-	-	(5,040)	5,040	-

**Taita Taveta County Datu Sawazisha Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

20. Notes to the Financial Statements

1. General Information

Taita Taveta County Datu Sawazisha Fund entity is established by and derives its authority and accountability from Datu Sawazisha Fund Act, 2014. The entity is wholly owned by the Taita Taveta County Government and is domiciled in Kenya. The entity's principal activity is

- Improve and stimulate the economy and standard of living in the County.
- Provide credit facilities for women, the youth and persons with disability to enable them engage in profitable activities that enhance their economic growth.

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

Standard	Effective date and impact
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for

Taita Taveta County Datu Sawazisha Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Standard	Effective date and impact
	<p>financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</p> <ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.

Taita Taveta County Datu Sawazisha Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Standard	Effective date and impact
	Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

(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 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs</p>

Taita Taveta County Datu Sawazisha Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Standard	Effective date and impact:
Operations	to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

(iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

Taita Taveta County Datu Sawazisha Fund
Annual Report and Financial Statements for the year ended June 30, 2023

1. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2022/23 was approved by the County Assembly on xxxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of on the FY 2022/23 budget following the governing body's approval.

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

Taita Taveta County Datu Sawazisha Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Summary of Significant Accounting Policies (Continued)

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

c) Property, plant and equipment

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

d) Intangible Assets

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

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

e) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an xx-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.(entity to amend appropriately)* Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Summary of Significant Accounting Policies (Continued)

f) Financial instruments

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Taita Taveta County Datu Sawazisha Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Taita Taveta County Datu Sawazisha Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

g) Inventories

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

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

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

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

h) Provisions

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

i) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

Taita Taveta County Datu Sawazisha Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Summary of Significant Accounting Policies (Continued)

j) Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. *Entity to state the reserves maintained and appropriate policies adopted.*

l) 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.

m) Employee benefits – Retirement benefit plans

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

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

Taita Taveta County Datu Sawazisha Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Summary of Significant Accounting Policies (Continued)

n) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

o) Borrowing costs

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

p) 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.

q) 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.

r) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

**Taita Taveta County Datu Sawazisha Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

6. Notes To The Financial Statements

1. Public contributions and donations

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

2. Transfers from County Government

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Transfers From County Govt. –Operations	-	-
Payments By County On Behalf Of The Entity		
Unconditional Development grants		
Total	-	-

3. Fines, penalties and other levies

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Late payment penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Interest received from Loans		
Interest accrued from Loans		
Total interest income	-	-

Taita Taveta County Datu Sawazisha Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements Continued

5. Other income

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender documents	-	-
Miscellaneous income	-	-
Total other income	-	-

6. Employee Costs

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Salaries And Wages		
Staff Training Expenses		
Social Security Contribution		
Total	-	-

7. Use of Goods and Services

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
General Office Expenses	-	-
Electricity and water expenses	-	-
Administration Fees	-	-
Fuel and oil costs	-	-
Insurance costs	-	-
Postage And Courier	-	-
Printing And Stationery		
Rental costs		
Training expenses		
Security costs		
Telecommunication		
Hospitality		
Specialised materials and services	-	-
Depreciation and amortization costs	-	-
Bank Charges	5,040	5,040
Routine maintenance	-	-
Fuel Oil and Lubricants	-	-
Professional Services Costs	-	-
Total	5,040	5,040

Taita Taveta County Datu Sawazisha Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements Continued

8. Finance costs

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
Total	-	-

9. Gain/(loss) on disposal of assets

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

10. Cash and cash equivalents

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Fixed deposits account	-	-
On – call deposits	-	-
Current account	-	-
Current account	594,021	599,061
Total cash and cash equivalents	594,021	599,061

Financial institution	Account number	FY2022/2023	FY2021/2022
		KShs	KShs
a) Current account			
Kenya Commercial bank		593,413	598,453
Coop Bank		608	608
Sub- total		594,021	599,061
b) Others(specify)			
Cash in transit		-	-
Cash in hand		-	-
M Pesa		-	-
Sub- total		-	-
Grand total		594,021	599,061

**Taita Taveta County Datu Sawazisha Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes to the Financial Statements Continued

11. Receivables from exchange transactions

Description	FY2022/2023	FY2021/2022
	KShs	KShs
Current Receivables		
Interest receivable	-	-
Current loan repayments due	11,375,292	11,375,292.33
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total Current receivables	11,375,292	11,375,292.33
Non-Current receivables		
Long term loan repayments due	34,125,876	34,125,876
Total Non current receivables	34,125,876	34,125,876
Total receivables from exchange transactions	45,501,169	45,501,169

12. Prepayments

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Total	-	-

13. Inventories

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Total inventories at the lower of cost and net realizable value	-	-

Taita Taveta County Datu Sawazisha Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To the Financial Statements (Continued)

14. Property, plant and equipment

	Land and	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
	Buildings				
Cost	KShs	KShs	KShs	KShs	KShs
At 1 st July 2021	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
At 30 th June 2022	-	-	-	-	-
At 1 st July 2022	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 30 th June 2023	-	-	-	-	-
Depreciation and impairment					
At 1 st July 2021	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30 th June 2022	-	-	-	-	-
At 1 st July 2022	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
At 30 th June 2023	-	-	-	-	-
Net book values					
At 30 th June 2022	-	-	-	-	-
At 30 th June 2023	-	-	-	-	-

**Taita Taveta County Emergency Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes To the Financial Statements (Continued)

15. Intangible assets

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

16. Trade and other payables from exchange transactions

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Trade payables	-	-
Refundable deposits	-	-
Accrued expenses	-	-
Other payables	-	-
Total trade and other payables	-	-

17. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	-	-	-	
Additional Provisions	-	-	-	
Provision utilised	-	-	-	
Change due to discount and time value for money	-	-	-	
Transfers from non-current provisions	-	-	-	
Total provisions	-	-	-	

**Taita Taveta County Emergency Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes To the Financial Statements (Continued)

18. Borrowings

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Balance at beginning of the period	-	
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the period	-	-
Repayments of domestic's borrowings during the period		-
Balance at end of the period	-	-

The table below shows the classification of borrowings into external and domestic borrowings:

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'xxx organisation'	-	-
Sterling Pound denominated loan from 'organisation'	-	-
Euro denominated loan from zzz organisation'	-	-
Domestic Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
Total balance at end of the year	-	-

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

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Short term borrowings (current portion)	-	-
Long term borrowings	-	-
Total	-	-

**Taita Taveta County Emergency Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes To The Financial Statements (Continued)

19. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Total
	KShs	KShs	KShs	
Current benefit obligation	-	-	-	
Non-current benefit obligation	-	-	-	
Total employee benefits obligation	-	-	-	

20. Cash generated from operations

	FY 2022-2023	FY 2021-2022
	KShs	KShs
Surplus for the year before tax	-	-
Adjusted for:		
Depreciation	-	-
Gains/ losses on disposal of assets	-	-
Interest income	-	-
Finance cost	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
Net cash flow from operating activities	-	-

Datu Sawazisha Fund**Annual Report and Financial Statements For the year ended 30th June 2023****Notes To the Financial Statements (Continued)****21. Related party balances****a) Nature of related party relationships**

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

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

b) Related party transactions

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Transfers from related parties'	-	-
Transfers to related parties	-	-

c) Key management remuneration

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Board of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Due from parent Ministry	-	-
Due from County Government	-	-
Total	-	-

Datu Sawazisha Fund
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Other Disclosures Continued

e) Due to related parties

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Total	-	-

22. Contingent assets and contingent liabilities

Contingent liabilities	FY 2022-2023	FY 2021-2022
	KShs	KShs
Court case xxx against the Fund	-	-
Bank guarantees	-	-
Total	-	-

Datu Sawazisha Fund**Annual Report and Financial Statements For the year ended 30th June 2023****Notes To The Financial Statements (Continued)****23. Loan disbursements paid out**

	FY2022/2023	FY2021/2022
	KShs	KShs
Loan disbursements paid out		
Total	-	-

24. Proceeds from loan principal repayments received

	FY2022/2023	FY2021/2022
	KShs	KShs
Loan repayments		-
Total	-	-

25. Revolving Fund

	FY2022/2023	FY2021/2022
	KShs	KShs
Balance b/d	54,435,424	54,435,424
Funds received during the year	-	-
Total	54,435,424	54,435,424

26. Reserves

	FY2022/2023	FY2021/2022
	KShs	KShs
Balance b/d	-	-
Reserves for the period		-
Total	-	-

27. Accumulated surplus

	FY2022/2023	FY2021/2022
	KShs	KShs
Balance b/d	(8,680,274)	(8,324,049)
Surplus/(deficit) for the period	(5,040)	(356,225)
Total	(8,685,314)	(8,680,274)

28. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable

Datu Sawazisha Fund**Annual Report and Financial Statements For the year ended 30th June 2023**

levels of risk. The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

a) Credit risk

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

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

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

Datu Sawazisha Fund**Annual Report and Financial Statements For the year ended 30th June 2023****Notes To The Financial Statements (Continued)**

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

The entity has significant concentration of credit risk on amounts due from xxxx

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

b) Liquidity risk management

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

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

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

Datu Sawazisha Fund**Annual Report and Financial Statements For the year ended 30th June 2023****Notes To The Financial Statements (Continued)****c) Market risk**

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

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

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

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

i. Foreign currency risk

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

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

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

The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

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Annual Report and Financial Statements For the year ended 30th June 2023

Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
(Current FY)			
Euro	10%	xxx	xxx
USD	10%	xxx	xxx
(Comparative FY)			
Euro	10%	xxx	xxx
USD	10%	xxx	xxx

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (2022: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (2021 – Kshs xxx).

Datu Sawazisha Fund
Annual Report and Financial Statements For the year ended 30th June 2023

Notes To The Financial Statements (Continued)

d) Capital risk management.

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

Description	Current FY	Comparative FY
	Kshs	Kshs
Revaluation reserve	xxx	xxx
Revolving fund	xxx	xxx
Accumulated surplus	xxx	xxx
Total funds	xxx	xxx
Total borrowings	xxx	xxx
Less: cash and bank balances	(xxx)	(xxx)
Net debt/(excess cash and cash equivalents)	xxx	xxx
Gearing	xx%	xx%

29. Events after the reporting period

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

30. Ultimate and Holding Entity

The entity is a County Public Fund established by xxx Act (*state the legislation establishing the Fund*) under the Ministry of xxx. Its ultimate parent is the County Government of XXX.

31. Currency

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

Datu Sawazisha Fund
Annual Report and Financial Statements For the year ended 30th June 2023

21. Annexes

Annex I: Progress on Follow Up Of Prior Year Auditor's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Receivables From Exchange Transaction		resolved	30 th June 2023
2.0	Operating without an approved Budget		Resolved	30 th June 2023
3.0	Unresolved Prior Year Matters		Resolved	30 th June 2023
4.0	Failure to Establish a Board for the Fund		Resolved	30 th June 2023

Fund Administration

Date.....

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Annex II: Inter-Fund Confirmation Letter
[Insert your Letterhead]

[Insert name of beneficiary Fund]

[Insert Address]

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30th June 20xx as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by <i>[Insert name of beneficiary Fund]</i> as at 30 th June 20xx							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (Kshs) as at 30 th June 20xx				Amount Received by <i>[beneficiary Fund]</i> (KShs) as at 30 th June 20xx (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

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

Head of Accountants department of beneficiary Fund:

Name *Joyce Mwachia* Sign *[Signature]* Date *25-09-2023*



Taita Taveta County Datu Sawazisha Fund
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Annex III: Reporting of Climate Relevant Expenditures

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