

REPUBLIC OF KENYA



Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL

ON

**NAROK COUNTY ALCOHOLIC DRINKS
REGULATION AND CONTROL 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



NAROK COUNTY ALCOHOLIC DRINKS REGULATION AND CONTROL 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)**

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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

2. Key Entity Information and Management

a) Background information

Narok County Alcoholic Drinks Control and Regulation Fund is established by and derives its directorate and accountability from Narok county Alcoholic Drinks Regulation and Control Act of 20th July 2016. The Fund is wholly owned by the County Government of Narok and is domiciled in Kenya.

The history of Narok County Alcoholic Drinks Regulation and Control Act began in 20th July 2016. Its primary function is to initiate a public education and awareness campaign against alcohol abuse especially among youth in schools and other learning institutions. This was in response to a wave of violent student unrest and suspicion of devil worship, part of which was blamed on drug abuse.

The Narok County Alcoholic Drinks directorate was mandated to coordinate a multi-sectoral campaign to prevent, control and mitigate the impacts of Alcohol abuse in the County.

b) Principal Activities

The specific functions of Narok County alcoholic Drinks as set out in the Narok county Alcoholic Drinks Regulation and Control Act on 20th July 2016 are to:

- (i) Carry out public education on alcohol abuse directly and in collaboration with other public or private bodies and institutions;
- (ii) Coordinate and facilitate public participation in the control of alcohol abuse;
- (iii) Coordinate and facilitate inter-agency collaboration and liaison among lead agencies responsible for alcohol-demand reduction;
- (iv) In collaboration with other lead agencies, facilitate and promote the monitoring and surveillance of Narok County emerging trends and patterns in the production, manufacture, sale, consumption, trafficking and promotion of alcohol prone to abuse;
- (v) In collaboration with other lead agencies, provide and facilitate the development and operation of rehabilitation facilities, programs and standards for persons suffering from alcohol use disorders;
- (vi) Subject to any other written law, license and regulate operations of rehabilitation facilities for persons suffering from alcohol use disorders;
- (vii) Coordinate and facilitate, in collaboration with other lead agencies and non-State actors, the formulation of national policies, laws and plans of action on control of alcohol abuse and facilitate their implementation, enforcement, continuous review, monitoring and evaluation;
- (viii) Develop and maintain proactive co-operation with regional and, international institutions in areas relevant to achieving the Narok County Alcoholic Drinks' objectives;

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- (ix) In collaboration with other public and private agencies, facilitate, conduct, promote and coordinate research and dissemination of findings on data on alcohol abuse and serve as the repository of such data;
- (x) In collaboration with other lead agencies, prepare, publish and submit an alcohol abuse control status report bi-annually
- (xi) Assist and support Narok County government in developing and implementing policies, laws and plans of action on control of alcoholic drinks abuse; and
- (xii) Carry out such other roles necessary for the implementation of the objects and purpose of this Act and perform such other functions as may from time to time

Vision

A County free from alcohol abuse.

Mission

To lead and coordinate the fight against alcohol abuse through prevention, advocacy, policy development, research, treatment and rehabilitation programmes, and execution of relevant statutes in Narok County.

c) Key Management

The Narok county alcoholic drinks control and regulation day-to-day management is under the following key organs:

- CECM Administration, Devolution and Public Service Management
- The Chairperson/Chief officer devolution and public administration;
- The Director
- Accountant
- Administrator

d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	CECM Administration, Devolution and Public Service Management	Hon. Josephine Ngeno
2	Chief Officer Devolution and Public administration	Mrs Melvin Nkoitoi
3.	Director - Liquor Directorate	Esther Naisiae Pussy

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No.	Designation	Name
4.	Accountant - Liquor Directorate	Shaai Ledama

1. County Assembly of Narok;

The Narok County assembly offers overall oversight of all the fiduciary functions of the County Government of Narok. The County assembly is mandated to represent the public, prepare and pass legislations that are to ensure that there is satisfactory service delivery by the county executive and its entities. Further the Narok County Assembly provides oversight to ensure that the county executive and its entities comply with the law and regulations in all its financial and non-financial operations.

2. Audit Committee;

The audit committee is responsible for setting standards that are to be complied with in all financial transactions. The committee evaluates the risk profile of the fund and prepares risk management policy and their implementation framework. The committee also reviews internal controls in place and gives recommendations on how the gaps are to be addressed. Narok County Alcoholic Drinks Control and Regulation Fund has its functions continuously audited by the County internal audit function which reports to the said committee above.

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e) Entity Headquarters

P.O. Box 898
Narok County Government Headquarters
info@narok.go.ke

f) Entity Contacts

Telephone: (254) 020 268 8929/03
E-mail: info@narok.go.ke
Website: www.narok.go.ke

g) Entity Bankers

1. *KCB Narok Branch*
P.O. Box 406-20500 *Narok City/Town*
Narok Telephone Number: 050-22576, 020-206251
Email Address:
NAIROBI, KENYA

h) Independent Auditors

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

i) Principal Legal Adviser

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

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j) County Attorney

The County Attorney,
P.O. Box 898-20500,
Narok County Government,
Narok.

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3. Board of Trustees/ Fund Administration Committee

Ms Josephine Ng'eno - CEC, Administration, Coordination of Decentralized Services, Disaster Management

Ms Josephine Ng'eno is appointed as CEC Administration, Coordination of decentralized Services and Disaster Management. She holds a BSC.in Public Health from Jaramogi Oginga Odinga University of science and technology and currently undertaking MPH from Mt. Kenya University.



Esther Naisiae Pussy- Director Narok County Alcoholic drinks Control and Regulation Department

She is appointed on 4th February, 2019 as the Ag. Director Liquor Licensing Committee.

Holder of a Diploma in Education - Humanities. Worked for the Central Bank of Kenya in Financial Markets as a Senior Bank Officer. Worked in the Bank for 27 years. She is the Administrator of the Fund.



Mrs Melvin Nkoitoi. -chief officer Devolution and Public Administration

Mrs Melvin Nkoitoi is appointed as the Chief officer - Devolution and Public Administration in October 2022 and is the Chairperson for the Narok County Alcoholic Drinks Control and Regulation Fund .She holds a bachelor's Degree in Banking and Finance and a CPA Finalist



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4. Management Team

Name	Details of qualifications and experience
	<p>Esther Naisiae Pussy- Director Narok County Alcoholic drinks Control and Regulation Department</p> <p>She is appointed on 4th February, 2019 as the Ag. Director Liquor Licensing Committee. Holder of a Diploma in Education - Humanities. Worked for the Central Bank of Kenya in Financial Markets as a Senior Bank Officer. Worked in the Bank for 27 years.</p> <p>She is the Administrator of the Fund.</p>
	<p>Boniface Shaai Ledama-Accountant Narok County Alcoholic Drinks Control and Regulations Department</p> <p>He was appointed on 4th February, 2019 as the directorate accountant. He holds a master's degree in finance from Kenya College of Accountancy University, a bachelor's Degree from Nairobi University.</p>
<p><i>Note: The Fund Administrator will feature under both the 'Board' and 'Management'.</i></p>	

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5. Board Chairperson's Report

It is my pleasure to present the County Government of Narok Alcoholic Drinks Regulation and Control Fund financial statements for the year ended 30th June 2024. The financial statements present the financial performance of the Fund over the past year. The Narok county Alcoholic Drinks Regulation and Control Act requires the Committee of Directors to ensure that proper books and other records of accounts of income, expenditure, assets and liabilities of the Directorate are kept. This calls for preparation of Financial Statements.

The fund generates its revenues from licencing fees levied on authorised alcohol vendors within the County. The fund derives authority to budget and apply the funds in its operations from the Act that creates it. The director is mandated to authorize any expenditure on account of the fund

During the FY ended 30th June 2024, the Fund raised a total of Kshs 27,025,538 liquor licence fee and charges and there was no Capital Transfer from other Government Agencies. A total of Kshs 27,024,858 was spent in various activities of the fund as approved by the committee.

The Committees mandate is to ensure financial prudence in its role and therefore accepts this responsibility and therefore has prepared the attached Financial Statements as at 30th June 2023 based on prudence in judgement in accordance with the International Public Sector Accounting Standards (IPSAS).

In the opinion of the Committee, nothing has come to the attention that the directorate will not remain a going concern for at least twelve months from the date of this statement. The directorate's Act of 2016 provides the strategic direction in the campaign against alcohol drug abuse in Narok County taking into consideration national government policy provisions, devolved governance structures, as well as emerging Alcohol consumption trends.

Name MALVIN NKOITOI Signature  Date 30TH SEPTEMBER 2024

Chairperson of the Board/Fund

Use one either the Board or Fund Administration committee as it may be appropriate)

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5. Report of The Fund Administrator

The fund was established through an act of Narok county Assembly 2016.the fund came into operations on the year 2019.During the first three years of inception, the fund was able to achieve a growth of 15% in terms increase in the number of licensed premises. During the financial year 2023/2024,the fund was able to license 832 premises which brought a revenue of Kshs.27,028,171.This was 5.06% increment as compared to financial year 2022/2023.

The directorate was able to carry our public education and advocacy in all the eight sub counties. An approximate of 800 youths were reached and sensitized on the use and effects of drug abuse. This has greatly reduced incidences of drug abuse within the county. The directorate intends to roll out more advocacy and education against drug abuse so as to its impact.

The directorate has been undertaking counselling, rehabilitation and reintegration of identified victims. During the financial year 2023/2024, we were able to counsel and reintegrate 30 victims of alcoholic addiction. This has been a great achievement as the families have been able to sustain and reunite with their loved ones. The directorate is on the process of constructing a rehabilitation centre which is being funded by Narok County Government.

The directorate will be carrying out research on alcoholic and drug abuse during the financial year 2024/2025.this will assist in coming up with data that will assist the department align its objectives with emerging issues.

The directorate emphasizes on upholding leadership and integrity in discharging its mandate. The management and sub county committees have been occasionally trained on the core mandate of the directorate. This has strengthen the staff and improved our services in regards to executing our mandate.

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6. Statement of Performance Against the County Fund’s Predetermined Objectives

Introduction

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

The key targets and objectives of the Narok County Alcoholic Drinks Regulation and Control Fund for the period ended 30th June 2024 are as follows;

- a) Conduct Public Education and Advocacy through sensitization campaigns
- b) Undertake Counselling, Rehabilitation & Reintegration of identified victims
- c) Monitor adherence and Compliance to set Quality Controls and Standards in alcohol use
- d) Carry out Research, Policy and Planning programs in furtherance of its mandate
- e) Ensure Institutional Strengthening and progress in achieving its mandates
- f) Uphold Leadership and Integrity in discharging its role

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
1) Public Education and Advocacy	To carry out public education and awareness targeting 300 families on alcohol abuse directly and in collaboration with other public or private bodies and institutions	In the F/Y 2023/2024 We have allocated Kshs4,981,000 for public participation and advocacy	Family based preventive Community based preventive Workplace based preventive	Over 260 families reached and sensitised

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2) Counselling & Treatment	To provide counselling and treatment services to persons with alcohol use disorders and their families	In the F/Y 2023/2024 We have allocated KSh5,669,700 for the Counselling and treatment	Early intervention, for addressing substance misuse problems or mild disorders by families and communities.	Counselling & Treatment engagement and manuals given to families.
3) Research policy and planning	To Coordinate and facilitate inter-agency collaboration and liaison among lead agencies responsible for alcohol reduction	In the F/Y 2023/24 We have allocated KSh938,300.00	Enforcement and collaboration with interagency increased	
4) Compliance & Quality Controls	To Coordinate and facilitate inter-agency collaboration and liaison among lead agencies responsible for alcohol reduction;	In the F/Y 2023/24 We have allocated KSh3,308,600	Enforcement agencies including police, County rangers and NACADA Team are working together to curb the menace.	Some unauthorised alcohol napped awaiting disposal & relevant agencies notified of the same

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	To assist and support Sub-county committees in developing and implementing policies, systems and plans of action on control of alcohol abuse.	In the F/Y 2023/24 we have allocated KSh2,613,400	Increased involvements by the sub-county committee on developing procedures and systems	Drafted regulation to be presented to executive member for approval
5) Leadership and integrity	To provide good leadership in Developing and maintaining proactive co-operation with regional and, international institutions in areas relevant to achieving the Narok County Alcoholic Drinks' objectives;		Collaboration of public and private agencies to facilitate, conduct, promote and coordinate research findings on data on Alcohol abuse and serve as the repository of such data to guide policy and programmes	Towards strengthening the capacity of the Sub-County Committees to fully take up the devolved Function of liquor licensing and drug control in their respective sub-counties, the Directorate trained the committees.

7. Corporate Governance Statement

Narok County Alcohol Directorate was established on 20th July 2016 and it subjects to and adheres to all the provisions and requirements of corporate governance.

The Narok County Alcohol Directorate Committee and Management entails rules and practices to ensure accountability, fairness and transparency in the directorate's relationships with its stakeholders. Narok County Alcohol Directorate stakeholders include the Devolution and Public administration, employees, public sector institutions, private sector institutions at the county level and the public.

This corporate governance framework also consists of explicit and implicit contracts between the Directorate and stakeholders for distribution of responsibility and rights; procedures for reconciling conflicting interests of stakeholders in accordance with their duties, privileges and roles; and procedures for proper supervision, control and information flow to serve as a system of checks and balances.

To ensure effective implementation, the Narok County Alcohol Directorate Committee has undergone several trainings on corporate governance which consisted of the following modules:

- a. Overview of Narok County Alcohol Dinks and regulations act of 2016
- b. The Concept & Principles of Corporate Governance
- c. The relationship and Roles of the Committee and Management
- d. Communication and reporting in Committees
- e. Effective Committees and Committee Meetings
- f. Performance Management Framework.
- g. Performance Contracting
- h. Risk Management
- i. Challenges Facing Committees in the county
- j. Ethical Issues facing Committees
- k. Practicum: Code of Conduct Best practices
- l. Action Planning, Evaluation and closure

Through this training, the Committee's capacity was built to ensure that Narok County Alcohol Directorate operations are geared towards application of principles and practices which are in the best interest of the population of Narok County. The Committee has also become more proactive in promoting issues of corporate fairness, transparency and accountability in the internal and external operations of the Authority. In order to ensure continual advancement towards the goal of an Alcohol-Free County, training on Corporate Governance has been incorporated as a priority activity for the Committee in the directorate's Work Plan 2023-24 and Performance Contract for FY 2022-2027.

8. Management Discussion and Analysis

During the financial year 2023/2024, the directorate was able to collect Kshs.27,028,171 from issuance of licenses. Kshs.25,901,517 was utilized on goods and services while Kshs 1,110,012 was used on repair and maintenance. The operation cost for the year was Kshs. 16,642 which was bank charges. The budget was 97% utilized as per our revenue target which was 28,000,000.

The directorate intends to carry out a research on alcoholic and drug abuse within the county .the county government is also planning to begin constructing a rehabilitation centre to a tune of Kshs.50,000,000.

The directorate is in compliance through the county treasury with statutory requirements. This has enabled us strengthen our processes and to uphold integrity in discharging our mandate. The directorate has no pending bills as at the end of the financial year 2023/2024.

The major risk facing the fund, is the increase of illicit alcohol manufacturing. This menace has been on the rise within the most interior part of the county. With the help of National Government and Nacada, the directorate will be carrying out an enforcement exercise within the affected areas so as to minimize the manufacture of illicit alcohol.

9. Environmental and Sustainability Reporting

The directorate exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

ii) Environmental performance

The Narok County Alcohol Directorate defines the environmental performance as the integration of social and environmental considerations in how we conduct our programmes and day-to-day activities. We strive to always take our stakeholders' interests into account in our decision making.

iii) Employee welfare

This policy is applicable to all staff and provides them with the principles required to uphold the CSR policy. This policy applies across all of the Authority's operations, and is incorporated into our management, campaign strategy, daily decisions and actions.

iv) Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

Through our commitment, the Narok County Alcohol Directorate will act with integrity to improve the quality of life of our employees and the communities we serve. We will take the steps necessary to have a positive impact on our communities by actively encouraging our staff to recognize and behave in a responsible manner by setting of good examples as an important practice.

b) Responsible Supply chain and supplier relations

The Narok County Alcohol Directorate will be responsible for:

- Collaborative engagement with our suppliers, stakeholders, and local communities in setting priorities and implementing solutions pertaining to alcohol abuse.
- Developing mutually beneficial partnerships with suppliers and the communities we serve.

c) Responsible marketing and advertisement

Guiding Principles.

- Using its influence to encourage others to limit their negative and enhance their positive alcohol impacts
- Leveraging its resources, expertise, services and relationships for the benefit of our staff and the communities it serves.
- Working with its community partners/stakeholders and use its public voice to advance solutions to alcohol abuse in our communities.

d) Product stewardship

Outline efforts to safeguard consumer rights and interests.

v) Corporate Social Responsibility / Community Engagements

Corporate social responsibility (CSR) refers to a business or organization practice that involves participating in initiatives that benefit society. As customers' awareness about global social issues continues to grow, so does the importance these customers place on CSR when choosing where to shop or engage.

The Narok County Liquor Directorate Corporate Social Responsibility Vision Statement
"To build strong, resilient and sustainable communities free from alcohol abuse."

The Narok County Alcohol Directorate Corporate Social Responsibility Mission Statement
To lead and coordinate the fight against alcohol abuse through prevention, advocacy, policy development, research, treatment and rehabilitation programmes, and execution of relevant statutes in Narok County.

The Narok County Alcohol Directorate Policy Statement

Policy Objective- The CSR policy objective sets out the philosophy and guiding principles for the Narok County Alcohol Directorate's activities and programmes.

CSR Definition- the Narok County Alcohol Directorate defines CSR as the integration of social and environmental considerations in how we conduct our programmes and day-to-day activities. We strive to always take our stakeholders' interests into account in our decision making.

Audience and scope- This policy is applicable to all staff and provides them with the principles required to uphold the CSR policy. This policy applies across all of the Authority's operations, and is incorporated into our management, campaign strategy, daily decisions and actions.

10. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the Narok County Alcoholic Drinks Control affairs.

i) Principal activities

The principal activities of the Narok County Alcoholic Drinks Control are campaign against Alcohol abuse.

ii) Results

The results of the Narok County Alcoholic Drinks Control for the year ended June 30, 2024, are set out on page 1 to 17

iii) Directors

The members of the Board of Directors who served during the year are shown on page vi. During the year Esther N. Pussy, director was appointed with effect from 04th February 2022 to date.

iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

v) Auditors

The Auditor-General is responsible for the statutory audit of Narok County Alcoholic Drinks Control and Regulation Fund the in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.



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Chair of the Board Committee

Date: 3RD DECEMBER 2024

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11. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Narok County alcoholic drinks (Regulations and control) bill, 2016 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 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 Narok County alcoholic drinks (Regulations and control) bill, 2016

. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 20xx, 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. Section 81 of the Public Finance Management Act, 2012 and Narok county Alcoholic Drinks Regulation and Control Act of 20th July 2016 require the Directors to prepare financial statements in respect of the fund, which give a true and fair view of the state of affairs of the fund at the end of the financial year/period and the operating results of the fund for that year/period. The Directors are also required to ensure that the fund keeps proper accounting records which disclose with reasonable

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accuracy the financial position of the fund. The Directors are also responsible for safeguarding the assets of the fund.

The Directors are responsible for the preparation and presentation of the funds 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 (period) 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 Narok County Alcoholic Drinks Control; (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 Narok County Alcoholic Drinks Control; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Funds 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 Narok county Alcoholic Drinks Regulation and Control Act of 20th July 2016. The Directors are of the opinion that the Narok County Alcoholic Drinks Control financial statements give a true and fair view of the state of Narok County Alcoholic Drinks Control transactions during the financial year ended June 30, 2024, and of the Narok County Alcoholic Drinks Control financial position as at that date.


The Directors further confirms the completeness of the accounting records maintained for the Narok, which have been relied upon in the preparation of the Narok County Alcoholic Drinks Control financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Narok County Alcoholic Drinks Control will not remain a going concern for at least the next twelve months from the date of this statement

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Approval of the financial statements

The Narok County Alcoholic Drinks Regulation and Control Fund Financial statements were approved by the Board on 26th September 2024 and signed on its behalf by:



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Administrator of the County Public Fund

REPUBLIC OF KENYA

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



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

HEADQUARTERS
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Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NAROK COUNTY ALCOHOLIC DRINKS REGULATION AND CONTROL 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; and,
- 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.

An Unmodified Opinion is issued when the Auditor-General concludes that 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 aim to address the Auditor-General's statutory roles and responsibilities 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

Opinion

I have audited the accompanying financial statements of Narok County Alcoholic Drinks Regulation and Control Fund set out on pages 1 to 21, which comprise of the statement

Report of the Auditor-General on Narok County Alcoholic Drinks Regulation and Control Fund for the year ended 30 June, 2024

of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Narok County Alcoholic Drinks Regulation and Control 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 Narok County Alcoholic Drinks Regulation and Control Act, 2016 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Narok County Alcoholic Drinks Regulation and Control 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 Opinion.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

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

Other Information

The Management is responsible for the other information set out on page iii to xxiii which comprise of Key Entity Information and Management, Fund Administration Committee, Management Team, Board Chairperson's Statement, Report of the Fund Administrator, Statement of Performance Against the County Fund's Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Management's

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 thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Presentation of the Financial Statements

Review of the Fund's financial statements revealed that the Fund Accountant's Institute of Certified Public Accountants of Kenya (ICPAK) number has not been indicated in the signed financial statements.

In the circumstances, the financial statements did not fully comply with the recommended reporting template by the Public Sector Accounting Standards Board (PSASB).

2. Lack of Approved Procurement Plan

The Fund did not have an approved procurement plan during the year under review. This is contrary to Section 45(3)(a) of the Public Procurement and Asset Disposal Act, 2015 which states that all procurement processes shall be - within the approved budget of the procuring entity and shall be planned by the procuring entity concerned through an annual procurement plan.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 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 comply in all material respects, with the authorities that govern

them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

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

Basis for Conclusion

1. Failure to Automate the License and Permit Application and Payment Process

Review of the Fund's operational processes revealed that Management is yet to automate the licensing and permit application payment system. The process entails use of the manual applications and payments for the licenses. The manual system has weaknesses which make it difficult for the Fund to effectively manage the application and payment for the services as well as ensure that all collections are properly accounted for. Automation of the systems of the licensing payment system will assist in the enhancement of the accountability for revenue and improve revenue collection by the Fund.

In the circumstances, Management may not fully collect and manage the revenue from licensing and permits in respect of the sale and consumption of alcoholic drinks.

2. Lack of Risk Management Strategies

The Fund did not have a risk management policy or strategy in place and therefore had no approved processes and guidelines on how to mitigate operational, legal and financial risks. This is contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015.

In addition, the Fund lacks a disaster recovery plan or business continuity plan which outlines how it will continue operating during an unplanned disruption in service. Management has not instituted its own policies and procedures to guide key financial processes and controls for the management of personnel and related expenditure. Further, Management did not perform formal risk assessments during the financial year audited.

In the circumstances, Management may not be in a position to evaluate, rank and prioritize critical risks and channel resources towards mitigating the identified risks.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective

processes and systems of internal controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of 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 continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements 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 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/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 December, 2024

NAROK COUNTY ALCOHOLIC DRINKS REGULATION AND CONTROL FUND
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For the year ended June 30, 2024

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

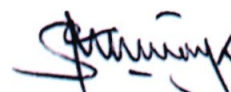
	Notes	2023-2024	2022-2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	1		5,204,700
Licenses and permits	2	27,025,538	20,288,795
Total revenue		27,025,538	25,493,495
Expenses			
Use of goods and services	3	25,901,517	24,120,627
Repairs and Maintenance	4	1,110,012	1,363,102
Operational Cost	5	16,642	7,591
Total expenses		27,028,171	25,491,320
Surplus/(deficit) for the period/year		(2,633)	2,175

The notes set out on pages 6 to 19 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:



.....
Name: Ms. Esther N Pussy
Administrator of the Fund



.....
Name: Shaai Ledama
Fund Accountant

NAROK COUNTY ALCOHOLIC DRINKS REGULATION AND CONTROL FUND
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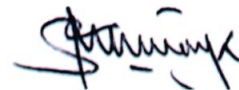
14. Statement of Financial Position As at 30 June 2024

	Notes	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	6(a)	3,825	6,458
Total Assets		3,825	6,458
Liabilities		0	0
Net Assets		3,825	6,458

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 30th September 2024 and signed by:



.....
Name: Ms. Esther N. Pussy
Administrator of the Fund



.....
Name: Shaai Ledama
Fund Accountant
ICPAK Member Number:

NAROK COUNTY ALCOHOLIC DRINKS REGULATION AND CONTROL FUND
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15. Statement of Changes in Net Assets for the year ended 30th June 2024.

	Retained earnings	Total
	Kshs	Kshs
As at July 1, 2022	4,283	4,283
Surplus/ deficit for the year	2,175	2,175
As at June 30, 2023	6,458	6,458
As at July 1, 2023	6,458	6,458
Surplus/ deficit for the year	(2,633)	(2,633)
As at June 30, 2024	3,825	3,825

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16. Statement of Cash Flows for The Year Ended 30 June 2024

		2023-2024	2021-2022
	Notes	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments entities	1		5,204,700
Licenses and permits	2	27,025,538	20,288,795
Total receipts		27,025,538	25,493,495
Payments			
Use of goods and services	3	25,901,517	24,120,627
Operational cost	4	16,642	7,591
Repair and maintainance	5	1,110,012	1,363,102
Total payments		27,028,171	25,491,320
Net cash flows from/(used in) operating activities		(2,633)	2,175
Cash flows from investing activities			
Cash and cash equivalents at 1 July	6(a)	6,458	6,458
Cash and cash equivalents at 30 June	6	3,825	6,458

(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	b	C=(a+b)	D	e=(c-d)	f=d/c*100
Revenue						
Licenses and Permits	27,700,000	300,000	28,000,000	27,025,538	974,462	97%
Total Income	27,700,000	300,000	28,000,000	27,025,538	974,462	97%
Expenses						
Use of Goods and Services	26,000,000	300,000	26,300,000	25,901,517	398,483	98%
Total Expenditure	26,000,000	300,000	26,300,000	25,901,517	398,483	98%

NAROK COUNTY ALCOHOLIC DRINKS REGULATION AND CONTROL FUND
Annual Report and Financial Statements
For the year ended June 30, 2024

18. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Narok county alcoholic Drinks Control and regulation is established by and derives its authority and accountability from 2016 Act. The Narok County Alcoholic Drinks Control is wholly owned by the County Government of Narok and is domiciled in Kenya. The Narok County Alcoholic Drinks Control principal activity is campaign against Alcohol abuse

1. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *Entity's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Narok County Alcoholic Drinks Control.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

NAROK COUNTY ALCOHOLIC DRINKS REGULATION AND CONTROL FUND
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2. Adoption of New and Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2023.*

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

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

NAROK COUNTY ALCOHOLIC DRINKS REGULATION AND CONTROL FUND
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	<p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <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>

(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* .

NAROK COUNTY ALCOHOLIC DRINKS REGULATION AND CONTROL FUND
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For the year ended June 30, 2024

1. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Licence Fees,

The Narok County Alcoholic Drinks Control recognizes revenues from licence fees, when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue.

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 Narok County Alcoholic Drinks Control and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

a) Budget information

The original budget for FY 2023-2024 was approved by the Management Committee on 6th July 2024. 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 Narok County Alcoholic Drinks Control upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Narok County Alcoholic Drinks Control did not record any additional appropriations in FY 2023-2024 budget.

NAROK COUNTY ALCOHOLIC DRINKS REGULATION AND CONTROL FUND
Annual Report and Financial Statements
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Budget information

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

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

b) 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.

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c) Provisions

Provisions are recognized when the Narok County Alcoholic Drinks Control 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 Narok County Alcoholic Drinks Control 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.

d) Contingent liabilities

The Narok County Alcoholic Drinks Control 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.

e) Contingent assets

The Narok County Alcoholic Drinks Control 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 Narok County Alcoholic Drinks Control 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.

f) Changes in accounting policies and estimates

The Narok County Alcoholic Drinks Control recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**NAROK COUNTY ALCOHOLIC DRINKS REGULATION AND CONTROL FUND
Annual Report and Financial Statements
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g) Employee benefits

Retirement benefit plans

The Narok County provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which Narok County pays fixed contributions into a separate Entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

h) Related parties

The Narok County Alcoholic Drinks Control 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. Narok County Government, Members of key management are regarded as related parties and comprise; CECM Administration, Devolution and Public Service Management, the Chairperson and the Director

i) 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.

NAROK COUNTY ALCOHOLIC DRINKS REGULATION AND CONTROL FUND
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j) Comparative figures

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

k) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

3. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Narok County Alcoholic Drinks Control 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:

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

Useful lives and residual value

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

Provisions

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Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40.

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.

NAROK COUNTY ALCOHOLIC DRINKS REGULATION AND CONTROL 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

Name Of The Entity Sending The Grant	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total transfers 2023-24	Prior year 2022-23
	KShs	KShs	KShs	KShs	KShs
Narok County Capital Transfer	0	0	0	0	5,204,700
Total	0	0	0	0	5,204,700

2. License, Fees and Permit

Description	2023-2024	2022-2023
	Kshs	Kshs
Licenses –Liquor License	27,025,538	20,288,795
Total	27,025,538	20,288,795

During the FY ended 30th June 2024, the Fund raised a total of Ksh.27, 025,538 liquor licence fee

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3. Use of Goods and Services

Description	2023-2024	2022-2023
	Kshs	Kshs
Domestic travel and subsistence	5,882,051	5,604,867
Board Daily Subsistence Allowance	2,613,400	1,265,700
Committee Allowances	938,300	1,344,100
Media expenses	-	
Public participation and advocacy	4,981,000	11,379,700
Enforcement	3,308,600	1,505,560
Routine maintenance – vehicles and other transport equipment	272,900	64,900
Treatment and counselling	5,669,700	952,400
Utilities, supplies and services	-	173,400
Office operation Expenses	2,235,566	1,830,000
Totals	25,901,517	24,120,627

4. Finance costs

Description	2023-2024	2022-2023
	Kshs	Kshs
Bank charges	16,642	7,719
Total finance costs	16,642	7,719

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5. Repair and maintenance

Description	2023-2024	2022-2023
	Kshs	Kshs
Repairs and Maintenance	1,110,012	1,363,102
Total	1,110,012	1,363,102

6. Cash and cash equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
Current Account	3,825	6,458
Total Cash And Cash Equivalents	3,825	6,458

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

Financial Institution	Account number	2023-2024	2022-2023
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank <i>Narok county alcoholic Drinks</i> <i>Reg.fund A/c</i>	<i>1256511951</i>	3,825	6,458
Total		3,825	6,458

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7. 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.

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a) 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.

8. Events after the reporting period

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

9. Ultimate and Holding Entity

The entity is a County Public Fund established by Narok County Alcoholic Drinks Regulations and Control Act. Its ultimate parent is the County Government of Narok.

10. Currency

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

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19. Annexes

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Variance Between Financial Statements and Supporting Schedules	The financial figures and supporting schedules revised.	Resolved	
2	Unsupported Transfers from County Executive	The county financial statements were revised to reflect the transfer.	Resolved	

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Fund responsible for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



Administrator of the Fund

Date 30TH SEPTEMBER 2024

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

[Insert name of beneficiary Fund]

[Insert Address]

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

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

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

Head of Accountants department of beneficiary Fund:

Name **Sign** **Date**

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Annex III: Reporting of Climate Relevant Expenditures

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

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Annex IV: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments