REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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REPORT

OF

THE AUDITOR-GENERAL

ON

KAJIADO COUNTY DISABILITY MAINSTREAMING FUND

FOR THE YEAR ENDED 30 JUNE, 2022

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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COUNTY GOVERNMENT OF KAJIADO

DISABILITY MAINSTREAMING FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2022

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

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1. Key Entity Information And Management

a) Background information

Kajiado County Disability Mainstreaming Fund is established by and derives its authority and accountability from section 116 of the Kajiado Public Finance Management Act, 2012 on 1st February, 2016. The Fund is wholly owned by the County Government of Kajiado and is domiciled in Kenya.

The fund's objective is to provide:

The fund was started with the main aim of improving the welfare, income and the social wellbeing of the people living with disability in the County Government of Kajiado. The activities of the fund are geared towards attainment of self-reliance among the people living with disability

The Fund's principal activity is to educate the people living with disability on entrepreneurial skills and provide them with loans either as a group or individuals to boost their entrepreneurial activities that make them self-reliant and be able to improve their life status in the society.

b) Principal Activities

1. Entrepreneur loans to persons with disabilities either in groups or as individuals

2. Bursary and/or scholarship support students with disabilities from secondary level and above

3. Assorted assistive devices such as Braille machines, white canes, crutches, polio boots, hearing aids, among others

4. Assistive to organization supporting persons with disabilities

5. Capacity building and training of person with disability groups and the community in order to fight stigma and discrimination

6. Routine baseline surveys and accessibility audits on matters to do with disabilities

7. Assistance to the yearly celebration of the disability day

8. Assistance to special needs units and hospitals overcome challenges on matters to do with disability

2. Fund Administration Committee

Ref	Position	Name
1	Chairperson of the Board	Irene Katete
2	Member	Jackson Moile
3	Member	Solomon Onunga
4	Member	Judith Norbene
5	Member	Elijah Kanake
6	Member	Daniel Sapayia
7	Member	Simon Lemaron
8	Member	Joseph Nkeyesha
9	Member	Julius Sazia
10	Member	Anthony Saitabau
11	Member	David Mbaiwa
12	Fund Manager/ Administrator	David Tuke

c) Key Management

Ref	Position	Name
1	Fund Manager/ Administrator	David Tuke
2	Fund Accountant	John Kores
3	Chief officer	Francis Metian
3	County Executive Committee Member	Florence Waiganjo

d) Registered Offices

P.O. Box 11-01100
Kajiado County headquarters
Kajiado, Kenya.

e) Fund Contacts

Telephone: (254) 0202043075
E-mail: kajiadocounty.go.ke
Website: www.kajiado

f) Fund Bankers

Equity Bank Kenya
P.O.Box 456-01100
Kajiado, Kenya

g) Independent Auditors

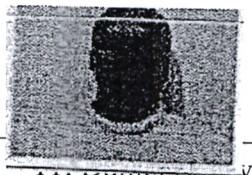
Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

h) Principal Legal Adviser

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

3. Board Of Trustee/Fund Administration Committee

Name and photo	Details of qualifications and experience
1. Irene Katete	**D.o.b.** 1991 **Qualification: bachelor of commerce in finance** **Work experience**: 15 years **Independent/director**: Director
2. David Tuke	**D.o.b**...15/01/1972..... **Qualification**: Bachelor of commerce finance option, Diploma in Business Administration (ABE) **Work experience:** 20 years **Independent/director:** Fund Administrator
3. Jackson Moile	**D.o.b**....1/1/1968..... **Qualification:** Diploma in Education Management in Kenya Education Primary Teachers Certificate Kenya Institute of Special Education Certificate in Lower Primary Education **Work experience**...20 years..... **Independent/director**..Independent.....
4. Simon Lemaron	**D.o.b**.....12/12/.1978 **Qualification.** Diploma in Business Management K.C.S.E. Certificate..... **Work experience**...7 years **Independent/director**.....Independent.....
5. Elijah Kanake	**D.o.b**.....1/1/1982..... **Qualification**.....Certificate in Computer Application K.C.S.E **Work experience**.....3 Years **Independent/director**.....Independent.....
6. Judith Norbene	**D.o.b**.....11/11/1979..... **Qualification:** Bachelor of commerce in Business Administration Full secretarial course certificate **Work experience**: 15 years **Independent/director**.....Independent.....

7. Joseph Nkeyesha	**D.o.b**.....1/1/1965..... **Qualification**.....KACE.. PTE…Teacher **Work experience**.....25 years..... **Independent/director**....Independent.....
8. Anthony Saitabau	**D.o.b**.....09/04/1982..... **Qualification**.....Bachelor of Development Studies Diploma in Community Development..... **Work experience**.....11years..... Independent/director.....Independent.....
9. Julius Sazia	**D.o.b**.....1974..... **Qualification**.....Bachelor of science in health community Diploma in nursing and community development. **Work experience**...15 years..... **Independent/director**.....Independent.....
10. David Mbaiwa 	**D.o.b**.....15/03/1968..... **Qualification**.....Bachelor of Arts…..... **Work experience**.....24 years..... **Independent/director**.....Independent.....
11. Daniel Dapayia	**D.o.b** : 1959 **Qualification**: Diploma in project Management Diploma Orthopaedic technology **Work experience**: 30 years **Independent/director**: Independent
12. Solomon Onunga	**D.o.b** : 1975 **Qualification**: Bachelor of Arts **Work experience**: 10 years **Independent/director**: Independent

4. Management Team

Name and photo	Details of qualifications and experience
1. Joseph Jama Ole Lenku	**D.o.b**. 20th October 1970 **Qualification:** Bachelor of commerce in marketing Masters of Business Administration in strategic Management **Work experience**: 20 years **Independent/director**: director
2. Samuel K. Seki	**D.o.b.** 1974 **Qualification**: Bachelor of commerce in Human Resource **Work experience:**16 **Independent/director: Director**
3. Florence Waiganjo	**D.o.b**. 1991 **Qualification: bachelor of commerce in finance** **Work experience**: 8 years **Independent/director**: Director
4. David Tuke	**D.o.b**.....15/01/1972 **Qualification:** Bachelor of commerce finance option Diploma in Business Administration **Work experience**: 20 years **Independent/director:** Fund Administrator

5. Board/Fund Chairperson's Report

There was a change in the management for the department County Executive Committee Member (CECM) and the County Secretary. The board and management team running the fund activities have done well to make the fund perform better. The performance of disability fund for the year has improved tremendously. We managed to address issues concerning disability awareness through capacity building in relation to support to celebral palsy children, and entrepreneurship training, mobility empowerment, yearly celebration of disability day as considered by the board and as well encouraging by facilitating our PWDs to participate in Persons With Disabilities' sports.

During this period, the Disability Fund received Kshs. 15 million from the County Treasury plus a balance of ksh 299,101 brought forward from previous year (FY 2020/2021). The fund made payments to revolving fund amounting to ksh 1,973,000 and ksh10,435,285.35 to operations/ general expenses and a balance of ksh2,898,815.35 was carried forward.

Through capacity building and entrepreneurship trainings, advocacy and sensitization are the major efforts put in place along other sound measures to recover outstanding loan of Kshs. 4,749,500 and creating awareness to the persons with disability on proper investment of the loans from the fund, it bored fruits because we saw one of the groups reducing their business loan by ksh 35,000. Some other groups made a promise to repay the loans.

During the period we managed to acquire software for registration and maintenance of the people with disability data base for ease of service delivery. Under my leadership we have engaged the county assembly committee on the legal framework that when passed will ensure that the fund allocation increases and more activities for the people with disabilities.

As I conclude, I would like to thank the National Treasury, County Treasury and the County Department in charge of disability mainstreaming, for the support they gave during the financial year to ease the operations of the fund.

Signed:

Irene Katete
Chairperson

6. Report of The Fund Administrator

The funds' performance has been good in terms of utilisation of the county government resources to offer services to the people living with disabilities. The board managing the fund budgeted and received Ksh. 13,027,000, for operations and ksh 1,973,000 for Economic empowerment which is revolving, from the County Treasury during the period under review. We managed to utilise the funds by facilitating the following activities as per the Kajiado County Disability Mainstreaming Regulation; Economic empowerment - LPO/LSO Financing, bursary, assistive devices for Persons With Disabilities, supporting organization dealing with PWDs, trainings and capacity building through pwds sports for; stigma reduction, nurturing of talents and advocacy.

The fund main objective was to issue loans to the people living with disabilities which through my leadership we managed to issue loan amounting to Kshs 4,850,000 to pwd groups during the FY2016/2017. The management also approved provision of asset finance of which we have managed to build Ten stalls, at accost of ksh 2,000,000, in Kiserian market during FY 2020/2021 with intention of putting up more in each and every Sub County in the subsequent years. We as well supported groups owned by PWDS through LPO/LSO financing. We believe this strategy will boost PWDs entrepreneurial capability.

We have been able to issue bursary and/or scholarship support students with disabilities from secondary level and above. During the current year we issued bursary amounting to Kshs. 2,580,000, increased from ksh 1,700,000 and up to date many students living with disabilities have benefited from the fund bursary.

We have also managed to provide assorted assistive devices such as Wheel chairs (including specialised), prosthesis, white canes, crutches, polio boots, among others to persons living with disabilities since the inception of the fund. This has been done by purchasing the equipment and distributing to persons with disabilities including pwd students as per their requests accordingly. The cost on the same from the fund during this financial year was ksh 423,000.

Capacity building and training of Persons With Disabilities groups and the community at large in order to fight stigma and discrimination and encourage them to repay their loans, has been achieved through celebration of UN thematic days of Persons With Disabilities - ksh 2,567,000 and also organising trainings and support to pwds in different parts of Kajiado - 1,666,000 and having games for pwds too such as wheel chair race, fashion show etc, ksh2,031,200.

The individuals living with disabilities appreciated activities related to the fund since they are able to obtain LPO/LSO financing and already obtained stalls through asset financing. The assistive/mobility devices have been of great help to people with disabilities by enabling them do their chores independently.

The major problem with fund is not receiving it on time so as to go on well with our programs and schedules. Harsh weather conditions and lack of know how among the people with disabilities leads to death of animals acquired through the loans, hence failure to repay the loans advanced by the fund, and as a result the Board and management team had no option other than to stop further issuance of loan and change strategy.

Having assessed the level of harsh climate, we have resorted to provision of asset financing of the business stalls to the disabled individuals carrying out businesses and LPO/LSO financing. Farther we have engaged the law committee of the county assembly to pass a law to solve the issues emerging in relation to objectives of the fund and also make a favorable provision for budget to engage in many viable activities and be able to revolve the fund.

Signed:

David Tuke

Fund Administrator

7. Statement of Performance Against the County Fund's Predetermined Objectives

Introduction

The key development objectives of the Kajiado County Government Disability Mainstreaming Fund 2018-2022 plan are to:

a) Provide entrepreneur loans to persons with disabilities either in groups or as individuals

b) Provide Bursary and/or scholarship support students with disabilities from secondary level and above

c) Provide Assorted assistive devices such as Braille machines, white canes, crutches, polio boots, hearing aids, among others

d) Capacity building and training of person with disability groups and the community in order to fight stigma and discrimination

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Economic empowerment	To support persons with disabilities in obtaining stalls for businesses either in groups or as individuals start a business and LPO/LSO financing.	Ten stalls occupied and there is increased independent groups of persons with disability Financed LPO/LSO for pwds registered companies.	High no. of borrowings	In FY 2021/22 we introduced asset financing in stalls as opposed to cash. Financed LPO/LSO for registered businesses for PWDs.
Assorted assistive devices	To improve mobility of people with disability from one place to another	Better service delivery	Well maintained devices	In FY 2021/22 we assisted children's homes maintain their devices
Capacity building and training	training of person with disability groups and the community in order to fight stigma and discrimination	Stigma reduction and more awareness of rights of people with disability	80% awareness and stigma reduction within the county, celebration of UN Day for pwds and attended pwds games	In FY 2021/22 we increased training and included leprosy, care takers for celebral palsy and autism children
Bursary and/or scholarship	Provide bursary or scholarship support to students with disabilities	Increased number of disability students in the county.	100% increase of applicants	In FY 2021/22 we increased our grants to students tremendously.

8. Corporate Governance Statement

During the financial year 2021-2022 the committee members managed to hold 4 meetings out of four meetings required in a year. The four meetings were attended by all twelve members of the committee and deliberations have been successfully concluded.

The committee members are appointed on a three-year term for a maximum of two terms. The Board of management has ensured that terms of all members of the committee do not end at the same time to provide for smooth transition and also succession during expiry of the terms of leaders. Leadership in the conduct of business is also alternated and acting capacities to prepare members for leadership roles.

The fund operates on the parent ministry's service charter of 2021 which defines the roles and activities to be engaged in.

Appointment and removal of the board members are done by the County Public Service Board as stipulated in the county Government Act, 2012. The positions are declared vacant, advertisements are made and recruitment process carried out to get suitable committee members. The roles and functions of the committee members are defined in the County Public Financial Management Regulation and public service manual.

Committee members on appointment are taken through orientation and training on the roles and conduct of the business of the committee and annually members are trained and benchmarking programs done for the exchange of knowledge and practices.

Members have been declaring their conflict of interest every time meetings are held and during execution of the mandate of the fund and there has been no any complication on conflicts of interest among committee members. Remuneration of committee members is defined by the Salaries and Remuneration Committee and are aid on the basis of attendance of the meetings and participation.

Members are inducted on the code of ethics and conduct to equip them with best practices and morals to adhere to while in the office and conducting businesses of the fund as planned

9. Management Discussion and Analysis

The operational performance of the fund is guided by the cash plan defining the activities which the management of the fund has to implement. Funding of the entity is based on the plan approved by the board as the requirement of the people living with disability. Once the county treasury disburses the fund to the entity, the management ensures proper application following proper internal controls in place. The controls put in place include; requisition, Approval and authorisation, payment and recording of the transaction in the books of account. Compliance to the controls put in place are audited by the Office of Auditor General and have not been found questionable hence properly working.

During the financial year, the Fund budgeted to spend Kshs 15M for projects pertaining people living with disability. Farther, the management decided to engage in asset and LPO/LSO financing for the people living with disability, as an alternative to issuance of loans which proved to be problematic in repayment.

The funds operations are guided by the constitution, various parliamentary acts and regulations like Public Procurement and Asset Disposal Act, 2015, Public Financial Management Act, 2012, Public Financial Management-County Government Regulations, 2015, County Government Act, 2013 and Kajiado County Public Finance Management (Disability Mainstreaming Fund) Regulations, 2016. The Fund complies to the statutory requirement of all the laws, regulations and circulars in force from time to time guiding its operations.

Sections 115 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the County Treasury shall, not later than three months after the end of each financial year, prepare and submit to the Auditor-General, financial statements in respect of the Disability Mainstreaming Fund for that year.

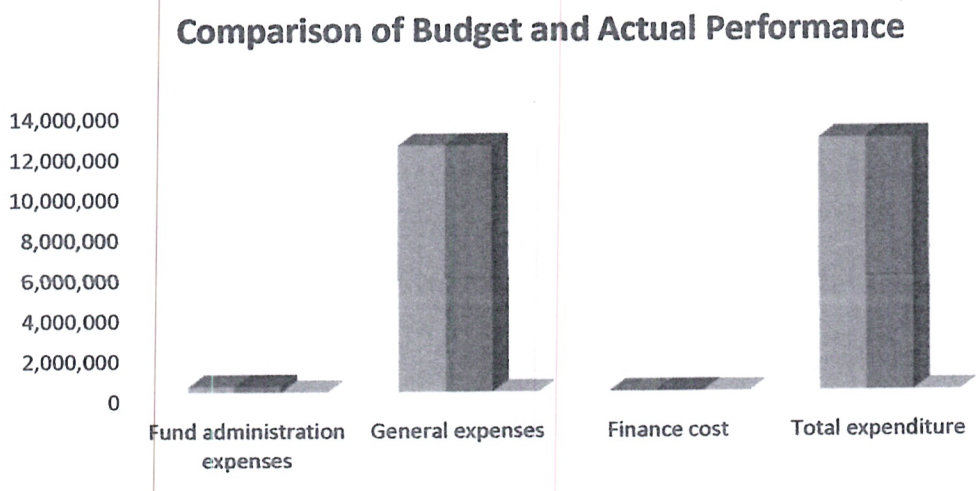
The County Executive Committee (CEC) member for Finance of the County Government is responsible for the preparation and presentation of the financial statements of Disability fund, which give a true and fair view of the state of affairs of the fund for and as at the end of the financial year ended on June 30, 2022.

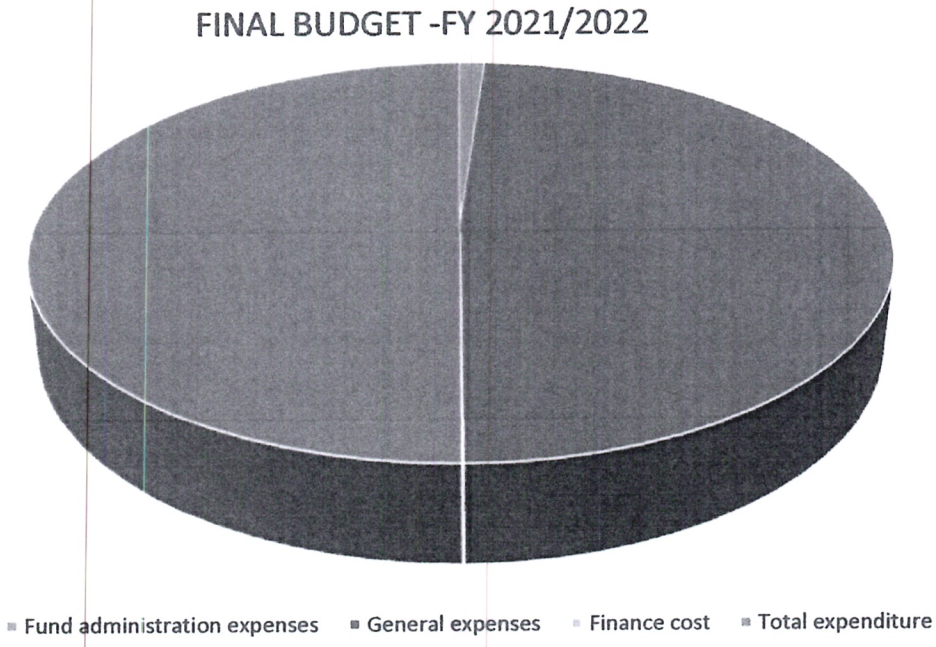
The CEC member for Finance accepts responsibility for the Disability fund financial statements, which have been prepared on the Accrual Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The CEC member for Finance is of the opinion that the Disability fund financial statements give a true and fair view of the state of the fund transactions during the financial year ended June 30, 2022, and of its financial position as at that date. The CEC member for finance further confirms the completeness of the accounting records maintained for the County Government which have been relied upon in the preparation of the disability fund financial statements.

The CEC member for Finance confirms that the County Government has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Government's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the CEC member for Finance confirms that the County Government's financial statements

have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

The major risk facing the fund is the non-disbursement of loans to the persons with disability due to the poor response on repayment of the loan disbursed Three years ago which has posed challenge on the recovery. Poor investment decisions by the beneficiaries is also a threat to the funds existence since the investment chosen don't generate income to service the loans issued to the persons with disability. The management has put more resources to sensitise and create awareness on the need to invest wisely and maintain independent life through resources obtained from the fund.





10. Environmental and Sustainability Reporting

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

1. Sustainability strategy and profile

A sustainable strategy translates into long term success. Those benefits are not simply economic but benefit environment, local community and overall society. In addition to driving social and environmental change, sustainability initiatives can contribute to an institution's overall success. Sustainability strategy basically has implications on human, social, economic and environmental dimensions.

The overall strategies of the fund is to improve enhance social and economic support for the people living with disability and efficiency must include complete environmental obligations and energy consumption guidelines.

The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity. The 17 SDGs are integrated in such a way that action in one area will affect outcomes in others, and that development must balance social, economic and environmental sustainability. Quite a number SDGs touches on environmental sustainability. These include SDG 3 (good health and wellbeing), SDG 6 (clean water and sanitation), SDG 7 (affordable and clean energy), SDG 11 (sustainable cities and communities, SDG 12 (responsible consumption and production), SDG 13 (climate change) and SDG 17 (partnerships for goals). These goals are anchored or reflected in Kenya's vision 2030 (The Social Strategy) and the current governments Big-Four Agenda.

Ministry of Environment and National Environmental Management Authority have put in place mechanisms towards actualizing and monitoring the environmental sustainability goals and programmes.

in Kenya. Kenya's Green Economy Strategy and Implementation Plan 2016 – 2030, points as the main environmental thematic areas for focus as Promote sustainable infrastructure, Building resilience, Sustainable Natural Resource Management, Promoting resource efficiency, Social Inclusion and sustainable livelihoods.

2. Environmental performance

Increasing environmental concerns, stringent rules and regulations combined with public awareness, have changed the outlook of business around the world today. By planning and implementing appropriate strategies and functions like green processes and energy conservations, institutions and businesses can play an important role in achieving sustainability. Ministry of Environment and National Environmental Management Authority have put in place mechanisms towards actualizing and monitoring the environmental sustainability goals and programmes in Kenya. Kenya's Green Economy Strategy and Implementation Plan 2016 – 2030, points as the main environmental thematic areas for focus as Promote sustainable infrastructure, Building resilience, Sustainable Natural Resource Management, Promoting resource efficiency, Social Inclusion and sustainable livelihoods. The funds mandate is also anchored on that.

3. Employee welfare

The management committee members of the fund are competitively recruited by County Public Service Board through appropriate recruitment process. The institution has put in place training mechanism for training its management committee members. The composition of the committee members is gender sensitive and balanced. The operations of the members are guided by the code of regulation and human resource manuals for the county.

4. Market place practices

The organisation should outline its efforts to:

a) Responsible competition practice.

Procurement department often rely upon a competitive bidding process to achieve better value for money in its procurement activities. To enhance competing on the same platform the bidders are issues with the same tender document which on submission is evaluated based on the evaluation criteria provided in the tender document.

b.) Low prices and/or better products.

They are desirable because they result in resources either being saved or freed up for use on other goods and services. Procurement methods such as open tender require that the lowest evaluated bidder be awarded the tender. However, to avoid price under cutting, the lowest bid has to be within prevailing market rate. After evaluation and award of tender the winning bidder is issued with award notification letter and at the same time the other bidders are debriefed on reasons they were not awarded the tender.

c.) Responsible Supply chain and supplier relations

Contracts are honoured as per the contractual terms agreed between the suppliers and the University, Payments are also done as per the agreed timelines. Youth, Women and PWD's are paid within 30 days and as per the Government Circular. We are fair with our suppliers and advise them accordingly on documentation required in order to process the payments in good time.

d.) Responsible marketing and advertisement

The management of the fund advertises for bursary issuance, meetings with PWD in open media that have large coverage to reach many participants.

e.) Product stewardship

Information concerning the bursary application particulars are kept safely and confidential. Discussions with PWD private affairs are kept secret

5. **Community Engagements**

The management of the fund has been involving in the community activities geared towards improving the social and economic welfare of the PWD through, issuance of bursary to needy disable families, organising sports for the disable people, ensuring that buildings have facilities that can improve movement of PWD within the county. The fund management also assist PWD with assistive devices for their comfort

11. Report of The Trustees

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

Principal activities

The principal activities of the Fund are:

a) Provide entrepreneur loans to persons with disabilities either in groups or as individuals

b) Provide Bursary and/or scholarship support students with disabilities from secondary level and above

c) Provide Assorted assistive devices such as Braille machines, white canes, crutches, polio boots, hearing aids, among others

d) Capacity building and training of person with disability groups and the community in order to fight stigma and discrimination

Results

The performance of the Fund for the year ended June 30, 2022, are set out on page i to xxiii and on pages 1 to 35.

Trustees

The members of the *Administration Committee who* served during the year are shown on page vi to vii. The changes in the management team during the financial year are as shown below:

S/N	Designation	In	Out
1	County Secretary	Samuel Seki	Francis Sakuda
2	County Executive Committee Member	Florence Waiganjo	Alias Kisota

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

Kajiado County Mainstream Disability

Sign:

Name: Irene Katete

Chair of the Board

Date: 26th August, 2022

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Kajiado County Public Finance Management (Disability Mainstreaming Fund) Regulations, 2016 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, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the 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 Kajiado County Public Finance Management (Disability Mainstreaming Fund) Regulations, 2016. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2022, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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.

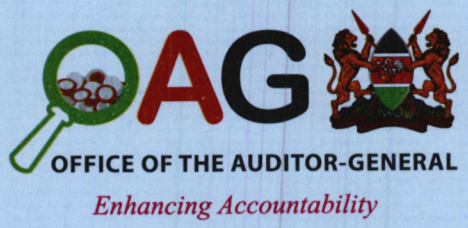
Approval of the financial statements

The Fund's financial statements were approved by the Board on 15th July, 2022 and signed on its behalf by:

Fund Administrator: David Tuke

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KAJIADO COUNTY DISABILITY MAINSTREAMING FUND FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.

B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kajiado County Disability Mainstreaming Fund set out on pages 1 to 35, which comprise the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget

and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kajiado County Disability Mainstreaming Fund as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the County Governments Act, 2012 and Kajiado County Public Finance Management Regulations (Disability Mainstreaming Fund) 2016.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

A review of the financial statements for the year revealed the following anomalies:

i. The statement of financial performance references Note 7 to general expenses whereas the Note itself is on the use of goods and services.

ii. The cash flow statement reflects net cash flows from investing and financing activities of Kshs.591,714.65 and Nil instead of credit balance of Kshs.1,973,000 and Kshs.2,008,000 respectively. Further, the cash flow statement reflects amount loaned out of Kshs.1,973,000 which has not been netted off from the revolving fund.

In the circumstances, the accuracy and completeness of the amounts and balances in the financial statements could not be confirmed.

2. Unsupported General Expenses

The statement of financial performance and as reflected in Note 7 to the financial statements reflects general expenses amounting to Kshs.10,267,000, which was not supported by procurement documents and confirmation of delivery of goods and services. Further, the general expenses had not been disaggregated into the specific expenditure items, as required by the reporting template, prescribed by the Public Sector Accounting Standards Board.

In the circumstances, the accuracy, and the occurrence of the general expenses amount of Kshs.10,267,000 for the year ended 30 June, 2022 could not be confirmed.

3. Inaccuracy of Transfers from County Government

The statement of financial performance reflects transfers from County Government of Kshs.13,027,000 and as disclosed in Note 2 to the financial statements. However, review of the bank statements for the year revealed that Kshs.15,000,000 was received from the County Government in the year resulting in understatement of receipts of Kshs.1,973,000.

In the circumstances, the accuracy and completeness of transfers from County Government of Kshs.13,027,000 for the year ended 30 June, 2022 could not be confirmed.

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final income budget and actual on comparable basis of Kshs.15,000,000 and Kshs.13,067,000 respectively resulting to an under-funding of Kshs.1,973,000 or 13% of the budget. Similarly, the total actual expenditure amounted to Kshs.10,462,285 out of the realized income of Kshs.13,067,000 resulting to an under-expenditure of Kshs.2,604,715 or 20%. Further, the variances between the budget and actual amounts exceeding 10%, for various items have not been explained.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

2. Unresolved Prior Year Matters

In the audit report of the previous year, two paragraphs were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. The Management has however, not resolved the issue on unrecovered loans nor given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circular on resolution of issues raised in the Auditor-General Report.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Irregular Management of Loans

A review of loan records revealed that the Fund advanced an amount of Kshs. 4,850,000 to thirty-one (31) groups of persons living with disability in December, 2016. Out of the

amount, Kshs.4,714,500 remained unpaid. The management has not demonstrated efforts made to recover the outstanding loans. Further, no levies or penalties have been instituted on the defaulters contrary to Regulation 11(1) of Kajiado County Public Finance Management (Disability Mainstreaming Fund) Regulations, 2016.

In the circumstances, the recoverability of the loans advanced is doubtful and Management was in bleach of law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

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

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

CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

25 April, 2023

14. Statement of Financial Performance For The Year Ended 30th June 2022

	Note	2021/2022 KShs	2020/2021 KShs
Revenue from non-exchange transactions			
Public contributions and donations	1		
Transfers from the County Government	2	13,027,000	3,000,000
Fines, penalties and other levies	3		
Revenue from exchange transactions			
Interest income	4		
Other income	5		
Total revenue		**13,027,000**	**3,000,000**
Expenses			
Administration cost	6	177,350	202,500
Use of goods and services	7	10,267,200	8,723,600
Finance costs	9	17,735.35	8,760
Total expenses		**10,462,285.35**	**8,934,860**
Other gains/losses			
Gain/loss on disposal of assets	10		
Surplus/(deficit) for the period		**2,564,714.65**	**(5,934,860)**

The notes set out on pages 19 to 34 form an integral part of this Financial Statement

Name: David Tuke
Administrator of the Fund

Name: John Kores
Fund Accountant
ICPAK Member Number:

15. Statement of Financial Position As At 30 June 2022

	Note	2021/2022	2020/2021
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	11	2,898,815.35	299,101
Current portion of long- term receivables from exchange transactions	12	8,687,500	6,749,500
Receivables from Non- exchange transactions			-
Prepayments	13		-
Inventories	14		
Non-current assets			
Long term receivables from exchange transactions		-	-
Property, plant and equipment	15		-
Intangible assets	16		-
			-
Total assets		**11,586,315.35**	**7,048,601**
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			
Long term portion of borrowings	19	-	-
Non-current employee benefit obligation	20	-	-
Total liabilities			
Net assets			
Revolving Fund		8,823,000	6,850,000
Reserves			-
Accumulated surplus		2,763,315.35	198,601
Total net assets and liabilities		**11,586,315.35**	**7,048,601**

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 15th July, 2022 and signed by:

Name: David Tuke
Administrator of the Fund

Name: John Kores
Fund Accountant
ICPAK Member Number:

16. Statement Of Changes in Net Assets for the year ended 30th June 2022

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2020	**4,850,000**	-	**6,133,461**	**10,983,461**
Surplus/(deficit) for the period	-	-	**(5,934,860)**	**(5,934,860)**
Funds received during the year	2,000,000	-	-	2,000,000
Revaluation gain	-	-	-	-
Balance as at 30 June 2021	**6,850,000**	-	**198,601**	**7,048,601**
Balance as at 1 July 2021	**6,850,000**	-	**198,601**	**7,048,601**
Surplus/(deficit) for the period		-	**2,564,714.65**	2,564,714.65
Funds received during the year	1,973,000	-	-	1,973,000
Revaluation gain	-	-	-	-
Balance as at 30 June 2022	**8,823,000**	-	**2,763,315.35**	**11,586,315.35**

Name: David Tuke
Administrator of the Fund

Name: John Kores
Fund Accountant
ICPAK Member Number:

17. Statement Of Cash Flows For The Year Ended 30 June 2022

	Note	2021/2022 KShs	2020/2021 KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the County Government	2	13,027,000	3,000,000
Interest received		-	-
Receipts from other operating activities		-	-
Total Receipts		**13,027,000**	**3,000,000**
Payments			
Administration cost	6	177,350	202,500
Use of goods and services	7	10,267,200	8,723,600
Finance cost	9	17,735.35	8,760
Total Payments		**10,462,285.35**	**8,934,860**
Net cash flows from operating activities		**2,564,714.65**	**(5,934,860)**
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		-	
LPO Financing disbursed/Loans		(1,973,000)	(2,000,000|)
Net cash flows used in investing activities		**591,714.65**	**(7,934,860)**
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	(-)
Revolving fund		1,973,000	2,000,000
Repayment of borrowings		35,000	(-)
Net cash flows used in financing activities		(-)	(-)
Net increase/(decrease) in cash and cash equivalents		**2,599,714.65**	**(5,934,860)**
Cash and cash equivalents at 1 JULY	11	299,101	6,233,961
Cash and cash equivalents at 30 JUNE	11	**2,898,815.65**	**299,101**

Name: David Tuke
Administrator of the Fund

Name: John Kores
Fund Accountant
ICPAK Member Number:

18. Statement Of Comparison Of Budget And Actual Amounts For The Period

	Original budget	Adjustments	Final budget	Actual on comparable basis	% utilization
	2022	2022	2022	2022	2022
Revenue	KShs	KShs	KShs	KShs	
Public contributions and donations	-	(-)	-	-	
Transfers from County Govt.	15,000,000	(-)	15,000,000	13,027,000	86.85%
Interest income	-	-	-	-	
Other income	-	-	-	-	
Total income	**15,000,000**	(-)	**15,000,000**	**13,027,000**	**86.85%**
Expenses					
Fund administration expenses	430,000	()	430,000	177,350	41.24%
General expenses	14,550,000	(-)	14,550,000	10,267,200	70.56%
Finance cost	20,0000	(-)	20,000	17,735.35	88.68 %
Total expenditure	**15,000,000**	(-)	**15,000000**	**10,462,285.35**	82.90%
Surplus for the period				**2,564,714.65**	**17.1%**

19. Notes to the Financial Statements

1. General Information

Kajiado County Disability Mainstreaming Fund is established by and derives its authority and accountability from section 116 of the Kajiado Public Finance Management Act, 2012 on 1st February, 2016. The entity is wholly owned by the Kajiado County Government and is domiciled in Kenya. The entity's principal activities are; Entrepreneur loans to persons with disabilities either in groups or as individuals, Bursary and/or scholarship support students with disabilities from secondary level and above, Assorted assistive devices such as Braille machines, white canes, crutches, polio boots, hearing aids, among others, Assistant to organization supporting persons with disabilities, Capacity building and training of person with disability groups and the community in order to fight stigma and discrimination, Routine baseline surveys and accessibility audits on matters to do with disabilities, Assistance to the yearly celebration of the disability day, Assistance to special needs units and hospitals overcome challenges on matters to do with disability

2. Statement of compliance and basis of preparation

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

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

3. Adoption of new and revised standards

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

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	**Applicable: 1st January 2023:** 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

Standard	Effective date and impact:
	future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. 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.
IPSAS 42: Social Benefits	**Applicable: 1st January 2023** The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS	**Applicable: 1st January 2023:** a) Amendments to IPSAS 5, to update the guidance related to the

Standard	Effective date and impact:
resulting from IPSAS 41, Financial Instruments	components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other improvements to IPSAS	***Applicable 1st January 2023*** • *IPSAS 22 Disclosure of Financial Information about the General Government Sector.* Amendments to refer to the latest System of National Accounts (SNA 2008). • *IPSAS 39: Employee Benefits* Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • **IPSAS 29: Financial instruments: Recognition and Measurement** Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.
IPSAS 43	***Applicable 1st January 2025*** The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present

Standard	Effective date and impact:
	information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	***Applicable 1st January 2025*** The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: 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 year 2022.

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.

b) Budget information

The original budget for FY 2021-2022 was approved by the County Assembly on 30th June, 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 18 of these financial statements.

Summary Of Significant Accounting Policies (Continued)

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.

b) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Summary Of Significant Accounting Policies (Continued)

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

Summary Of Significant Accounting Policies (Continued)

c) 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.

d) 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.

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.

Summary Of Significant Accounting Policies (Continued)

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.

e) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.

f) 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.

g) 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.

h) 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.

Summary Of Significant Accounting Policies (Continued)

i) 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.

j) 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 Governor, County Secretary, County Executive Committee Member and Chief Officer.

k) 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 Equity Bank at the end of the financial year. Comparative figures

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

l) Events after the reporting period

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

m) Ultimate and Holding Entity

The entity is a County Public Fund established by and derives its authority and accountability from section 116 of the Kajiado Public Finance Management Act, 2012 on 1st February, 2016 under the Ministry of Finance and Economic Planning. Its ultimate parent is the County Government of Kajiado.

n) Currency

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

Summary Of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

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

b) Useful lives and residual values

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

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

c) Provisions

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

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

6. Notes To The Financial Statements

1. Public contributions and donations

Description	2021/2022 KShs	2020/2021 KShs
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

2. Transfers from County Government

Description	2021/2022 KShs	2020/2021 KShs
Transfers from County Govt. – operations	13,027,000	3,000,000
Payments by County on behalf of the entity	-	-
Total	**13,027,000**	**3,000,000**

Note: Transfer from County Government was ksh 15,000,000. The Disability Mainstreaming Fund board allocated ksh 1,973,000(actual) to revolving fund being the economic empowerment part and ksh 13,027, 000 was allocated to operations being the social part as per the Kajiado County Disability Mainstreaming regulation of 2016.

3. Fines, penalties and other levies

Description	2021/2022 KShs	2020/2021 KShs
Late payment penalties	-	-
Fines	-	-
Levies	-	-
Licences	-	-
Total	-	-

4. Interest income

Description	2021/2022 KShs	2020/2021 KShs
Interest income from Mortgage loans	-	-
Interest income from car loans	-	-
Interest income from investments	-	-
Interest income on bank deposits	-	-
Total interest income	-	-

Notes to the Financial Statements Continued

5. Other income

Description	2021/2022	2020/2021
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender documents	-	-
Miscellaneous income (specify)	-	-
Total other income	-	-

6. Administration cost

Description	2021/2022	2020/2021
	KShs	KShs
Committee allowances	177,350	202,500
Office expenses		-
Staff training expenses	-	-
Social security contribution	-	-
Other staff costs	-	-
Total	**177,350**	**202,500**

7. Use of Goods and Services

Description	2021/22	2020/21
	Kshs.	Kshs.
General operation/Expenses	10,267,200	8,723,600
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	-	-
Committee Allowances	-	-
Bank Charges	-	-
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	-	
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	
Bank Charges	-	-
Audit Fees	-	-

Provision For Doubtful Debts	-	-
Other (*Specify*)		-
Total	10,267,200	**8,723,600**

8. Depreciation and Amortization Expense

Description	2021/22	2020/21
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets		
Total	-	-

9. Finance costs

Description	2021/2022	2021/2021
	KShs	KShs
Bank charges	17,735.35	8,760
Total	**17,735.35**	**8,760**

10. Gain/(loss) on disposal of assets

Description	2021/2022	2020/2021
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

11. Cash and cash equivalents

Description	2021/2022	2020/2021
	KShs	KShs
Fixed deposits account	-	-
On – call deposits	-	-
Current account	2,898,815.35	299,101
Others	-	-
Total cash and cash equivalents	**2,898,815.35**	**299,101**

Notes to the Financial Statements Continued

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

Financial institution	Account number	2021/2022 KShs	2020/2021 KShs
a) **Fixed deposits account**			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
Sub- total		-	-
b) **On - call deposits**			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
Sub- total		-	-
c) **Current account**			
Equity Bank	0860264382794	2,898,815.35	299,101
Sub- total		**2,898,815.35**	**299,101**
d) **Others(specify)**		-	-
Cash in transit		-	-
Cash in hand		-	-
Mobile Money		-	-
Sub- total		-	-
Grand total		**2,898,815.35**	**299,101**

12. Receivables from exchange transactions

Description	2021/2022 KShs	2020/2021 KShs
Current Receivables		
Interest receivable	-	-
Current loan repayments due	8,687,500	6,749,500
Other exchange debtors		-
Less: impairment allowance	(-)	(-)
Total Current receivables	**8,687,500**	**6,749,500**
Non-Current receivables		
Long term loan repayments due	-	-
Total Non- current receivables	-	-
Total receivables from exchange transactions		

Additional disclosure on interest receivable

Description	2021/2022 KShs	2020/2021 KShs
Interest receivable		
Interest receivable from current portion of long-term loans of	-	-

previous years		
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

13. Prepayments

Description	2021/2022 KShs	2020/2021 KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments(specify)	-	-
Total	-	-

14. Inventories

Description	2021/2022 KShs	2020/2021 KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Other inventories(specify)	-	-
Total inventories at the lower of cost and net realizable value	-	-

Notes To The Financial Statements (Continued)

15. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**
At 1st July 2020	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	(-)	(-)	-	-	(-)
Transfers/Adjustments	-	(-)	-	(-)	(-)
At 30th June 2021	-	-	-	-	-
At 1st July 2021					
Additions	-	-	-	-	-
Disposals	(-)	-	-	-	(-)
Transfer/Adjustments	(-)	-	-	(-)	(-)
At 30th June 2022	-	-	-	-	-
Depreciation And Impairment					
At 1st July 2020	(-)	(-)	(-)	(-)	(-)
Depreciation	(-)	(-)	(-)	(-)	(-)
Impairment	(-)	-	-	-	(-)
At 30th June 2021	-	-	-	-	-
At 1st July 2021					
Depreciation	(-)	(-)	(-)	-	(-)
Disposals	-	-	-	-	-
Impairment	(-)	(-)	-	-	(-)
Transfer/Adjustment	-	(-)	(-)	-	-
At 30th June 2022	-	-	-	-	-
Net Book Values					
At 30th June 2021	-	-	-	-	-
At 30th June 2022	-	-	-	-	-

Notes To The Financial Statements (Continued)

16. Intangible assets

Description	2021/2022 KShs	2020/2021 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	-	-

17. Trade and other payables from exchange transactions

Description	2021/2022 KShs	2020/2021 KShs
Trade payables	-	-
Refundable deposits	-	-
Accrued expenses	-	-
Other payables	-	-
Total trade and other payables	-	-

18. Provisions

Description	Leave provision Kshs	Bonus provision Kshs	Other provision Kshs	Total Kshs
Balance At The Beginning Of The Year (1.07.2021)		-	-	-
Additional Provisions		-	-	-
Provision Utilised		-	-	-
Change Due To Discount And Time Value For Money		-	-	-
Transfers From Non -Current Provisions		-	-	-
Balance At The End Of The Year (30.06.2022)		-	-	-

Notes To The Financial Statements (Continued)

19. Borrowings

Description	2021/2022	2020/2021
	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 borrowings during the period	(-)	(-)
Balance at end of the period	-	-

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

	2021/2022	2020/2021
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'xxx organisation'	-	-
Sterling Pound denominated loan from 'yyy 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	2021/2022	2020/2021
	KShs	KShs
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
Total	-	-

NOTE: We didn't receive any external borrowing

Notes To The Financial Statements (Continued)

20. Employee benefit obligations

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

21. Cash generated from operations

	2021/2022 KShs	2020/2021 KShs
Surplus/ (deficit) for the year before tax	2,564,714.65	(5,934,860)
Adjusted for:		
Depreciation	-	-
Amortisation	-	(-)
Gains/ losses on disposal of assets	(-)	(-)
Interest income	(-)	-
Finance cost	-	
Working Capital adjustments		(-)
Increase in inventory	(-)	
Increase in receivables	(-)	-
Increase in payables	-	
Net cash flow from operating activities	2,564,714.65	(5,934,860)

22. 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

	2021-2022	2020-2021
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

	2021-2022	2020-2021
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

	2021-2022	2020-2021
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

Other Disclosures Continued

e) Due to related parties

	2021-2022 Kshs	2020-2021 Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

23. Contingent assets and contingent liabilities

Contingent Liabilities	2021-2022 Kshs	2020-2021 Kshs
Court Case Against The Fund	-	-
Bank Guarantees	-	-
Total	-	-

Other Disclosures Continued

24. Financial risk management

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

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

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount KShs	Fully performing KShs	Past due KShs	Impa ired KShs
At 30 June 2022				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	2,898,815.35	2,898,815.35	-	-
Total	**2,898,815.35**	**2,898,815.35**	-	-
At 30 June 2021	-	-	-	
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	299,101	299,101	-	-
Total	**299,101**	**299,101**	-	-

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.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	KShs	KShs	KShs	KShs
At 30 June 2022				
Trade payables				
Current portion of borrowings		1,973,000	6,714,500	8,687,500
Provisions				
Employee benefit obligation				
Total		**1,973,000**	**6,714,500**	8,687,500
At 30 June 2021				
Trade payables				
Current portion of borrowings			6,749,500	6,749,500
Provisions				
Employee benefit obligation				
Total			**6,749,500**	**6,749,500**

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:

		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2021			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables	-	-	-
Liabilities	-	-	-
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

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.

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
2022			
Euro	10%	-	-
USD	10%	-	-
2021			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

d) Capital risk management

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

	2021/2022	2020/2021
	KShs	KShs
Revaluation reserve	-	-
Revolving fund	8,823,000	6,850,000
Accumulated surplus	2,763,315.35	198,601
Total funds	**11,586,315.35**	**7,048,601**
Total borrowings		
Less: cash and bank balances	2,898,815.35	299,101
Net debt/(excess cash and cash equivalents)	2,898,815.35	299,101
Gearing	**25.02%**	**4.24%**

20. Progress On Follow Up Of Prior Year Auditor's Recommendations

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

Reference No. 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)*

Guidance Notes:

a) *Use the same reference numbers as contained in the external audit report;*

b) *Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;*

c) *Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;*

d) *Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to County Treasury.*