

REPUBLIC OF KENYA



Enhancing Accountability

REPORT



OF

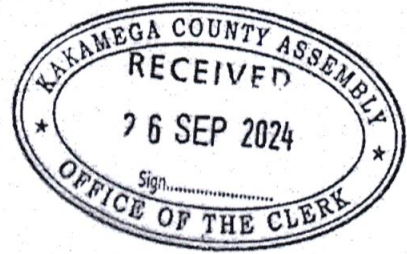
THE AUDITOR-GENERAL

ON

**KAKAMEGA COUNTY AGRICULTURAL
INPUT FUND**

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

PAPERS LAID	
DATE	6/3/2025
TABLED BY	Dep Majority Whip
COMMITTEE	
CLERK AT THE TABLE	Maalim



KAKAMEGA COUNTY AGRICULTURAL FARM INPUT FUND

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

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



Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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1. Acronyms and Glossary of Terms

a) Acronyms

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

b) Glossary of Terms

Fiduciary Management

The key management personnel who had financial responsibility

Kakamega County Farm Input Fund

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2. Key Entity Information and Management

a) Background information

Kakamega County Agricultural Inputs Fund was established by and derives its authority and accountability from Agriculture fund Act 31st May 2019. The Fund is wholly owned by the County Government of Kakamega and is domiciled in Kenya.

The fund's objective is to procure and distribute subsidized agricultural inputs to farmers in the County. To provide for a Fund that will facilitate faster, transparent and accountable procurement and distribution of subsidised agricultural inputs to farmers in the county.

The Fund's principal activity is to manage — subsidized agricultural inputs including certified seeds, seedlings, fertilizer, agrochemicals, storage facilities, agricultural machinery and equipment, fish fingerlings and brood stock, fishing gear, bees and apiculture equipment, feeds, poultry, livestock, animal genetic material, animal drugs and vaccines in the County.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to procure, distribute and manage subsidized agricultural inputs in the County.

Mission

To facilitate faster, transparent and accountable procurement and distribution of subsidised agricultural inputs to farmers in the county.

Mandate

To ensure that the agricultural inputs supplied to farmers meet the set standard

c) Fund Administration Committee

Sl. No.	Name	Position
1	Mr. Emmanuel Njenga Kariuki	Chief Officer Ministry of Agriculture
2	Mr. Jonathan Masaba	County Director of Fisheries
3	Dr. Christopher Kadenge	County Director of Veterinary Services
4	Mr. Henry Odanga	County Director of Livestock Production
5	Mr. Titus Omengo	County Director of Agriculture

Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Key Management team

Ref	Name	Position
1	Mr. Emmanuel Njenga Kariuki	Chief Officer Ministry of Agriculture
2	Mr. Jonathan Masaba	County Director of Fisheries
3	Dr. Christopher Kadenge	County Director of Veterinary Services
4	Mr. Henry Odanga	County Director of Livestock Production
5	Mr. Titus Omengo	County Director of Agriculture

Key Entity and Management (Continued)

d) Fiduciary Oversight Arrangements

No	Entity	Role
1	Audit Committee and Finance committee activities	Provide oversight of the financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations
2	Senate Committee Activities	Legislation, Oversight and Representation
3	County Assembly	Legislation, Oversight and Representation
4	Development partner oversight activities	Predominant roles played by development partners have been shown to include capacity building, project planning, lobbying and advocacy, others (including resource mobilization) and financing respectively
5	Controller of Budget	This role involves overseeing the implementation of the budgets of both national and county governments. The Controller of Budget in this role therefore monitors the use of public funds in-year and reports to Parliament on how the funds have been utilised.
6	Office of the Auditor General	The Auditor-General (AG) is mandated to audit and report on the use and management of public resources by public entities. Article 229(6) of the Constitution requires the Auditor-General to confirm whether public money has been applied lawfully and in an effective way

Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

e) Registered Offices

P.O. Box 36 -50100
PC Building/Block C, 3rd Floor
Fitina road /Kakamega
Kisumu Highway Kakamega,
KENYA

f) Fund Contacts

Telephone :(254) 725964385
E-mail:
cdakakamega@yahoo.c
omWebsite:

g) Fund Bankers

1. Kenya Commercial Bank
P.O .Box
Kakamega
2. Cooperative Bank of Kenya
P.O Box 359 -50101
Kakamega

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Annual Report and Financial Statements for the year ended June 30, 2024

Key Entity and Management (Continued)

h) Independent Auditors

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

i) Principal Legal Adviser






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

j) County Attorney

Kakamega County Headquarters
P.O.Box 36-50100, 056 31850/31852/31853
County Headquarters
Kisumu /Kitale Highway
Kakamega KENYA

**Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024**






3. Fund Administration Committee

Name	Details of qualifications and experience
 Mr. Emmanuel Njenga Kariuki	<ul style="list-style-type: none"> ● Chief officer Agriculture & irrigation ● BED (Physics And Math's) Kenyatta University ● Post graduate Diploma in human resource management (KIM) ● 20 years' Work Experience
 Mr. Jonathan Masaba	<ul style="list-style-type: none"> ● County Director of Fisheries ● Masters in Fisheries ● 26 years' work experience
 Dr. Christopher Kadenge	<ul style="list-style-type: none"> ● County Director of Veterinary Services ● BSc Veterinary Medicine ● 25 Years work experience
 Mr. Henry Odanga	<ul style="list-style-type: none"> ● County Director of Livestock Production ● BSc. Animal production ● 25 years' work experience
 Mr. Titus Omengo	<ul style="list-style-type: none"> ● County Director of Agriculture ● BSc Agriculture ● 26 years' work experience

Kakamega County Farm Input Fund

Annual Report and Financial Statements for the year ended June 30, 2024

4. Management Team

Name	Details of qualifications and experience
 Mr. Emmanuel Njenga Kariuki	<ul style="list-style-type: none"> ● Chief officer Agriculture & irrigation ● BED (Physics And Maths) Kenyatta University ● Post graduate Diploma in human resource management (KIM) ● 20 years Work Experience
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 Mr. Henry Odanga	<ul style="list-style-type: none"> ● County Director of Livestock Production ● Bsc Animal production ● 25 years work experience
 Mr. Titus Omengo	<ul style="list-style-type: none"> ● County Director of Agriculture ● BSc Agriculture ● 26 years work experience

Kakamega County Farm Input Fund

Annual Report and Financial Statements for the year ended June 30, 2024

5. Board/Fund Chairperson's Report

It is my privilege to present this forward note on behalf of the Fund Administration Committee for the Kakamega County Agricultural Farm input Fund. Over the past year, our Agricultural Farm input Fund has faced several challenges, but we remain committed to ensuring its sustainability and effectiveness in addressing urgent needs within our County.

The Kakamega County Agricultural Farm input Fund was established by the County Government of Kakamega through the Agriculture fund Act 31st May 2019. The Fund Administrator at the time being the Chief Officer of Agriculture and Irrigation the Fund is wholly owned by the County Government of Kakamega and is domiciled in Kenya.

The object and purpose of these regulations is to procure and distribute subsidised farm input products

Key Issues Affecting the Fund

During the past year, the Agriculture Farm Input Fund has encountered several significant issues. A primary concern has been the increased production of Agricultural crop and food security. This surge in requests has, in turn, strained the fund's resources, making it difficult to meet all the needs presented. Additionally, the fund has faced administrative challenges related to fund allocation, monitoring, and ensuring transparency in its operations.

Strategies and Policies Implemented

To address these challenges, the Fund Administration Committee has taken decisive steps. We have adopted a multi-pronged strategy that focuses on both short-term and long-term measures to enhance the fund's capacity and sustainability. In the short term, we have streamlined the procurement and distribution subsidised Farm input product. We have also increased our efforts to engage with donors, partners, and stakeholders to expand our funding base and diversify revenue streams.

In the long term, the Committee is developing a robust policy framework to guide the fund's operations more effectively. This includes establishing clear guidelines for fund distribution, monitoring, and evaluation, as well as strengthening governance structures to ensure greater accountability and transparency. We are also investing in capacity-building initiatives for our team to enhance their skills in fund management, financial reporting, and donor engagement.

Cross-Cutting Issues

In addition to these targeted strategies, we recognize that certain cross-cutting issues need to be addressed to secure the fund's future. One critical concern is the need to raise public awareness about the fund's purpose and operations. We are committed to enhancing our communication efforts to educate the community on the importance of the Agricultural Farm input Fund and how it can be accessed and supported. Furthermore, we understand the importance of fostering a culture of resilience and preparedness within our County, and we are exploring partnerships with local organizations to promote these values.

Moving forward, we remain optimistic about the future of the Agricultural Farm input Fund. The Committee is committed to ensuring that the fund remains a reliable source of support in times of crisis and continues to make a meaningful impact in the lives of those it serves. We believe that with the right strategies, policies, and partnerships, we can overcome the current challenges and strengthen the fund's capacity to address future emergencies effectively.

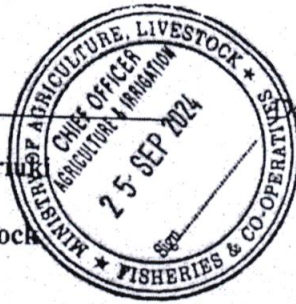
Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Thank you for your continued support and dedication to the Agricultural Farm input Fund.

Signed: _____



Emmanuel Njenga Karuri
Chief Officer,
Agriculture and Livestock



Date: _____

25/9/24

Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

6. Report of The Fund Administrator

It is my privilege to present this forward note as the Fund Administration Committee for the Kakamega County Agricultural Farm input Fund. Over the past year, our Agricultural Farm input Fund has faced several challenges, but we remain committed to ensuring its sustainability and effectiveness in addressing urgent needs within our County.

The fund's objective is to procure and distribute subsidized agricultural inputs to farmers in the County. To provide for a Fund that will facilitate faster, transparent and accountable procurement and distribution of subsidized agricultural inputs to farmers in the county.

- The Fund's principal activity is to manage subsidized agricultural inputs including certified seeds, seedlings, fertilizer, agrochemicals, storage facilities, agricultural machinery and equipment, fish fingerlings and brood stock, fishing gear, bees and apiculture equipment, feeds, poultry, livestock, animal genetic material, animal drugs and vaccines in the County.
- In view of the foregoing, the Fund must create a bigger impact on enterprise development in order to play its rightful role in the County and/or nation's development by rethinking its business model to reach more businesses efficiently, effectively and in a sustainable manner. The Corporation must also be an attractive partner in youth and women economic empowerment to attract funding from all potential sources and win the confidence and goodwill of all Kakamega county farmers. The Funds capacity to deliver the strategy is critical. Its legal, policy, instructional, technological and competence frameworks shall be adequately strengthened over time and an environment conducive to attract and retain requisite skills created.
- To remain sustainable in the long run and reduce its dependence on government funding, the Fund shall expand and restructure its product portfolio, diversify its sources of funding and adopt a business approach in its operations.
- In conclusion, I call on all stakeholders to effectively play their part in supporting the Fund to realize its mandate. It will require a lot of dedication, success and hardworking on the part of all stakeholders to make this big dream come true.

Kakamega County Farm Input Fund

Annual Report and Financial Statements for the year ended June 30, 2024

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

Guidance

The Fund managed to distribute fertilizer to the twelve sub county in good time ensuring that farmers are able to obtain the farm input in good time in preparation of harvesting, however the fund had challenges of misinformation from political wing concerning fake fertilizers which reduced the distribution of farm input production

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 Fund as per the strategic plan for are

- a) Improved food security
- b) Improved quality of farm products
- c) Increase number of farmers accessing farm input products

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Procure and distribute subsidised farm inputs to farmers in the county	Ensure food security is guaranteed	Increased numbers of farmers benefiting from farm input products	% of farmers using subsidized farm input increased	During FY 2023 /2024 numbers of farmers accessing farm input product increased
Provide for a Fund that will facilitate faster, transparent and accountable procurement and distribution of subsidised farm inputs to farmers in the county.	Ensure easy access to farm input product and Increase food production	High production of farm products	% of farm product harvested increased	During year FY 2023 /2024 Quality of production improved

Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

8. Corporate Governance Statement

The number of Board/Trustee meetings held and the attendance to those meetings by members,

Agricultural farm input fund has had four quarterly meetings for the Farm input Advisory committee meeting and the attendance has been 100 %

Process of appointment and removal of trustees,

The committee shall consist of

(a) A chairperson who has the following qualifications appointed by the Executive Committee Member for agriculture

(i) A relevant bachelor's degree or its equivalent from a university recognized in Kenya

(ii) At least five years' experience;

(iii) A professional background in Management;

(b) The chief officer for agriculture;

(c) The county attorney;

(d) The county director of agriculture who shall be the Administrator and secretary to the Advisory Committee;

(e) The county officer in-charge of farm inputs;

(f) Two representatives of the farmers and farmer organizations.

(3) The chairperson and members under sub-regulation 2 (f) shall be appointed by the Executive Committee Member for agriculture and shall serve for a term of three years which may be renewed once upon satisfactory performance.

(4) In making the appointment under sub-regulation (3), the Executive Committee Member shall take into consideration gender equity and people living with disabilities.

Roles and functions of the Board

(a) Formulate guidelines to achieve the objects of the Fund;

(b) Provide oversight on the administration and management of the Fund;

(c) Maintain proper records of the committee affairs and books of accounts;

(d) Ensure that the farm inputs supplied to farmers meet the set standards;

Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

- (e) Submit quarterly returns and reports of the committee operations to the Executive Committee; (f) Be the custodian of all Fund assets and documentation;
- (g) Receive any gifts, donations, grants or endowments made to the Fund;
- (h) Prepare annual estimates and reports to the Executive Committee;
- (i) Approve the opening and operation of bank accounts for the Fund;
- (j) Not later than three months after the end of each financial year, cause to be prepared financial statement of the Fund and submit the same to the Auditor General;
- (k) Ensure that the earnings of, or accruals to the Fund are retained in the Fund unless the Executive Committee Member directs otherwise;
- (l) Ensure that money held in the Fund, including any earnings or accruals is spent only for the purposes for which the Fund is established; and
- (m) Perform such other functions as the committee may deem necessary for the proper discharge of its mandate.

Board/trustee remuneration,

Members of the Advisory Committee and other staff of the Fund shall be paid such allowances as may be determined by the Executive Committee in line with existing guidelines by the Salaries and Remuneration Commission

Kakamega County Farm Input Fund

Annual Report and Financial Statements for the year ended June 30, 2024

9. Management Discussion and Analysis

Kakamega County Agricultural Inputs Fund is established by and derives its authority and accountability from Agriculture fund Act 31st May 2019. The Fund is wholly owned by the County Government of Kakamega and is domiciled in Kenya.

The fund's objective is to procure and distribute subsidized agricultural inputs to farmers in the County. To provide for a Fund that will facilitate faster, transparent and accountable procurement and distribution of subsidized agricultural inputs to farmers in the county.

The Fund's principal activity is to manage — subsidized agricultural inputs including certified seeds, seedlings, fertilizer, agrochemicals, storage facilities, agricultural machinery and equipment, fish fingerlings and brood stock, fishing gear, bees and apiculture equipment, feeds, poultry, livestock, animal genetic material, animal drugs and vaccines in the County.

In view of the foregoing, the Fund must create a bigger impact on enterprise development in order to play its rightful role in the County and/or nation's development by rethinking its business model to reach more businesses efficiently, effectively and in a sustainable manner. The Corporation must also be an attractive partner in youth and women economic empowerment to attract funding from all potential sources and win the confidence and goodwill of all Kakamega business people. The Corporation's capacity to deliver the strategy is critical. Its legal, policy, instructional, technological and competence frameworks shall be adequately strengthened over time and an environment conducive to attract and retain requisite skills created.

To remain sustainable in the long run and reduce its dependence on government funding, the Fund shall expand and restructure its product portfolio, diversify its sources of funding and adopt a business approach in its operations.

In conclusion, I call on all stakeholders to effectively play their part in supporting the Fund to realize its mandate. It will require a lot of dedication, success and hardworking on the part of all stakeholders to make this big dream come true.

Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

10. Environmental and Sustainability Reporting

Corporate Social Responsibility / Community Engagements

Kakamega county government has had challenges with the community concerning the fake fertilizers, However the Administrator has conducted a sensitization using the extension officers at sub county level who have managed to restore the confidence of our local farmers

Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

11. Report of The Trustees

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

Principal activities

(a) Provide for the establishment of a Fund to enable the county government to procure and distribute subsidised farm inputs to farmers in the county

3 (b) provide for a Fund that will facilitate faster, transparent and accountable procurement and distribution of subsidised farm inputs to farmers in the county

Results

Fund has enable the county government to procure and distribute subsidised farm inputs to farmers in the county

The Fund has facilitated faster, transparent and accountable procurement and distribution of subsidised farm inputs to farmers in the County

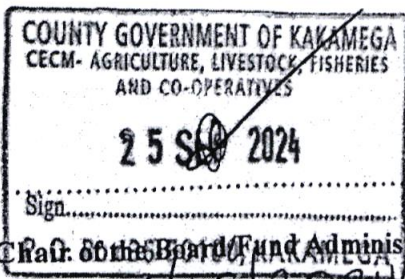
Trustees

The members of the Board of Trustees who served during the year are shown on page xxx (refer to the key entity information and management page). The changes in the Board during the financial year are as shown below:

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 Office of the Auditor General are mandated to carry out the audit of the Kakamega county Farm input Fund for the year/period ended June 30, 2024 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf].

By Order of the Board



Date: 25/09/2024

Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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 Public Finance Management the Kakamega County Farm input Fund Regulations 2028 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

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

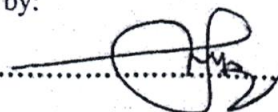
The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Public Finance Management, The Kakamega county Farm input Regulations 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 June 30, 2024, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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. OR

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

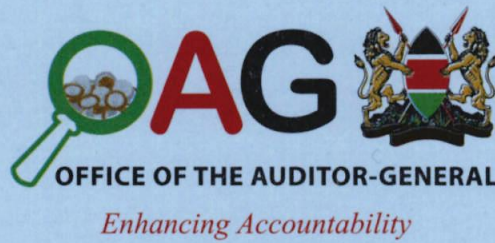
The Fund's financial statements were approved by the Board on 25/9/2024 2024 and signed on its behalf by:

.....


Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KAKAMEGA COUNTY AGRICULTURAL INPUTS FUND FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kakamega County Agricultural Inputs Fund set out on pages 1 to 37 which comprise the statement of the financial position as at 30 June, 2024 and the statement of financial performance, the statement

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kakamega County Agricultural Inputs Fund as at 30 June, 2024 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 (The Kakamega County Agricultural Inputs Fund) Regulations, 2019, and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unsupported Receivables from Exchange Transactions

The statement of financial position reflects current portion of long-term receivables from exchange transactions balance of Kshs.7,816,487. However, the debtors general and subsidiary ledgers, debtors' invoices and ageing analysis were not provided for audit. Further, the Management has not demonstrated efforts undertaken to recover the outstanding debts.

In the circumstances, the accuracy, validity and recoverability of Kshs.7,816,487 in respect to current portion of long-term receivables from exchange transactions could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis totaling to Kshs.461,724,586 and Kshs.43,680 respectively, resulting to an under-funding amounting to Kshs.461,680,906 or 99.99% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totaling to Kshs.461,725,586 and Kshs.502,044 respectively, resulting to an under-performance amounting to Kshs.461,223,542 or 99.89% of the budget.

The under-funding and under-performance affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the previous year audit report, several issues were raised under Report on the Financial Statements, and Report on Lawfulness and Effectiveness in the Use of Public Resources. However, the issues had not been resolved and Management did not provide satisfactory reasons for the delay in resolving the issues.

Other Information

Management is responsible for the other information set out on page iii to xviii which comprise of Key Entity Information and Management, Report of the Fund Administrator, Statement of Performance Against County Fund's Predetermined Objectives, Corporate Governance Statement, Management Discussions and Analysis, Environmental and Sustainability Reporting, Report of the Trustees and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Fund's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance 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 effects of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Irregular Closure of the Fund

As at the time of audit in October 2024, the operation of the Fund had stopped and functions transferred to Receiver of Revenue-County Government of Kakamega.

However, the Public Finance Management (Kakamega County Agricultural Inputs Fund) Regulations, 2019 had not been repealed.

In the circumstances, the regularity of transfer of functions of the Fund to the Receiver of Revenue-County Government of Kakamega could not be confirmed.

The audit was conducted in accordance with ISSAIs 3000 and 4000. The Standards require 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, on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with 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 the Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gatungu CBS
AUDITOR-GENERAL

Nairobi

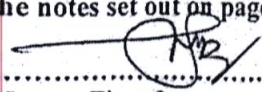
27 December, 2024

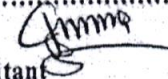
Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

14. Statement of Financial Performance for the Year Ended 30th June 2024

Description	No.	FY 2023/2024	
		2023	2024
Revenue From Non-Exchange Transactions			
Transfers From the County Government	1	0	4,750,000
		0	4,750,000
Revenue From Exchange Transactions			
Other Income	2	43,680	9,480,430
		43,680	9,480,430
Total Revenue		43,680	14,230,430
Expenses			
Employee Costs	3	0	0
Use of goods and services	4	502,044	4,472,544
Transfer other Government entities -CRF	5	0	56,431,700
Depreciation and Amortization Expense	6	0	0
Finance Costs	7	0	0
Total Expenses		502,044	60,904,244
Other Gains/Losses			
Gain/Loss on Disposal of Assets	8	0	0
Surplus/(Deficit) for the Period		(458,364)	(46,673,814)

The notes set out on pages 45 to 48 form an integral part of these Financial Statements


 Name: Titus Omengo
 Administrator of the Fund


 Name: HARRISON OKEMA
 Fund Accountant
 ICPAK Member Number:

Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

15. Statement of Financial Position as at 30 June 2024

Description	Note	FY 2024/2024	FY 2023/2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	9	859,364	1,317,729
Current Portion of Long- Term Receivables From Exchange Transactions	10	7,816,487	7,816,487
Total current assets		8,675,851	9,134,216
Non-Current Assets			
Property, Plant and Equipment	11	0	0
Total non- current assets		0	0
Total Assets (A)		8,675,851	9,134,216
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	12	0	0
Total current liabilities		0	0
Non-Current Liabilities			
Non-Current Pprovisions	13	0	0
Total Liabilities (B)		0	0
Net Assets (A-B)		0	0
Represented By:			
Revolving Fund		44,435,910	44,435,910
Reserves		0	0
Accumulated Surplus		(35,760,049)	(35,301,695)
Net Assets		8,675,851	9,134,216

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 25/9/2024 2024 and signed by:

Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024



.....
Name: Titus Omengo
Administrator of the Fund



.....
Name: HARRISON OKEEMA
Fund Accountant
ICPAK Member Number:

Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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

Description	Revaluing Fund	Revaluation Reserve	Accumulated Deficit	Total
	Kshs	Kshs	Kshs	Kshs
Balance As At 1 July 2022	44,435,910	0	11,372,119	55,808,029
Surplus/(Deficit) For the Period	0	0	(46,673,814)	(46,673,814)
Funds Received During the Year	0	0	0	0
Transfers	0		0	
Revaluation Gain	0	0	0	0
Balance As At 30 June 2023	44,435,910	0	(35,301,695)	9,134,215
Balance As At 1 July 2023	44,435,910	0	(35,301,685)	9,134,215
Surplus/(Deficit) For the Period	0	0	(458,364)	(458,364)
Funds Received During the Year	0	0	0	0
Transfers	0	0	0	
Revaluation Gain	0	0	0	0
Balance As At 30 June 2024	44,435,910	0	(35,760,049)	8,675,851

Kakamega County Farm Input Fund
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17. Statement of Cash Flows for The Year Ended 30 June 2024

Description	Note	2023/2024	2022/2023
Cash flows from operating activities			
Receipts			
Transfers from the county government	1	0	4,750,000
Other Income	2	43,680	9,480,430
Total receipts		43,680	14,230,430
Payments			
Employee costs	3	0	0
Use of goods and services	5	(502,044)	(4,472,544)
Transfer to other Government entities -CRF	6		(56,431,700)
Net cash flows from operating activities	14	(458,365)	(46,673,814)
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets	11	0	0
Net cash flows used in investing activities		0	0
Cash flows from financing activities			
Proceeds from revolving fund receipts		0	0
Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash & cash Equivalents		(458,365)	(46,673,814)
Cash and cash equivalents at 1 July		1,317,729	47,991,543
Cash and cash equivalents at 30 June		859,364	1,317,729

Annual Report and Financial Statements for the year ended June 30, 2024

18. Statement Of Comparison Of Budget And Actual Amounts For The Period 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Public Contributions and Donations	0	0	0	0	0	
Transfers From County Govt.	450,000,000	11,675,586	461,675,586	0	461,675,586	
Subsidy sales programme	0	0	50,000	43,680	6,320	87%
Other Income	0	0	0	0	0	
Total Income	450,000,000	11,675,586	461,725,586	43,680	461,681,906	0%
Expenses						
Fund Administration Expenses	0	0	0	0	(0	
Use of Goods	450,000,000	0)	461,725,586	502,044	461,223,540	
Finance Cost	0	0	0	0	0	
Total Expenditure	450,000,000	0	461,725,586	502,044	461,223,540	
Surplus For the Period	0	0	0	(458,364)	0	
Capital expenditure	0	0	0	0	0	

Budget notes

1. The Underutilisation was occasioned by late disbursement of exchequer from National Treasury

Kakamega County Farm Input Fund

Annual Report and Financial Statements for the year ended June 30, 2024

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Kakamega County Agricultural farm input entity is established by and derives its authority and accountability from Public Finance Management Act the Kakamega county Farm input fund regulations 2018. The entity is wholly owned by the Kakamega County Government and is domiciled in Kenya. The entity's principal activity is

- a) Provide for the establishment of a Fund to enable the county government to procure and distribute subsidised farm inputs to farmers in the county
- b) Provide for a Fund that will facilitate faster, transparent and accountable procurement and distribution of subsidised farm inputs to farmers in the county.

2. Statement of compliance and basis of preparation

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

- (i) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024*

There were no new and amended standards issued in the financial year.

- (ii) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p>

Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Assets Held for Sale and Discontinued Operations	<p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>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.</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

(i) Early adoption of standards

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

Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

1. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2024 was approved by the County Assembly on 28/6/2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of 11,675,586 on the FY 2024 budget following the governing body's approval.

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

Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Summary of Significant Accounting Policies (Continued)

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

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

c) Property, plant and equipment

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

a) 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) Investment property

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

Kakamega County Farm Input Fund
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Summary of Significant Accounting Policies (Continued)

c) Financial instruments

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

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Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

d) 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.

e) 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.

f) Social Benefits

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

Kakamega County Farm Input Fund
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Summary of Significant Accounting Policies (Continued)

g) 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.

h) Nature and purpose of reserves

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

i) 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.

j) 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.

Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Summary of Significant Accounting Policies (Continued)

k) 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.

l) 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.

m) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

n) 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.

o) Comparative figures

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

Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

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

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

Wakamba County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

6. Notes To The Financial Statements Continued

1. Transfers from County Government

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Transfers From County Govt. -Operations	0	4,750,000
Payments By County On Behalf Of The Entity	0	0
Total	0	4,750,000

2. Other Income

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Sales of Subsidized Products	43,680	9,480,430
Fines	0	0
Total	43,680	9,480,430

3. Employee Costs

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Salaries And Wages	0	0
Staff Gratuity	0	0
Staff Training Expenses	0	0
Social Security Contribution	0	0
Other	0	0
Total	0	0

4. Use of Goods and Services

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
General Office Expenses	0	0
Administration Fees	0	0
Daily Subsistence Allowances	465,586	3,157,750
Bank Charges	36,458	37,632
Electricity And Water Expenses	0	0
Fuel And Oil Costs	0	0

Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Description	FY2023/2024	FY2022/2023
	KSh	KSh
Postage And Courier	0	0
Printing And Stationery	0	0
Telephone And Communication Expenses	0	0
Hospitality-Conference Facility	0	1,277,162
Total	502,044	4,472,544

5. Transfers to other Government entities

Description	FY2023/2024	FY2022/2023
	KSh	KSh
Transfer from county treasury	0	56,431,700
	0	0
Total	0	56,431,700

6. Depreciation and Amortization Expense

Description	FY2023/2024	FY2022/2023
	KSh	KSh
Property Plant and Equipment	0	0
Intangible Assets	0	0
Total	0	0

7. Finance costs

Description	FY2023/2024	FY2022/2023
	KSh	KSh
Interest On Bank Overdrafts	0	0
Interest On Loans From Banks	0	0
Total	0	0

Waukegan County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

8. Gain/(loss) on disposal of assets

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Property, Plant and Equipment	0	0
Intangible Assets	0	0
Total	0	0

9. Cash and cash equivalents

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Fixed Deposits Account	0	0
On - Call Deposits	0	0
Current Account	859,364	1,317,729
Others (<i>Specify</i>)	0	0
Total Cash And Cash Equivalents	859,364	1,317,729

Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements Continued

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

Cash and Cash Equivalents			
Description	Account Number	KES	USD
a) Fixed Deposits Account			
Kenya Commercial Bank		0	0
Sub- Total		0	0
b) On - Call Deposits			
Kenya Commercial Bank		0	0
Sub- Total		0	0
c) Current Account			
Kenya Commercial Bank		0	0
Co-Operative Collection Bank Farm Input	01141631600700	827,744	815,324
Kenya Commercial Bank Farm Inputs Fund	1240480695	2,161	797
K.C.B Farm Inputs Collection	1180391721	29,459	501,608
Sub- Total		859,364	1,317,729
d) Others(Specify)			
Cash In Transit		0	0
Cash In Hand		0	0
Sub- Total		0	0
Grand Total		859,364	1,317,729

10. Receivables from exchange transactions

Receivables		
Description	KES	USD
Current Receivables		
Kakamega County Dairy Development Corporation	874,200	874,200
Likuyani Ward Agricultural Officer	948,631	948,631
Lugari Ward Agricultural Officer	366,500	366,500
Navakholo Ward Agricultural Officer	741,200	741,200
Malava Ward Agricultural Officer	298,360	298,360
Butere Ward Agricultural Officer	1,160,216	1,160,216
Mumias West Ward Agricultural Officer	980,000	980,000
Mumias East Agricultural Officer	648,800	648,800
Matungu Ward Agricultural Officer	1,150,000	1,150,000
Shinyalu Ward Agricultural Officer	505,200	505,200

.....amega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Ikolomani Ward Agricultural Officer	143,380	143,380
Total Current Receivables	7,816,487	7,816,487
Non-Current Receivables		
Long Term Loan Repayments Due	0	0
Total Non- Current Receivables	0	0
Total Receivables From Exchange Transactions	7,816,487	7,816,487

Notes to the Financial Statements Continued

Additional disclosure on interest receivable

Description	FY2023/2024	FY2022/2023
	KShs	KShs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	0	0
Accrued interest receivable from of long-term loans of previous years	0	0
Interest receivable from current portion of long-term loans issued in the current year	0	0
Current loan repayments due	0	0
Current portion of long-term loans from previous years	0	0
Accrued principal from long-terms loans from previous periods	0	0
Current portion of long-term loans issued in the current year	0	0

**Karamega County Farm Input and
Annual Report and Financial Statements for the year ended June 30, 2024**

Notes To The Financial Statements (Continued)

11. Property, plant and equipment

	Land and Buildings Kshs	Motor vehicles Kshs	Furniture and fittings Kshs	Computers and other equipment Kshs	Total Kshs
At 1st July (previous FY)	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Transfers/Adjustments	0	0	0	0	0
At 30th June (previous FY)	0	0	0	0	0
At 1st July (Current FY)					
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Transfer/Adjustments	0	0	0	0	0
At 30th June (Current FY)	0	0	0	0	0
Depreciation And Impairment					
At 1st July (previous FY)	0	0	0	0	0
Depreciation	0	0	0	0	0
Impairment	0	0	0	0	0
At 30th June (previous FY)	0	0	0	0	0
At 1st July (Current FY)					
Depreciation	0	0	0	0	0
Disposals	0	0	0	0	0
Impairment	0	0	0	0	0
Transfer/Adjustment	0	0	0	0	0
At 30th June (Current FY)	0	0	0	0	0
Net Book Values					
At 30th June (previous FY)	0	0	0	0	0
At 30th June (Current FY)	0	0	0	0	0

Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024
Notes To The Financial Statements (Continued)

12. Trade and other payables from exchange transactions

Description	FY 2023/2024		Prior Comparison FY	
	KShs		KShs	
Trade Payables	0		0	
Refundable Deposits	0		0	
Accrued Expenses	0		0	
Total Trade and Other Payables	0		0	
Ageing analysis (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	0	%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (tie to above total)	0		0	

13. Provisions

Description	Leave provision	Gratuity provision	Other provision	
	KShs	KShs	KShs	
Balance b/f	0	0	0	0
Additional provisions	0	0	0	0
Provision utilised	0	0	0	0
Change due to discount and time value for money	0	0	0	0
Total provisions year end	0	0	0	0
Current Provisions	0	0	0	0
Non-Current Provisions	0	0	0	0

Kakamega County Farm Input Fund

Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

14. Cash generated from operations.

Description	FY2023/2024	FY2022/2023
	KSh	KSh
Surplus/ (Deficit) For the Year Before Tax	(458,364)	(46,673,814)
Adjusted For:		
Depreciation	0	0
Amortisation	0	0
Gains/ Losses On Disposal Of Assets	0	0
Interest Income	0	0
Finance Cost	0	0
Working Capital Adjustments		
Increase In Inventory	0	0
Increase In Receivables	0	0
Increase In Payables	0	0
Net Cash Flow From Operating Activities	(458,364)	(46,673,814)

Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

15. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Transfers From Related Parties'	0	0
Transfers To Related Parties	0	0

c) Key management remuneration

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Board Of Trustees	0	0
Key Management Compensation	0	0
Total	0	0

d) Due from related parties

Description	FY2023/2024	FY2022/2023
	Kshs	Kshs
Due From Parent Ministry	0	0
Due From County Government	0	0
Total	0	0

Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Other Disclosures Continued

e) Due to related parties

Description	FY 2023/2024	FY 2022/2023
	KSh	KSh
Due To Parent Ministry	0	0
Due To County Government	0	0
Due To Key Management Personnel	0	0
Total	0	0

16. Contingent assets and contingent liabilities

Contingent Liabilities	FY 2023/2024	FY 2022/2023
	KSh	KSh
Court Case Against the Fund	0	0
Bank Guarantees	0	0
Total	0	0

(Give details)

Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

17. 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:

Description	Total amount Kshs.	Fully performing Kshs.	Partly Kshs.	Impaired Kshs.
At 30 June 2022				
Receivables From Exchange Transactions	0	0	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	0	0	0	0
Total	0	0	0	0
At 30 June 2021				
Receivables From Exchange Transactions	0	0	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	0	0	0	0
Total	0	0	0	0

Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

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

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

b) Liquidity risk management

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

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

Description	Less than 1-	Between 1-3	Over 3	Total
	month	months	months	
	KShs	KShs	KShs	
At 30 June (Current FY)				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0
At 30 June (Comparative FY)				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0

Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

Description	Other currencies		Total
	KShs	KShs	
At 30 June (Current FY)			
Financial Assets	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	0	0	0
Borrowings	0	0	0
Net Foreign Currency Asset/(Liability)	0	0	0

Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
(Current FY)			
Euro	10%	0	0
USD	10%	0	0
(Comparative FY)			
Euro	10%	0	0
USD	10%	0	0

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 0 (2023: Kshs 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 0 (2023 -2024 Kshs 0).

Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

d) Capital risk management.

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

Description	Current FY Kshs	Comparative FY Kshs
Revaluation reserve	0	0
Revolving fund	0	0
Accumulated surplus	0	0
Total funds	0	0
Total borrowings	0	0
Less: cash and bank balances	0	0
Net debt/(excess cash and cash equivalents)	0	0
Gearing	0%	0

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 Regulations may be cited as the Public Finance Management (The Kakamega County Farm Inputs Fund) Regulations, 2018 under the Ministry of Agriculture. Its ultimate parent is the County Government of Kakamega.

20. Currency

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

Kakamega County Farm Input Fund

Annual Report and Financial Statements for the year ended June 30, 2024

20. Annexes

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

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

Reference No. of the external audit Report	Issue / Observation from Auditor	Management comments	Status (Resolved / Not Resolved)	Implementation Date when you expect the issue to be resolved
Inaccurate Revenue Amount from Sale of Subsidized Products	<p>The statement of financial performance reflects and Note 3 to the financial statements reflects revenue totalling to Kshs.9,480,430 from of sale of subsidized farm products. However, farm inputs distribution schedule reflects revenue amount totalling to Kshs.333,310,065 resulting to unexplained variance of Kshs.323,829,635.</p> <p>In the circumstances, the accuracy and completeness of the revenue amount from sale of subsidized products totalling to Kshs.9,480,430</p>	<p>On accounting for Kshs. 333,310,065</p> <p>The above ksh was collected and received in the county revenue fund which then expended including other county revenues from exchequer and other own source revenues. The money was subsequently approved by the controller of budget for the county operations.</p> <p>a) The variance should be reconciled and appropriate amendments be effected.</p> <p>The Ksh 323,829,635 was received from farm inputs subsidies and banked directly to the county revenue collection account i.e. it did not go through the fund bank accounts therefore it could not be recognized in the agricultural inputs funds financial statements since the revised financial reporting template for 2022/2023 does not provide for.</p>	Awaiting Auditor Opinion	31/10/2024

Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Reference No. in the external audit Report	Issue / Observations from Auditor	Management comments	Status (Resolved / Not Resolved)	Timeframe: (But a date when you expect the issue to be resolved)
	could not be confirmed.	<p>The Ksh 323,829,635 was reported in the financial statements of the County Revenue Fund.</p> <p>The ksh 9,480,430 was what was collected from Agricultural inputs and banked in the funds bank accounts therefore it was recognized in the fund financial statements.</p> <p>Annex 4.4 (a) (i) Bank statement for CRF and bank statements for farm inputs showing banking of ksh 323,829,635 and 9,480,430.</p>		
Budgetary Control and Performance	The statement of comparison of budget and actual amounts reflects income budget and actual on comparable basis amounts of Kshs.713,080,000 and Kshs.14,230,430 respectively, resulting to under-funding of Kshs.698,849,570 or 98% of the budget. Similarly, the statement	<p>On Transfers from County Govt 73%</p> <p>The delays in exchequer requests from the national treasury contributed to treasury not disbursing funds to 100%</p> <p>Subsidy programme The county collected a total of ksh 333,310,065 which part of it of ksh 323,829,635 was recognized in the CRF financial statements. Thus the total revenues from subsidies programme was ksh 333, 310, 065, out of a budget of ksh 700,080,000 the fund did not realize ksh</p>	Awaiting Auditors Opinion	31/10/2024

Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

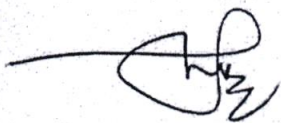
Reference No. / on the external audit report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	reflects total actual expenditure of Kshs.60, 904,244 against approved budget of Kshs.713,080,000 resulting to under-performance of affected the planned activities and may have impacted negatively on service delivery to the public. My opinion is not modified in respect of this matter.	366,769,935.00 which is as a result of the subsidy thus farmers pay 60% leaving out 40% as a subsidy.		
Irregular Transfers to Other Government Entities	The statement of financial performance and Note 6 to the financial statements reflects expenditure totalling to Kshs.56, 431,700 in respect of transfers to other Government entities-CRF contrary to Section 154(1)(a) of the Public Finance Management Act,2012 which provides that an accounting officer shall not authorize the transfer of an amount that is appropriated to	The management has provided the documentations to show the transfers to the CRF account i.e. formal requests, Bank instructions, formal approvals and authorization.	Awaiting Auditors Opinion	31/10/2024

Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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)
	<p>another Government entity or person. In the circumstances, Management was in breach of the law.</p>			
<p>Failure by the Advisory Committee to Hold Meetings</p>	<p>Review of records revealed that during the year under review, the Fund Advisory Committee did not hold any meetings contrary to Section 20(1) of the Kakamega County Agricultural Inputs Fund Regulations, 2019 which requires the Advisory Committee to hold meetings once every three months. In the circumstances, Management was in breach of the law.</p>	<p>The management has noted Auditors observation and has put measures to ensure that advisory committees quarterly.</p>	<p>Awaiting Auditors Opinion</p>	<p>31/10/2024</p>

Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Reference No. of the external audit Report	Issue / Observations from Auditor	Management comments	Status (Resolved / Not Resolved)	Timeframe (What a date when you expect the issue to be resolved)
	Lack of Internal Audit Unit During the year under review, the Fund did not have an internal audit unit which gives assurance on effectiveness of the operations and activities of the Fund.	Agriculture Farm Input is domiciled in the ministry of Agriculture and hence they utilise the Kakamega County Internal Audit department.	Awaiting Auditors Opinion	31/10/2024



Fund Manager/Accounting Officer (enter title of head of Fund)

Date..... 25/9/2024

Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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

[Insert name of beneficiary Fund]
[Insert Address]

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

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

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

Head of Accountants department of beneficiary Fund:

Name Sign Date

Kakamega County Farm Input Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Annex IV: Reporting on Disaster Management Expenditure

	Column III Sector (KSh)	Column IV Category of disaster related activity that require expenditure (Response, Recovery, Rehabilitation/Preparedness)	Column V Expenditure (KSh)	Column VI Amount (KSh)	Column VII Comments

KAKAMEGA COUNTY
 DEPARTMENT OF AGRICULTURE
 OFFICE OF THE COUNTY MANAGER
 KAKAMEGA