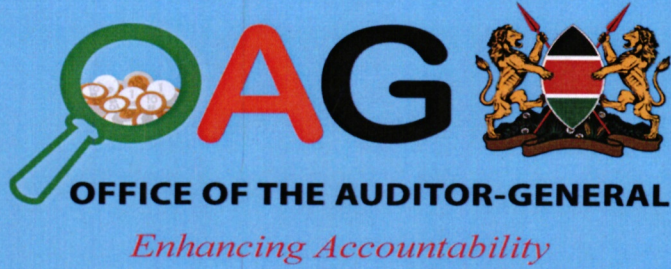


REPUBLIC OF KENYA



REPORT

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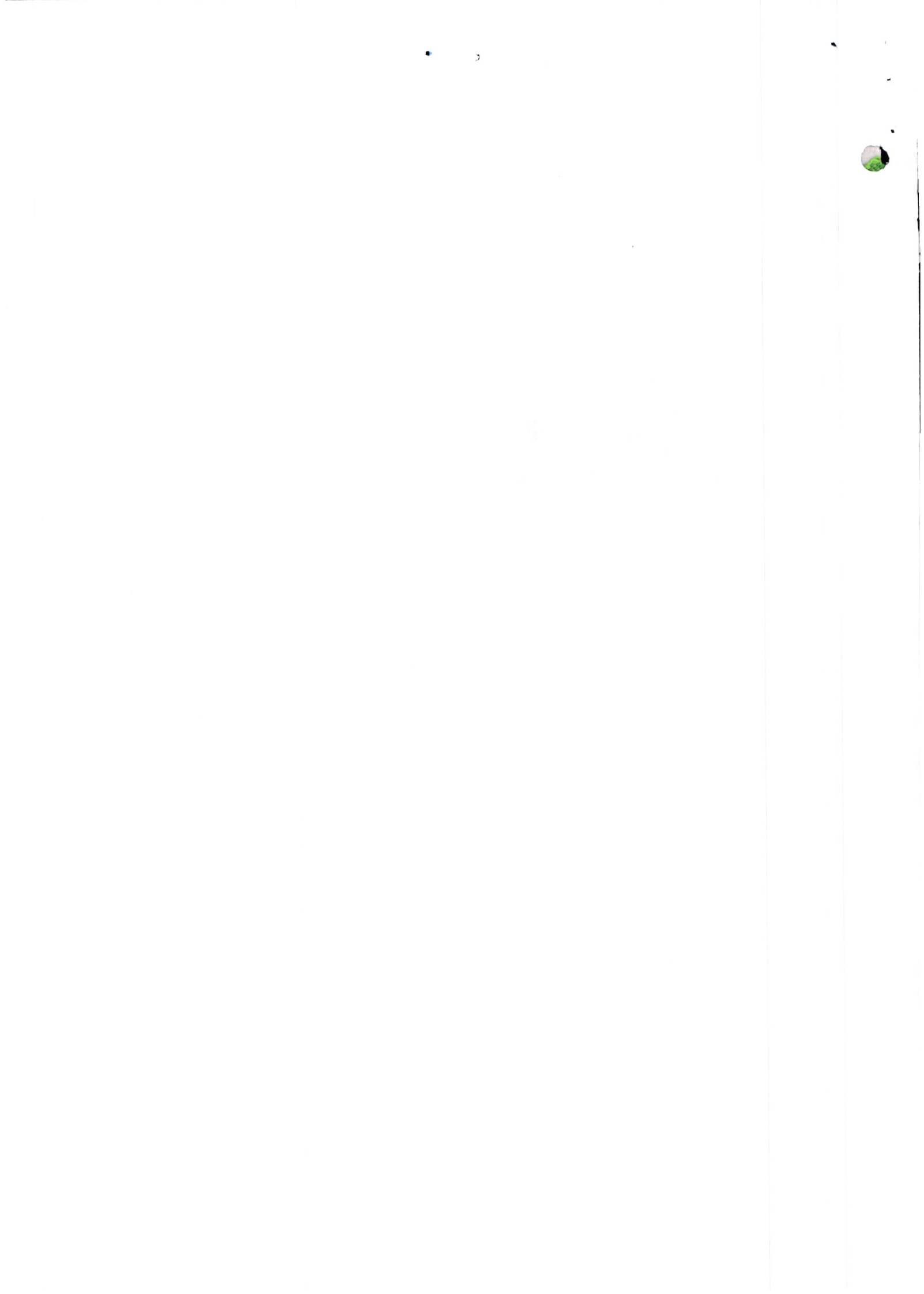
OF

THE AUDITOR-GENERAL

ON

**WEST POKOT COUNTY COOPERATIVE
DEVELOPMENT FUND**

**FOR THE YEAR ENDED
30 JUNE, 2022**





WEST POKOT COUNTY COOPERATIVE DEVELOPMENT 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).**

WEST POKOT COUNTY COOPERATIVE DEVELOPMENT FUND
Reports and Financial Statements
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WEST POKOT COUNTY COOPERATIVE DEVELOPMENT FUND
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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

West Pokot County cooperative development Fund is established by and derives its authority and accountability from west Pokot County cooperative development Act 24th may 2018. The Fund is wholly owned by the County Government of West Pokot and is domiciled in Kenya.

The fund's objective is to provide loans to cooperatives so as to continue growing their businesses

The Fund's principal activity is to lend out loans to cooperatives

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to provide loans to cooperatives affordable interest rate.

c) Fund Administration Committee

Ref	Position	Name
1.	Chairman of the Fund	HENRY KATURIA.
2.	Chief Officer Cooperatives	MILKA CHELAGAT PSIWA.
3.	Chief Officer finance	GRACE SOPRIN AMURLEE.
4.	Member	FRANCIS RUTOU KITELEUYAN.
5.	Member	JULIA CHEPKORIR LOYATUM.
6.	Member	MICHAEL LOKITAM.
7.	Member	RICHARD MWARENG.
8.	Member	NANCY CHEROP.
9.	Fund Administrator	LILLY CHUMUM CHEPTOO.

WEST POKOT COUNTY COOPERATIVE DEVELOPMENT FUND
Reports and Financial Statements
For the year ended 30th June, 2022.

d) Key Management

Ref	Position	Name
1	Fund Administrator	LILLY CHUMUM CHEPTOO
2	Fund Accountant	HARON MURUNY

e) Fiduciary Oversight Arrangements

Ref	Position	Name
1	CHAIRPERSON	MR. PAUL LOITANGIRO RIKILIEM ,CPA
2	SECRETARY	THOMAS LOTIACA, CPA.
3	MEMBER	MR. KIZITO MUSAKALA MAKHUMI.
4	MEMBER	JONATHAN PLIMO NGORIARITA.
5	MEMBER	MS.IRENE CHEBET LOROT.
6	MEMBER	MR.FRED PKEMOI LOURIEN.

f) Registered Offices

P.O. Box 222-30600
Office of the Governor
Off Kapenguria County Hospital Road
Kapenguria, KENYA.

g) Fund Contacts

Telephone:
E-mail:trade@westpokot.go.ke.
Website: www.west Pokot.go.ke.

h) Fund Bankers.

Kenya Commercial Bank
P.O BOX 396- 30600
KAPENGURIA

i) Independent Auditors

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

WEST POKOT COUNTY COOPERATIVE DEVELOPMENT FUND
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j) Principal Legal Adviser

The county Attorney

P.O. Box 222-30600

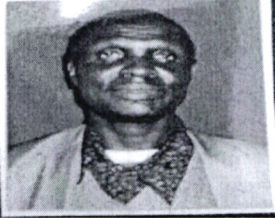



Kapenguria Kenya.

WEST POKOT COUNTY COOPERATIVE DEVELOPMENT FUND





Reports and Financial Statements

For the year ended 30th June, 2022.

2. THE FUND ADMINISTRATION COMMITTEE

Name	Details of qualifications and experience
1. Henry Katuria 	Currently serving as the Chairperson of the West Pokot County Co-operative development fund, eco-pillar chairperson 2003-2017, former District Education Officer.
2. Dr. Grace Amurle 	Chief Officer Finance and Economic Planning. She has over 20 years of experience in a senior management positions and Worked both in the public sector and international non-governmental Organizations. She is currently enrolled at the Jomo Kenyatta University Of Agriculture And Technology (JKAUT) pursuing a PHD In Business Administration.
3. William Ntoina 	He is the Director investment and Co-operative development-West Pokot County government, he is ex-official member to the fund, he holds a Bachelor's degree in Computer science, Moi University, Master of Science in Environmental informatics of University of Leicester UK, and He is also a Certified Public Accountant. He has 15 years' work experience in the banking and financial sector. He is currently pursuing an MBA at Business School, Netherlands.
4. Milkah Psiwa 	Currently the Chief officer for investment and co-operative Development- West Pokot county government, she holds bachelor of arts in sociology, masters in community development and project management-Egerton university, currently pursuing her PhD – Moi university. She has held various positions in Government, the University as well as in Development Sector.
5. Nancy Cherop	She is a member of the West Pokot county co-operative



WEST POKOT COUNTY COOPERATIVE DEVELOPMENT FUND
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	<p>development fund, representing the youth, she is also Tourism officer at the county government of West Pokot.</p>
<p>6. Michael Lokitam</p>	<p>He is a member of West Pokot county co-operative development fund, he is the County legal officer at the county government of West Pokot, he holds bachelor of laws degree from Moi university.</p>
	
<p>7. Lilly Chumum Cheptoo</p>	<p>She is secretary to the West Pokot County co-operative development fund, she is also Senior Administrator West Pokot County government, she holds bachelor of business management from Moi University with over 10 years working experience in the banking sector.</p>
	
<p>8. Julia Loyatum</p>	<p>She is a Member of the West Pokot County Co-operative development fund, she is also administrator in the department of gender West Pokot County government; she holds degree in public administration and political science from Kisii university.</p>
	

WEST POKOT COUNTY COOPERATIVE DEVELOPMENT FUND

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For the year ended 30th June, 2022.

<p>9. Richard Mwareng</p> 	<p>He is a Member of the West Pokot County development fund. He is along serving businessman West Pokot county. He represents the Kenya National Chamber of Commerce and Industry- West Pokot County Chapter in the Board of the Fund.</p>
<p>10. Julius Kiluk</p> 	<p>He is a Member of West Pokot County cooperative development fund by virtue of his office. He is CECM – Trade, Energy, Industry, Investment and Co-operative development at the County government of West Pokot, he holds bachelor’s degree in business administration from St. Pauls University, currently pursuing masters Business Administration at Kisii University.</p>

WEST POKOT COUNTY COOPERATIVE DEVELOPMENT FUND
Reports and Financial Statements
For the year ended 30th June, 2022.

**3. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S
 PREDETERMINED OBJECTIVES**

Introduction

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

The key development objectives of the West Pokot County Government cooperative development fund (state the period of the strategic document/plan) plan are to:

- (a) Provide loans to cooperatives.


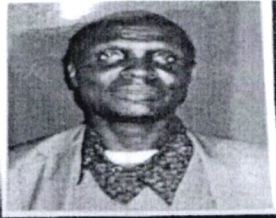

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Loan advancement to cooperatives	To support cooperatives with capital	Increased number of cooperatives accessing loans	26% of all audited cooperatives get loans from fund	in FY 2020/2021 all cooperatives showed promising trend in loan repayment
Program 2	Objective	Outcome	indicator	Performance

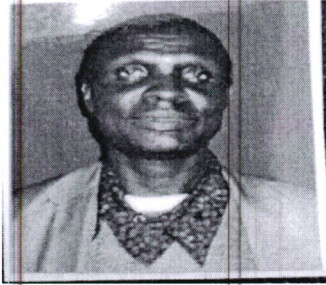
WEST POKOT COUNTY COOPERATIVE DEVELOPMENT FUND
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For the year ended 30th June, 2022.

4. MANAGEMENT TEAM

Name	Details of qualifications and experience
<p>1. Lilly Chumum</p> 	<p>She is secretary to the west Pokot county cooperative development fund, she is also senior administrator west Pokot county government, she holds bachelor of business management from Moi university, 10 years working experience in the banking sector.</p>
<p>2. Henry Katuria</p> 	<p>He is Currently the chairperson of the West Pokot County Co-operative development fund, eco-pillar chairperson 2003-2017, former District Education Officer.</p>
<p>3. Julia Loyatum</p> 	<p>She is a Member of the West Pokot County Co-operative development fund, she is also administrator in the department of gender West Pokot County government; she holds degree in public administration and political science from Kisii University.</p>

WEST POKOT COUNTY COOPERATIVE DEVELOPMENT FUND
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5. FUND CHAIRPERSON'S REPORT



Chairman's Report

The West Pokot County Co-operative Development Fund is a vision Fund to jumpstart the Economic Empowerment of Co-operative Societies in West Pokot County. This revolving fund will be giving cheap and affordable credit to Co-operative Societies in West Pokot County so as to spur the Economic situation of the County.

Co-operative Societies play a very important role in ensuring the smallholder farmers are able to pull resources together, trade their farm Products and be able to enjoy the Economies of scale which in one way or another contribute the economic development in the community.

The challenge of accessing cheap credit for Co-operative Societies in West Pokot County is now been lessened by the Introduction of the West Pokot County Co-operative Funds.

In the 2021/2022, the County Government of West Pokot was able to pump in Kshs.25 Million to the West Pokot County Co-operative Fund and we have been able to lend to thirteen Co-operative Societies names:-

- ❖ West Pokot County Economic Sacco Society limited.
- ❖ Muruny Farmers' Co-operative Society Limited.
- ❖ Kaptabuk Farmers' Co-operative Society Limited.
- ❖ Kamelei Famers Co-operative Society Limited.
- ❖ Kaibos Farmers' Co-operative Society Limited.
- ❖ Kamco Farmers co-operative society limited.
- ❖ Kodich Farmers co-operative society limited.
- ❖ Kiletat women group co-operative society limited.
- ❖ Siyoi Multi-produce co-operative society limited.
- ❖ Pokot farmers co-operative society limited.
- ❖ Tulwet Farmers co-operative society limited.
- ❖ Kapenguria Traders Sacco.
- ❖ Kapsangar Farmers co-operative society limited.

There is still a huge demand from the rest of the other 100 Plus Co-operative Societies from across the County to access the Funds from the West Pokot County Co-operative Development

WEST POKOT COUNTY COOPERATIVE DEVELOPMENT FUND
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Fund. The Current Co-operative Societies that have taken the Loans are serving on well and it is our hope that they will continue to service these loans to completion.

There is need to prepare and train more co-operatives so as to prepare them well to qualify for the loans in the subsequent years.

As the Chair of the West Pokot County Co-operative Development Fund, we will ensure that we have closely monitored the loans so that we have a 100% repayment so that we can be able to grow this fund to reach more co-operatives in the County so that the Co-operative Movement will be more vibrant.

We will also work together with the County Government of West Pokot and other development partners so as to train Co-operatives societies in Governance and leadership so as to make Co-operative Societies have excellent leadership so as to make it easy for the West Pokot County Co-operative Development Fund and other financial institutions lend money to co-operatives so as to help grow these Co-operatives.

It is my hope that the County Government of West Pokot will increase the allocation to the West Pokot County Co-operative Development Fund kitty so that we can be able to support more and more Co-operative Societies.

May God Bless all of you, partners, Co-operators and the County Government of West Pokot and we look forward to a good working relationship in the coming years.

Thank you.

Signed:  _____ -

Mr. Henry Katuria

Chair – West Pokot County Co-operative Development Fund

6. REPORT OF THE FUND ADMINISTRATOR.



The West Pokot County Cooperative Development Fund is among many great projects the county of Hidden Treasures is implementing.

This fund was born as a result of the West Pokot County Cooperative Act 2018 and Regulation 2019. In fact it is one of the smartest ideas the department has lately adopted so far. Our vision is to transform the West Pokot Economy into Cooperative Economy by offering competitive loans as working capital.

The fund came into full operation on 7th December 2020. The West Pokot County Government is the main source of funds, during financial year 2021/2022. The county government of west Pokot approved the budget of twenty five million (25,000,000) to this fund. I really want to thank the County Treasury for considering this newly founded initiative which is looking forward to growing its operations to another admirable level of excellence and be of help to many cooperatives in this fastest growing Economy, with cooperative proving to be great business models.

The main objective of this fund is to offer affordable loans to cooperatives and business groups registered and managed effectively at three percent (3%) interest rate. This is a noble idea as the fund offers its loans at relatively low interest rate compared to other financial institutions. It must be noted that up to 30th June 2022 the fund Had managed to disburse loans to more than five cooperatives with twenty million shillings (20,000,000) accumulatively advanced as loans, this represents ninety six percent(83.6%) absorption rate . So far we have received other pending applications seeking loans from the fund in which case the funds are not sufficient.

In order to respond to this financial insufficiency, and be able to appropriately respond to the huge demand of loans, I hope the county government will tighten its shoes by increasing its allocation up to one hundred million (100,000,000). If this happens we will truly live to the spirit of the revolving fund and we all witness an economy whose business environment is much

WEST POKOT COUNTY COOPERATIVE DEVELOPMENT FUND
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favourable in terms of business capital to its players. Consequently we have installed very tight measures in place to see that the purpose of this fund is realized without fail. Those measures include and not limited to: training of staff and beneficiaries, rigorous appraisal process, very tight recovery unit, and keen observation of business plans to see that loan beneficiaries will not spend outside the intended loan purposes as approved by their respective AGMs.

We therefore intend to be the best and most effective and efficient service provider in terms of loan advancement to cooperatives and other registered entities in the long run.

God Bless you

Signed:  _____

LILLY CHUMUM CHEPTOO

FUND ADMINISTRATOR – WEST POKOT COOPERATIVE FUND

7. CORPORATE GOVERNANCE STATEMENT

The West Pokot County Co-operative Development Fund has a Board in Place who support the Administrator of the Fund in the day to day Management of the Fund. The Fund Board has had 15 Meetings since inception and this has enabled the fund to be able to effectively execute its functions.

The Fund Board has been Inducted and trained in Fund Management so as to be able to execute their functions as the Fund Board.

We have put in Place a succession mechanism so as to ensure that we not only have a good succession in the office of the Board but also a good institution memory. The Current tenure of the Current Board is three years but we will stagger the retirement of Board members so that we have good succession of the board members.

We will continue to work with development partners like USAID KUZA so as to capacity build the members of the Board in a bid to enhance good management of the West Pokot County Co-operative Development Fund.

We will endeavour to ask for more budgetary allocation in the County Budget so as to increase the Fund Kitty in a bid to reach more corporative societies in the County with financing thus supporting the Co-operative Movement in the County.

We have a conflict of register that each of the Board Members and Management do sign on an annual basis.

The remuneration of the Board is in line with the SRC allowances structure and the same is drawn from 3% of the Fund's Annual Budget.

We have a laid down process in the Appointment and removal of the Board Members of the Fund.

We have plans to take through our Board members on Ethics, Integrity and Risk Management training so as to strengthen the capacity of the Fund Board in Ethics, integrity and Risk Management.

8. MANAGEMENT DISCUSSION AND ANALYSIS.

West Pokot county cooperative development fund for the last six months demonstrated high standards of efficiencies effectiveness with regard to service delivery to its target clients-cooperative societies, secondly all the funds received from county government of west Pokot were prudently appropriated and all resources geared towards set goals subject to the act 2018 and regulation 2019 respectively .On the other hand, board members embraced teamwork and complied to the chapter six of Kenya constitution 2010 with more guidelines provided for in the act and regulations.

The funds key priority area of investment is that of loan advancement to cooperatives with 3% interest rate, this interest lowest compared to the one charged by commercial banks, up to 30th June 2021, the fund managed to give out loans to more than five cooperatives societies where twenty million shillings (20,000,000) was disbursed in the year under review

The fund is fully compliant to the PFM act with west Pokot county trade act 2018 and regulations 2019 and it is committed to adhering to provided norms every time as it is provided for from relevant authorities .Additionally the fund has put measures in place to make sure that there no cases of fraud and default scenarios this way the fund has installed very strong appraisal unit which determines loan applicants upon which board members further does more checks to establish truthfulness of information supplied.

We are determined to making this fund one of the most admired institution handling large tasks solving cooperatives and proprietor financial needs in the near future

WEST POKOT COUNTY COOPERATIVE DEVELOPMENT FUND
Reports and Financial Statements
For the year ended 30th June, 2022.

9. REPORT OF THE TRUSTEES/ FUND ADMINISTRATION COMMITTEE

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

10.1 Principal activities

The principal activity of the Fund is to give out loans to cooperatives.

10.2 Performance

The performance of the Fund for the year ended 30th June 2022, are set out on page 19

10.3 Trustees

The members of the Administration Committee who served during the year are shown on page 3.

10.4 Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. OR Certified Public Accountants were nominated by the Auditor General to carry out the audit of the fund for the year/period ended 30th June,2022 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf].

By Order of the Board

Sign:



Mr. Henry Katuria

Chair of the Fund Administration Committee

Date: 30/09/2022

WEST POKOT COUNTY COOPERATIVE DEVELOPMENT FUND

Reports and Financial Statements

For the year ended 30th June, 2022.

10. 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 West Pokot Cooperative Fund Act 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 30th June, 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 (*West Pokot county cooperative act 2018*). 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 30th June, 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.

WEST POKOT COUNTY COOPERATIVE DEVELOPMENT FUND
Reports and Financial Statements
For the year ended 30th June, 2022.

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

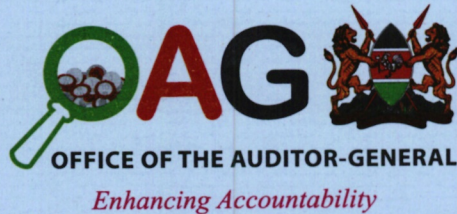
The Fund's financial statements were approved by the Board on 30th 2022 and signed on its behalf by:



Name: LILY CHUMUM

Fund Administrator West Pokot County Cooperative Fund

REPUBLIC OF KENYA



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

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

REPORT OF THE AUDITOR-GENERAL ON WEST POKOT COUNTY COOPERATIVE DEVELOPMENT 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 West Pokot County Cooperative Development Fund set out on pages 21 to 57, 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 West Pokot County Cooperative Development Fund as at 30 June, 2022, and 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 West Pokot County Cooperative Development Fund Act, 2018 and Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Presentation and Accuracy of the Financial Statements

The statement of financial performance reflects general expenses of Kshs.4,898,487 while Note 7 to the financial statements reflects an amount Kshs.4,988,477 resulting to a variance of Kshs.89,990 that was not explained. Further, note numbers reflected in the statement of financial performance and statement of financial position did not tally with the numbering of the notes to the financial statements making it difficult to relate the figures in the financial statements to the notes. The Notes relate to staff costs, general expenses, finance costs, gain/loss on disposal of assets, cash and cash equivalents and current portion of long-term receivables from exchange transactions.

In addition, the amount for transactions between the Fund and the related parties during the year was not disclosed.

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

2. Unsupported Receivables from Exchange Transactions

The statement of financial position reflects nil balance for current portion of long-term receivables from exchange transactions and Kshs.53,411,801 as long-term receivables from exchange transactions. The ageing analysis of the receivables was however, not provided to confirm the classification of the two balances.

In the circumstance, the accuracy of the current portion of long-term receivables from exchange transactions and long-term receivables from exchange transactions as at 30 June, 2022 could not be confirmed.

3. Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts for the period did not include budget amounts for the revenue and expenditure items. The Fund did not prepare for approval, a budget for operations during the year under review and no explanation was provided for failure to prepare a budget.

In the circumstances, the financial statements have not been prepared as prescribed by the Public Sector Accounting Standards.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the West Pokot County Cooperative Development 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 judgment, 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

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the report on financial statements, Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board.

Further, the unresolved prior year issues are not disclosed under the progress on follow up of auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board.

Other Information

The Fund Administration Committee are responsible for the other information, which comprises the Chairman's Statement, Fund Administrator's Report, Statement of Performance Against Predetermined Objectives, Fund Administration Committee, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Corporate Social Responsibility Statement and the Statement of Fund Administration Committee Responsibilities.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance or conclusion thereon.

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 matter(s) described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Irregular Disbursement of Loans

The Fund loaned three (3) cooperative societies loans totalling to Kshs.20,000,000, which did not however, meet the loaning conditions as noted below.

- i) Loan did not have collateral to secure the loan as per Regulation 19(1) of the West Pokot County Cooperative Development Fund Regulations, 2019.
- ii) Failure by loan applicants to appear before the Board for an interview as required by Regulation 11 of West Pokot County Cooperative Development Fund Regulations, 2019.
- iii) Failure to provide documents prescribed by Regulation 13(2) of West Pokot County Cooperative Development Fund Regulations, 2019 which includes;
 - a. Audited financial statements
 - b. Cash flow statement
 - c. Business plan by the loaned cooperative society
 - d. Bank statements to confirm adequacy of cash flows to sustain loan repayment
 - e. Name, address and signatures of the guarantors including copy of national identity card and passport size photographs of officials
- iv) Lack of loan repayment form as required by Schedule II-S 12 of the Regulations
- v) Lack of Approved borrowing power of the cooperative.

In the circumstances, the loans totalling to Kshs.20,000,000 were advanced irregularly and recoverability of the same is not possible in event of default.

2. Unsecured Loans

The statement of financial position and as disclosed in Note 12 to the financial statements reflects long term receivables from exchange transactions balance of Kshs.53,411,801. As reported previously, the cooperative societies did not however, provide collateral or securities for the loans advanced contrary to Section 19(1) of the West Pokot County Cooperative Development Fund Regulations, 2019 and the funds could be lost if the loans are not serviced.

In the circumstances, the Fund may not recover the loans in event of default and the management was in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, 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

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain 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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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


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

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

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

07 June, 2023

Report of the Auditor-General on West Pokot County Cooperative Development Fund for the year ended 30 June, 2022

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12. FINANCIAL STATEMENTS.

12.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2022.

	Note	FY2021/2022	FY2020/2021
			KShs
Revenue from non-exchange transactions			
Public contributions and donations	1	-	-
Transfers from the County Government	2	25,000,000	40,000,000
Fines, penalties and other levies	3		-
Revenue from exchange transactions			
Interest income	4	1,324,558	174,320
Other income	5	-	-
Total revenue		1,324,558	174,320
Expenses			
Fund administration expenses	6	-	-
Staff costs	7	-	-
General expenses	8	4,988,477	962,545
Finance costs	9	-	-
Total expenses		4,988,477	962,545
Other gains/losses			
Gain/loss on disposal of assets	10	-	-
Surplus/(deficit) for the period		- 3,663,919	- 788,225

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12.2 STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2022

	Note	FY2020/2022	FY2020/2021
			KShs
Assets			
Current assets			
Cash and cash equivalents	11	7,136,055	19,484,313
Current portion of long term receivables from exchange transactions	12	-	-
Prepayments	13		
Inventories	14	-	-
Receivable from non exchange transaction			
Non-current assets			
Property, plant and equipment	15	-	-
Intangible assets	16	-	-
Long term receivables from exchange transactions	12	53,411,801	19,727,462
Total assets		60,547,856	39,211,775
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	17	-	-
Provisions	18	-	-
Current portion of borrowings	19	-	-
Employee benefit obligations	20	-	-
Advances/Overpayments		-	-
Non-current liabilities			
Non-current employee benefit obligation	20	-	-
Long term portion of borrowings	19	-	-
Total liabilities		-	-

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Net assets			
Revolving Fund		65,000,000	40,000,000
Reserves		-	-
Accumulated surplus		4,452,144	788,225
Total net assets and liabilities		60,547,856	39,211,775

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 30/9 2022 and signed by:



Fund Administrator.
Name: LILY CHUMUM CHEPTOO.



Fund Accountant.
Name: HARON MURUNY
ICPAK Member Number:

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12.3 STATEMENT OF CHANGES IN NET ASSETS AS AT 30TH JUNE 2022

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2020	-	-	-	-
Surplus/(deficit) for the period	-	-	788,225	788,225
Funds received during the year	40,000,000	-	-	40,000,000
Revaluation gain	-	-	-	-
Balance as at 30 June 2021	40,000,000	-	788,225	39,211,775
Balance as at 1 July 2021	40,000,000.00	-	788,225	40,000,000
Surplus/(deficit) for the period	-	-	3,663,919	3,663,919
Funds received during the year	25,000,000.00	-	-	25,000,000
Revaluation gain	0	-	-	-
Balance as at 30 June 2022	65,000,000.00	-	4,452,144	60,547,856

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12.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2022

	Note	FY2020/2021	FY2021/2022
		KShs	KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations			-
Transfers from the County Government		40,000,000	25,000,000
Transfer from repayment account			
Interest received		174,320	1,325,926
Receipts from other operating activities			-
Total Receipts		40,174,320	26,325,926
Payments			
Fund administration expenses			-
General expenses		962,545	4,988,477
Finance cost			-
Total Payments		962,545	4,988,477
Net cash flows from operating activities	21	21,427,439	39,211,775
Adjustment Net Increase/Decrease in Receivables			-
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		1,772,538	6,841,065
Loan disbursements paid out		- 40,700,000	21,500,000
Net cash flows used in investing activities		- 33,858,935	19,727,462
Cash flows from financing activities			
Proceeds from revolving fund receipts			
Additional borrowings			
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		- 12,431,496	19,484,313
Prior year adjustment			-
Cash and cash equivalents at 1 JULY	11	19,484,314	-
Cash and cash equivalents at 30th June 2022	11	7,136,055	19,484,314

WEST POKOT COUNTY COOPERATIVE DEVELOPMENT FUND

Reports and Financial Statements

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12.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30TH JUNE 2022.

	Original budget	Adjustments	Final budget	Actual on comparable basis	% Utilization
	2021	2021	2021	2021	2021
Revenue	KShs	KShs	KShs	KShs	
Public contributions and donations	-	-	-		
Transfers from County Govt.	25,000,000	0	25,000,000	25,000,000	-
Interest income	-	-	-	1,324,558	-
Other income	-	-	-		
Total income	-	-	-	1,324,558	-
Expenses					
Fund administration expenses	-	-	-		-
General expenses	-	-	-	4,988,477	-
Finance cost	-	-	-		-
Total expenditure	-	-	-		-
Surplus for the period				- 3,272,644	

12.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. 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.

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Adoption of new and revised standards

a) Relevant new standards and amendments to published standards effective for the year ended 30th June 2022.

Standard/ Amendments: Applicable: 1st January 2021:	Impact
a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks	There was no impact of the amendment to IPSAS 13 with respect to the current financial report
b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved	There was no impact of the amendment to IPSAS 13 and IPSAS 17 with respect to the current financial report as the entity did not apply any of the transitional provisions in the FY 2020/2021
c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.	There was no impact of the amendment to IPSAS 21 and IPSAS 26 with respect to the current financial report as the entity does not have Non-Cash Generating Assets and neither did it have impaired cash generating assets.
d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard	<i>Document the impact if the fund is reporting for the first time on accrual/ Otherwise indicate that there was no impact</i>

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>(State the impact of the standard to the entity if relevant)</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity’s financial performance, financial position and cash flows.

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Standard	Effective date and impact:
	<i>(State the impact of the standard to the entity if relevant)</i>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2022:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>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.</p>

c) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020.

3. 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

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net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

4. Budget information.

The original budget for FY 2020/2021 was approved by the County Assembly on 25th June 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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.

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 21 of these financial statements.

5. 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

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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.

6. 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.

7. Financial instruments

a) 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.

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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 an entity of financial assets is impaired. A financial asset or an 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 an 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)

b) 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.

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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.

8. 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.

9. 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

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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.

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.

10. Nature and purpose of reserves

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

11. 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.

12. 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.

13. 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.

14. 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.

15. 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.

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Members of key management are regarded as related parties and comprise the directors/Trustee, the Fund Managers and Fund Accountant.

16. Cash and cash equivalents

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

17. Comparative figures

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

18. Events after the reporting period

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

19. Ultimate and Holding Entity

The entity is a County Public Fund established by west Pokot county cooperative act 2018 Act under the Department of trade and cooperatives. Its ultimate parent is the County Government of West Pokot.

20. Currency

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

21. 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:

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Provisions

There were no provisions set by the management.

22. 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:

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	Total amount Ksh	Fully performing Ksh	Past due Ksh	Impaired KShs
At 30 June 2021				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
	-	-	-	-
At 30 June 2020	-	-	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

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 loans advanced to cooperatives.

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.

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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
	Ksh	Ksh	Ksh	Ksh
At 30 June 2021	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2020	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Market risk

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

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

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

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

d) 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.

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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
	Ksh	Ksh	Ksh
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
	Ksh	Ksh	Ksh
2021			
Euro	10%		
USD	10%		
2020			
Euro	10%		
USD	10%		

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) 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.

f) 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
	Ksh	Ksh
Revaluation reserve	0	0
Revolving fund	0	10
Accumulated surplus	0	0
Total funds		
Total borrowings	0	0
Less: cash and bank balances	0	0
Net debt/(excess cash and cash equivalents)	0	0
Gearing		

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13. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	FY2021/2022	FY2020/2021
		KShs
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

2. Transfers from County Government.

Description	FY2021/2022	FY2020/2021
		KShs
Transfers from County Govt. – operations	25,000,000	
Payments by County on behalf of the entity		-
Total	-	-

3. Fines, penalties and other levies.

Description	FY2021/2022	FY2020/2021
		KShs
Late payment penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	FY2021/2022	FY2020/2021
		KShs
Interest income from loans	1,324,558	174,320
Total interest income	1,324,558	174,320

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Other income

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Insurance recoveries		-
Income from sale of tender documents		-
Miscellaneous income		-
Total other income	-	-

6. Fund administration expenses

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Loan processing costs-Adm Costs		-
Professional services costs		-
Total	-	-

7. General expenses

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Consumables		-
Electricity and water expenses		-
Stationaries		-
Other costs costs- Fuel and refined lubricants		4,000
Board allowances	4,976,200	841,780
Printing and stationery		-
Rental costs		-
Purchase of laptops		-
Telecommunication		35,000
Hospitality		-
Training		76,000
Purchase of office furniture		-
Depreciation and amortization costs		-
Other expenses -Bank charges	12,277	5,765
Total	4,988,477	962,545

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8. Finance costs

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Interest on Bank overdrafts		-
Interest on loans from banks		-
Total	-	-

9. Gain/(loss) on disposal of assets

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Property, plant and equipment		-
Intangible assets		-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Cash and cash equivalents

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Fixed deposits account		-
On – call deposits		-
W.P.C COOPERATIVE DEVELOPMENT ACCOUNT	7,136,055	19,484,313
Total cash and cash equivalent	7,136,055	19,484,313

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

		2021/2022	2020/2021
Financial institution	Account number	Ksh	Ksh
a) Fixed deposits account			
Kenya Commercial bank			
Equity Bank, etc.			
Sub- total			
b) On - call deposits			
Kenya Commercial bank			
Equity Bank - etc.			
Sub- total			
c) Current account			
Kenya Commercial bank	1257402498		
Bank B			
Sub- total		7,136,055	19,484,313
d) Others(specify)			
Cash in transit			
Cash in hand			
Mobile Money			
Sub- total			
Grand total		7,136,055	19,484,313

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. Receivables from exchange transactions

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Current Receivables		
Interest receivable		-
Current loan repayments due		-
Other exchange debtors		-
Less: impairment allowance		-
Total Current receivables	-	-
Non-Current receivables		
Long term loan repayments due	53,411,801	19,727,462
Total Non current receivables	53,503,159	19,727,462
Total receivables from exchange transactions	53,503,159	19,727,462

Additional disclosure on interest receivable

Description	2021/2022	2020/2021
	Ksh	Ksh
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	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Receivables from Non-Exchange transaction

Description	2021/2022	2020/2021
	Ksh	Ksh
Transfer from County Executive.	-	-
Transfer from county government.	-	-
Total receivables from non-exchange transactions.	-	-

13. Prepayments

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

14. Inventories

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

15. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Ksh	Ksh	Ksh	Ksh	Ksh
At 1 st July 2019					
Additions					
Disposals					
Transfers/adjustments					
At 30th June 2020					
At 1 st July 2020					
Additions					
Disposals					
Transfer/adjustments					
At 30th June 2021					

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	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Ksh	Ksh	Ksh	Ksh	Ksh
Depreciation and impairment					
At 1 st July 2019					
Depreciation					
Impairment					
At 30th June 2020					
At 1 st July 2020					
Depreciation					
Disposals					
Impairment					
Transfer/adjustment					
At 30th June 2021					
Net book values					
At 30 th June 2020					
At 30 th June 2021					

16. Intangible assets-software

Description	2021/2022	2020/2021
	Ksh	Ksh
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		

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17. Trade and other payables from exchange transactions

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

18. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Ksh	Ksh	Ksh	Ksh
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 (30.03.2022)				

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Borrowings

Description	2021/2022	2020/2021
	Ksh	Ksh
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
	Ksh	Ksh
External Borrowings.		
Dollar denominated loan from 'organization'		
Sterling Pound denominated loan from 'organization'		
Euro denominated loan from organization'		
Domestic Borrowings.		
Kenya Shilling loan from KCB		
Kenya Shilling loan from Barclays Bank		
Kenya Shilling loan from Consolidated Bank		
Borrowings from other government institutions		
Total balance at end of the year.		

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

Description	2021/2022	2020/2021
	Ksh	Ksh
Short term borrowings(current portion)		
Long term borrowings		
Total		

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Employee benefit obligations

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

21. Cash generated from operations

	2021/2022	2020/2021
	Ksh	Ksh
Surplus/ (deficit) for the year before tax		
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		

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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) County Assembly;
- d) Key management;
- e) Board of Trustees; etc

b) Related party transactions

Description	2021/2022	2020/2021
	Ksh	Ksh
Transfers from related parties- County Government	-	-
Transfers to related parties		

c) Key management remuneration

Description	2021/2022	2020/2021
	Ksh	Ksh
Board of Trustees		
Key Management Compensation		
Total		

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

d) Due from related parties

	2021/2022	2020/2021
	Ksh	Ksh
Due from parent Ministry		
Due from County Government		
Due from County Assembly		
Total		

e) Due to related parties

	2021/2022	2020/2021
	Ksh	Ksh
Due to parent Ministry		
Due to County Government		
Due to Key management personnel		
Due to County Assembly		
Total		

23. Contingent assets and contingent liabilities

Contingent liabilities	2021/2022	2020/2021
	Ksh	Ksh
Court case against the Fund		
Bank guarantees		
Total		

There was no court case against the fund.

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14. 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.

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15. APPENDIX I: INTER-ENTITY TRANSFERS

ENTITY NAME:				
Break down of Transfers from the County Executive of West Pokot County Government				
FY 2020/2021				
a.	Recurrent Grants	<u>Bank Statement</u> <u>Date</u>	<u>Amount</u> <u>(KShs)</u>	<u>Indicate the FY to which the amounts</u> <u>relate</u>
			-	
			-	
			-	
		Total	-	
b.	Development Grants	<u>Bank Statement</u> <u>Date</u>	<u>Amount (Ksh)</u>	<u>Indicate the FY to which the amounts</u> <u>relate</u>
			-	
			-	
			-	
		Total	-	
c.	Direct Payments	<u>Bank Statement</u> <u>Date</u>	<u>Amount (Ksh)</u>	<u>Indicate the FY to which the amounts</u> <u>relate</u>
			25,000,000	FY2021/2022
			40,000,000	FY2020/2021
			-	
			-	
		Total	65,000,000	

The above amounts have been communicated to and reconciled with the parent Ministry.

Fund Administrator.

West Pokot Cooperative Fund

Head of County Treasury at

West Pokot County

Sign

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Sign

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