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OF

THE AUDITOR-GENERAL

ON

**HOMA BAY COUNTY ALCOHOLIC
DRINKS CONTROL FUND**

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



HOMA BAY COUNTY ALCOHOLIC DRINKS CONTROL FUND

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

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

HOMA BAY COUNTY ALCOHOLIC DRINKS CONTROL 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
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2. Key Fund Information and Management

a) Background information

Homa Bay County Alcoholic Drinks Control Fund is established by and derives its authority and accountability from the Alcoholic and Drinks Control Act 2015. The Fund is wholly owned by the County Government of Homa Bay, Department of Trade, Industrialization, Tourism, & Cooperative Development & Marketing and is domiciled in Kenya.

Objectives of the Fund

The fund's object and purpose is to provide for the licensing of alcoholic drinks by the County Government pursuant to Part H of the Fourth Schedule to the Constitution so as to control the production, sale, distribution, promotion and use of alcoholic drinks and the promotion of research, treatment and rehabilitation for persons –

- i. Protect the health of the individual in the light of the dangers of excessive consumption of alcoholic drinks;
- ii. Protect persons under the age of eighteen years from negative impact on health and social development from exposure to advertisements of alcoholic drinks;
- iii. Protect consumers of alcoholic drinks from misleading or deceptive inducements and inform them of the risks of excessive consumption of alcoholic drinks;
- iv. 2015 Homa Bay County Alcoholic Drinks Control No. 8 Protect the health of persons under the age of eighteen years by preventing their access to alcoholic drinks Inform and educate the residents in the County on the health, social and economic consequences of the consumption of alcoholic drinks;
- v. Adopt and implement effective measures to eliminate illicit trade in alcohol including smuggling, illicit manufacturing and counterfeiting;
- vi. Ensure fair and ethical business practices related to production, distribution, promotion and scale of alcoholic drinks;
- vii. Reduce and mitigate the negative health, social and economic impact on communities resulting from production, sale and consumption of alcoholic drinks;
- viii. Promote fair trade practices.

b) Principal Activities

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

- i. Issue the licences in accordance to the act
- ii. Carry out public education on alcoholic drinks control in the county directly and in collaboration with other public or private bodies and institutions
- iii. Facilitate citizen participation in matters that relate to alcoholic drinks and drug abuse in accordance to the framework for citizen participation established under County Government and National Government legislations
- iv. Facilitate and promote in collaboration with other county and National government institutions the establishment of treatment and rehabilitation facilities and programs
- v. Carry out research directly or in collaboration with other institutions and serve as the repository of data and statistics related to alcoholic drinks and drug abuse control; and maintain a register of alcoholic license within the county
- vi. Develop in collaboration with other County and National government departments strategies and plans for implementing this Act and any other relevant National legislation relating to control of alcohol abuse and coordinate and support their implementation

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- vii. Advise the executive member generally on the exercise of his/her powers and functions under the Act, and in particular on County policies and laws to be adopted in regards to the production, manufacture, sale and consumption of alcoholic drinks
- viii. In collaboration with other relevant County departments prepare and submit an alcoholic drinks status report bi- annually in the prescribed manner to the executive member which shall be transmitted to the County Executive Board and County o the executive member the formulation of laws and regulations related to alcoholic drinks.
- ix. Monitoring and evaluating the implementation of the Act including the operation of the sub county committees and advising the executive member on the necessary measures to be adopted
- x. In collaboration with other County sub- board and enforcement board prepare and submit to the executive on quarterly basis, an alcohol abuse control status report containing such matters as may be specified by the executive member
- xi. Carry out such other roles necessary for the implementation of the objects and purpose of the Act and perform other such functions as may, from time to time, be assigned by the executive member

SOURCE OF FUNDS

The Fund shall consist of-

- a) Such monies as may be appropriated by the County assembly;
- b) Such license and other fees as may be payable under this Act;
- c) Such sums received, including contributions, gifts or grants from or by way of testamentary bequest by any person;
- d) Monies earned or arising from any investment of the fund;
- e) All other sums which may in any investment of the fund;
- f) All other sums which may in any manner become payable to, or vested in the fund

EXPENDITURE OF THE FUND

The Fund shall be used for meeting the capital and recurrent expenditure relating to-

- a) Carrying out the functions of the committee stipulated under section 4;
- b) Assisting in the operations of the sub-county committees;
- c) Any other matter incidental to the matters stated in paragraph (a) and (b).

c) Fund Administration Committee

Establishment of Committee

There is established a committee to be known as the Alcoholic Drinks Control Committee which shall be in the department of Trade, Industrialization, Cooperatives and Investment.

The Homa Bay County Alcoholic Drinks Control Committee under the department of Trade, Industrialization, Cooperatives and Investment shall consist of the following-

- i. The Chief Officer, Department of Trade, Industrialization, Cooperatives and Investment who shall be the chairperson
- ii. The officer for the time being in charge of County Public Health;
- iii. The officer commanding Kenya Police services in the County;
- iv. The officer responsible for coordination of national government functions in the county (County Commissioner);
- v. One officer designated by the Committee who shall be the Secretary who shall be an ex-officio member;
- vi. Director Trade;

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- vii. The officer for the time being responsible physical planning in the county;
- viii. One officer designated by the county director of education;
- ix. Eight resident of the County, one per sub-county appointed by the Executive member through a competitive process in accordance with the prescribed rules, one of whom shall be the Co-Chair/
- x. All the sub county Trade officers
- xi. All the sub county Administrators

For the period ending 30th June 2024, the membership of the committee was as shown below:

Ref	Name	Position
1	Jack Maurice Obonyo	Chief Officer Trade / Chairperson
2	Bob Onimo	Member - Rachuonyo North - Co-Chairpers
3	Hilda Achieng Onyango	Member- Suba North
4	Paul Omwaro Akul	Member – Ndhiwa
5	Kennedy Saitoti Kiboye	Member – Suba South
6	David Odwar Outa	Member – Rachuonyo South
7	Peter Odhiambo Nyambuga	Member – Rachuonyo East
8	Paul Bunde	Member – Rangwe
9	Irine Atieno Otieno	Member – Homa Bay Town
10	Moses Lilan	Member- The County Commissioner
11	Charles Mwayaya	Member- Representative from DCC's office
12	Sammy Kosey	Member- The officer commanding Kenya Police Service in the county
13	Dr. Kevin Osuri	Member- Representative from County Public Health Department
14	Martin Opere	Member- Representative from County Education office
15	Fredrick Warea	Member- Representative from County physical planning office
16	Issack Onyonyi	Member- Director Trade or his/ her representative
17	William Lubalo	One officer designated by the Board as an ex-officio member

d) Key Management

Ref	Name	Position
1	Polycarp Okombo	CEC Trade – Member
2	Jack Maurice Obonyo	Chief Officer Trade- Chairperson
3	Bob Onimo	Co-Chair
4	Isaack Onyonyi	Director Trade

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Administration of the Fund

The Fund is administered by the chairperson of the committee (Chief Officer Trade, Industrialization, and Cooperative Development & Investment).

The chairperson may, with the approval of the Executive member (CECM Trade) for the time being responsible for finance, invest or place on a deposit account any of the monies of the fund and any interest earned on the monies so invested or deposited shall be placed to the credit of the Fund.

Functions of the administrator of the fund shall be to:

- i. supervise and control the administration of the fund;
- ii. impose conditions on the use of any expenditure personally authorized and may impose any restriction or other requirements concerning use of expenditure;
- iii. ensure the earnings of, or accruals to the fund are retained in the fund, unless the county executive member for finance and economic planning direct otherwise;
- iv. ensure that money held in the fund, including any earnings or accruals in paragraph (c) is spent only for the purposes for which the fund is established;
- v. cause to be kept proper, books of account and other books and records in relation to the Fund as well as to all the various activities and undertakings of the Funds;
- vi. prepare, sign and transmit through the executive member for finance to the Auditor General in respect of each financial year and within three (3) months after end thereof, a statement of accounts relating to the Fund in accordance with the Public Audit Act , 2003 and in such details as the County Treasury may from time to time direct;
- vii. furnish such additional information as may be required for examination and audit by the Auditor General or under any law;
- viii. ensure that the accounts of the fund and annual financial statements relating to those accounts comply with the accounting standards prescribed and established by the Accounting Standards Board from time to time;
- ix. present financial statements to the County Assembly;
- x. designate such staff as may be necessary to assist in the management of the Fund provided that such staff shall work in the department of Trade, Industrialization, Cooperatives and Investment;
- xi. Publish and publicize the fund and usage of money through the fund

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e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	Daniel Ochieng Anyango
2	Alcoholic Drinks Control Committee	
4	County Assembly of Homabay	

f) Registered Offices

Homa Bay County Alcoholic Drinks Control Fund

P.O. Box 21

Department of Trade, Industrialization & Enterprise Development office

Behind HBC County Commissioner Office Block

Homa Bay

KENYA

g) Fund Contacts

C.O Trade, Industrialization: Telephone: (254) 722739501

E-mail: hbcgrade22@gmail.com

Website:

h) Fund Bankers

Equity Bank (K) Ltd- Homa Bay Branch

Account no.0980268093213

i) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

j) Principal Legal Adviser

The County Attorney

Homa Bay County Headquarters

P.O.Box 469

Homa Bay

k) The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

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3. Fund Administration Committee

Establishment of the Committee



There is established a Committee to be known as the Alcoholic Drinks Control Committee which shall be in the department of Trade, Industrialization, Cooperatives and Investment.

Homabay County Alcoholic Drinks Control Committee under the department of Trade, Marketing, Tourism and Industrialization. For the period ending 30th June 2024, the Committee was constituted.






Ref	Name	Position
1	Jack Maurice Obonyo	Chief Officer Trade / Chairperson
2	Bob Onimo	Member - Rachuonyo North - Co-Chairpers
3	Hilda Achieng Onyango	Member- Suba North
4	Paul Omwaro Akul	Member – Ndhiwa
5	Kennedy Saitoti Kiboye	Member – Suba South
6	David Odwar Outa	Member – Rachuonyo South
7	Peter Odhiambo Nyambuga	Member – Rachuonyo East
8	Paul Bunde	Member – Rangwe
9	Irine Atieno Otieno	Member – Homa Bay Town
10	Moses Lilan	Member- The County Commissioner
11	Charles Mwayaya	Member- Representative from DCC’s office
12	Sammy Kosey	Member- The officer commanding Kenya Police Service in the county
13	Dr. Kevin Osuri	Member- Representative from County Public Health Department
14	Martin Opere	Member- Representative from County Education office
15	Fredrick Warea	Member- Representative from County physical planning office
16	Issack Onyonyi	Member- Director Trade or his/ her representative
17	William Lubalo	One officer designated by the Board as an ex-officio member

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Details of the Board Members:-

S/N	NAME	PASSPORT PHOTO	DATE OF BIRTH	POSITION	CONTACT DETAILS	DETAILS OF QUALIFICATIONS AND EXPERIENCE
1	Jack M. Obonyo		10/07/1979	Chief Officer Trade / Chairperson	ID:22324198 Tel: 0723898406	<p><u>QUALIFICATIONS:</u></p> <p><u>WORK EXPERIENCE:</u></p> <ul style="list-style-type: none"> - Oct 2023 to date-Chief Officer Trade & Industry - 2022-Oct 2023-Chief Officer-Blue Economy-Hbay County - Fund Manager-NGAF Homa Bay County;
2	Bob Onimo		1960	Member - Rachuonyo North - Co-Chairperson	ID:1529353 TEL: 0729716307	<p><u>ACADEMIC QUALIFICATIONS:</u></p> <ul style="list-style-type: none"> - Diploma: Communication in Business & Management - Diploma: Sales and Marketing - Diploma: Tourism & Travel Management <p><u>WORK EXPERIENCE:</u></p> <ul style="list-style-type: none"> - Ad hoc Committee Member on Classification of Urban Areas in H/Bay County 2nd December 2022 - Chairman HBay County Tourism Policy Committee- 18th May, 2021 - Chairman South Nyanza Tourism Association -2011 - Director National Forum for Cultural Heritage Promotions- 2009-2015 - Member Domestic Tourism Council of Kenya (Nat Govt) May 2009-June 2012

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3	Helida Achieng Onyang'o		15/02/1970	Member-Suba North	ID:11395639 Tel: 0726530573 PIN:	<u>ACADEMIC QUALIFICATIONS:</u> - KCSE-1989 <u>WORK EXPERIENCE:</u> - Uwezo Fund Board Member –Suba North 2014-2017 - Mbita Level 4 Hospital Board Member (Business Community) 2012-2015 - Treasurer Our Lady Star of the Sea Mbita Parish 2021-date
4	Paul Omwaro Akul		01/01/1974	Member – Ndhiwa	ID: 20359019 Tel: 0795888493 PIN: A015656483L	<u>ACADEMIC QUALIFICATIONS:</u> - <u>KCSE 1995</u> <u>WORK EXPERIENCE:</u> -
5	Kennedy Saitoti Kiboye		12/06/1986	Member – Suba South	ID: 27890587 Tel: 0706313482	<u>ACADEMIC QUALIFICATIONS:</u> - KCSE <u>WORK EXPERIENCE:</u>
6	David Odwar Outa			Member – Rachuonyo South	ID:2742536 Tel: 0723284390	<u>ACADEMIC QUALIFICATIONS:</u> - Diploma in Education Management <u>WORK EXPERIENCE:</u> - Retired Teacher
7	Peter Odhiambo Nyambu ga			Member – Rachuonyo East	ID:4749887 Tel: 0722886054	<u>ACADEMIC QUALIFICATIONS:</u> <u>WORK EXPERIENCE:</u>




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8	Paul Omollo Bunde			Member – Rangwe	ID: 8016381 Tel: 0757302613 PIN: A001601791B	<u>ACADEMIC QUALIFICATIONS:</u> - Certificate in Droughts Man-KTTC – 1998 <u>WORK EXPERIENCE:</u> -HBC Waed bursary committee 2019-2022 - Droughts man, Fitter-Miwani Sugar Co. Ltd
9	Irine Atieno Otieno		01/01/1987	Member – Homa Bay Town	ID:26333800 Tel: 0710112288 PIN:	<u>ACADEMIC QUALIFICATIONS:</u> - KCSE-2002 <u>WORK EXPERIENCE:</u> - Field Coordinator- HBC Woman Representative office 2015-2022


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4. Management Team


5.

S / N	NAME	PASSPORT PHOTO	DATE OF BIRTH	POSITION	CONTACT DETAILS	DETAILS OF QUALIFICATIONS AND EXPERIENCE
1	Polycarp Okombo			CECM Trade Member	ID:13185477 Tel: 0725711131	<p><u>ACADEMIC QUALIFICATIONS:</u></p> <ul style="list-style-type: none"> - Msc Finance and Economics - BBA Accounting and finance - CPA (K) - Diploma in Banking <p><u>WORK EXPERIENCE:</u></p> <ul style="list-style-type: none"> - 2022 to date CECM Trade HBC
2	Jack M. Obonyo		10/07/1979	Chief Officer Trade / Chairperson	ID:22324198 Tel: 0723898406	<p><u>ACADEMIC QUALIFICATIONS:</u></p> <ul style="list-style-type: none"> - MSC in Museology - ICOM (International Council of Museums) Member - B.A Project Planning and management - PGD Museum and Heritage Studies - Diploma in Project Planning and Management - Kenya School of Government- Certificate in Senior management <p><u>WORK EXPERIENCE:</u></p> <ul style="list-style-type: none"> - Oct 2023 to date-Chief Officer Trade & Industry - 2022-Oct 2023-Chief Officer-Blue Economy-Hbay County - 10 years Fund Manager-NGAF Homa Bay and Migori Counties
3	Bob Agrey Onimo		1960	Member - Rachuonyo North - Co-Chairperson	ID:1529353 TEL: 0729716307	<p><u>ACADEMIC QUALIFICATIONS:</u></p> <ul style="list-style-type: none"> - Diploma: Communication in Business & Management - Diploma: Sales and Marketing

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						<ul style="list-style-type: none"> - Diploma: Tourism & Travel Management <p><u>WORK EXPERIENCE:</u></p> <ul style="list-style-type: none"> - Ad hoc Committee Member on Classification of Urban Areas in H/Bay County 2nd December 2022 - Chairman HBay County Tourism Policy Committee- 18th May, 2021 - Chairman South Nyanza Tourism Association -2011 - Director National Forum for Cultural Heritage Promotions- 2009-2015 - Member Domestic Tourism Council of Kenya (Nat Govt) May 2009-June 2012
4	Isaack Onyonyi		24.04.1974	Director Trade	12509546 0722348103	<ul style="list-style-type: none"> - PGD, Corporate Governance - BBA- Marketing - Exec Dip – Marketing <p>Experience:</p> <ul style="list-style-type: none"> - WeTu: - Head of marketing and Communication. Dr. Braids EA: - Commercial Manager. PSI Kenya: - National Manager, Trade Development. Nation Media Group: - Sales Executive

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5	Elsa Odeny			Fund Accountant		<p><u>ACADEMIC QUALIFICATION</u></p> <ul style="list-style-type: none"> -Masters in business administration -Bachelor of business administration - CPA K <p><u>WORK EXPERIENCE</u></p> <ul style="list-style-type: none"> -Worked in Kemri for 5 yrs -Worked in CDC FROM 2011-2016
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Homa Bay County Alcoholic Drinks Control Fund
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6. Fund Chairperson's Report

The object and purpose of the fund is to control the production, sale, distribution promotion and use of alcoholic drinks in addition it should promote research, treatment and promote rehabilitation of persons affected.

The fund changed its structure by including all the Sub County Administrators and Trade officers to be members of the board both at the County and the Sub county levels so us to achieve the intended purpose above, in addition it is supposed to bring the services of the board closer to the people by also involving the DCC, OCPD, Chiefs and Ward Administrators in operations of the board.

In review of the routine functions, the board in collaboration with partners and other stakeholders has a planned to set up a treatment and rehabilitation centre in Homa Bay. This plan will boost the lives and social stature of the affected individuals in the county once implemented.

The fund however had as a short-term plan of identify the liquor addicts in the county of Homa Bay and send them to already existing treatment /rehabilitation centres before completion of the Homa Bay County Rehabilitation and treatment centre.

In the period 2023-2024, the fund collected a total of Kshs. 10,978,513.00 from its operations and spent Kshs. 1,126,338.00 on its day-to-day activities. This position is expected to improve in the coming Financial Year as the new cashless system of revenue collection is rolled out.

The fund in its day-to-day operations has faced numerous challenges e.g.

- i. Smuggled alcoholic drinks from the neighboring countries of Uganda and Tanzania
- ii. Difficulty in getting grants and development partners
- iii. Reluctance on the side of National government in sparing structural development
- iv. Resistance on new collection system
- v. Lack of Motor Vehicle

The fund is now seeking high levels of cooperation and partnership with other stakeholders and the national government in achieving bigger goals.


.....
CHIEF OFFICER
Trade and Industrialization
HOMA BAY COUNTY
P. O. Box 469-40300, HOMA BAY

Name: Mr. Jack Obonyo
Chief Officer Trade and Industry

Chairperson

Homa Bay County Alcoholic Drinks Control Fund
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7. Report of the Fund Administrator

The Fund is administered by a Chief officer who shall be appointed by the County Public Service Board. The chairperson may, with the approval of the Executive member (CECM Trade) for the time being responsible for finance, invest or place on a deposit account any of the monies of the fund and any interest earned on the monies so invested or deposited shall be placed to the credit of the Fund.

Functions of the administrator of the fund shall be to:

- i. Supervise and control the administration of the fund;
- ii. Impose conditions on the use of any expenditure personally authorized and may impose any restriction or other requirements concerning use of expenditure;
- iii. Ensure the earnings of, or accruals to the fund are retained in the fund, unless the county executive member for finance and economic planning direct otherwise;
- iv. Ensure that money held in the fund, including any earnings or accruals in paragraph (c) is spent only for the purposes for which the fund is established;
- v. Cause to be kept proper, books of account and other books and records in relation to the Fund as well as to all the various activities and undertakings of the Funds;
- vi. Prepare, sign and transmit through the executive member for finance to the Auditor General in respect of each financial year and within three (3) months after end thereof, a statement of accounts relating to the Fund in accordance with the Public Audit Act, 2003 and in such details as the County Treasury may from time to time direct;
- vii. Furnish such additional information as may be required for examination and audit by the Auditor General or under any law;
- viii. Ensure that the accounts of the fund and annual financial statements relating to those accounts comply with the accounting standards prescribed and established by the Accounting Standards Board from time to time;
- ix. Present financial statements to the County Assembly;
- x. Designate such staff as may be necessary to assist in the management of the Fund provided that such staff shall work in the department of Trade, Industrialization, Cooperatives and Investment;
- xi. Publish and publicize the fund and usage of money through the fund


06 NOV 2024
CHIEF OFFICER
HOMA BAY COUNTY
P.O. Box 469-40300, HOMA BAY

.....
Name: Jack Obonyo
Administrator of the Fund

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

Introduction

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

The key development objectives of the Fund as per the strategic plan for 2023-2024 FY are to:

- a) *Provide quality physical infrastructure in terms of Rehabilitation and Treatment Centre in the County*
- b) *Provide proper protection to consumers of Alcoholic drinks by maintaining high quality of products in the market.*
- c) *Provide protection to manufactures and traders of Alcoholic drinks against illicit and poor quality products*
- d) *Protection of learning institution against operation of Liquor stores near those institutions and prohibiting sale of alcohol to under age.*
- e) *Prompt review of Alcoholic drinks Control Policies to respond to rising challenges of alcohol manufacturing, sale, consumption and promotion within the county.*

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Formation of sub county Liquor control committee	To bring all the functions closer to the people and increase level of ctivities.	Increased efficient collection of liquor fees and high level protection of the public	30% of new stores identified, regulated and incremental revenue collected	In FY 23/24 we increased Revenue collection and well controlled Liquor outlets by 30% Rangwe and Rachuonyo South Sub counties demonstrated high levels of efficiency in activities
Adoption of Cashless Revenue Collection System	To reduce cash mismanagement at the Source	Efficient and safe system of collection of revenue to be installed and operated by all sub counties	40% Increase in collection and activities to be realised	The increase cash collected to be transferred to the Board for the up to 40% increased activities
Youth Sensitization activities	To educate youths on effects of alcohol, help them avoid abuse of alcohol by introducing other activities to keep them busy	30% new youths trained and joins tournaments organised by the board	2 Tournaments in the county and 1 Sensitization campaign in 8 sub counties.	Increased awareness in all sub counties and several talented sports persons identified among the youths to play youths from other counties

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Rehabilitation and Treatment of addicts	To correct the addicts and the alcohol related challenges in the county	Improved health status	Planned development of treatment centre under way	Several persons expected to benefit from the planned rehabilitation and treatment centres.
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9. Corporate Governance Statement

The alcoholic control fund's committee members have had 5 to 6 meetings with consistent attendance since its formation. The meetings were successfully held and among the agendas that were deliberated over included but not limited to the roles and functions of the board which includes: -

The functions of the committee shall be to-

Support and facilitate sub-county committees in carrying out their functions;

Carry out public education on alcoholic drinks control in the county directly and in collaboration with other public or private bodies and institutions;

Facilitate citizen participation in matters that relate to alcoholic drinks control in accordance to the framework for citizen participation established under County Government and National Government legislations;

Facilitate and promote in collaboration with other County and National government institutions the establishment of treatment and rehabilitation facilities and programmes;

Carry out research directly or in collaboration with other institutions and serve as the repository of data and statistics related to alcoholic drinks control; and maintain a register of alcoholic license within the County;

Develop in collaboration with other County and National government departments strategies and plans for implementing this Act and any other relevant National legislation relating to control of alcohol abuse and coordinate and support their implementation;

Advise the executive member generally on the exercise of his/her powers and functions under this Act, and in particular on County policies and laws to be adopted in regard to the production, manufacture, sale and consumption of alcoholic drinks;

In collaboration with other relevant County departments prepare and submit an alcoholic drinks status report bi-annually in the prescribed manner to the executive member which shall be transmitted to the County Executive Committee and County assembly;

Recommend to the executive member the formulation of laws and regulations related to alcoholic drinks;

Monitoring and evaluating the implementation of this Act including the operation of the sub-county committees and

advising the executive member on the necessary measures to be adopted;

In collaboration with the county sub-committee and the enforcement committee prepare and submit to the executive on quarterly basis, an alcohol abuse control status report containing such matters as may be specified by the executive member;

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Carry out such other roles necessary for the implementation of the objects and purpose of this Act and perform other such functions as may, from time to time, be assigned by the executive member.

Powers of the Committee

The committee shall have the power to review any decisions of the Sub-county committees established herein, and exercise any such other powers that may be necessary carry out its functions effectively under this Act

Rehabilitation Facilities and Programs

The committee shall-

- in collaboration with other relevant county and national government agencies establish treatment and programs for persons dependant on alcoholic drinks in each ward;

- ensure that the treatment and rehabilitation facilities have the necessary human resources for effective operation and service delivery;

ensure that treatment and rehabilitation services are designed in a manner that is accessible and affordable to people dependant on alcoholic drinks.

Other critical issues included the committee members trainings and inductions to ensure that the above roles are objectively achieved.

Since the committee is fairly new, most of the objectives are yet to be delivered hence the board and the members' performance could not be established.

Homa Bay County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended 30th June, 2024

10. Management Discussion and Analysis

The Homabay County Alcoholic Drinks Control Fund has in its functions of controlling quality of liquor produced and sold, controlling consumption of liquor, mitigating the adverse effect of excess intake of alcoholic drinks as well as protecting the public against operations of bars near schools and other prohibited areas.

The management has the power to review decisions and exercise any such powers that may be necessary to carry its functions effectively. The management deliberated and concluded on the best ways to enhance the collections to enable the achievement of the intended purpose of the fund

It was noted that in the period 2023-2024, the fund collected a total of Kshs.10, 978,513 from its operations and spent Kshs. 1,126,338 on its day-to-day activities. This position is expected to improve in the coming Financial Year as the new cashless system of revenue collection is rolled out.

The fund in its day to day operations has faced numerous challenges e.g.

- i. Smuggled alcoholic drinks from the neighboring countries of Uganda and Tanzania
- ii. Difficulty in getting grants and development partners
- iii. Reluctance on the side of National government in sparing structural development
- iv. Resistance on new collection system
- v. Lack of mobility for both Board members and other relevant staff

The fund is now seeking high levels of cooperation and partnership with other stakeholders and the national government in achieving bigger goals

Homa Bay County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended 30th June, 2024

11. Environmental and Sustainability Reporting

Management has not put in place an environmental policy

The employees of the Fund are hired by the County Public Service Board

The Fund did not engage in corporate social responsibility during the year

Homa Bay County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended 30th June, 2024

12. Report of the Committee

The committee 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

The principal activities of the Fund are *set out in pages iii-iv*

Results

The results of the Fund for the year ended 30th June, 2024 are set out on pages 1 to 28

Committee

The members of the committee who served during the year are shown on page vii to ix. 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.

By Order of the Committee



Chair of the Committee

Date:

Homa Bay County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended 30th June, 2024

13. Statement of Management’s Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by The Homa Bay County Alcoholic Drinks Control Act 2015 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

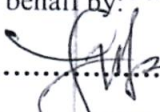
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) 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 The Homa Bay County Alcoholic Drinks Control Act 2015. 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.

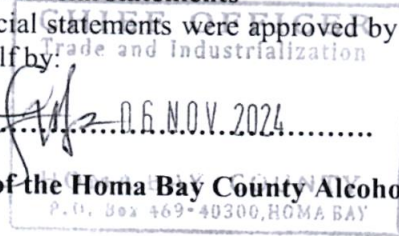
In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund’s ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention 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 _____ 2024 and signed on its behalf by:

.....

..... 06 NOV. 2024

Administrator of the Homa Bay County Alcoholic Drinks Control Fund



REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

Enhancing Accountability

REPORT OF THE AUDITOR-GENERAL ON HOMA BAY COUNTY ALCOHOLIC DRINKS 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 Homa Bay County Alcoholic Drinks Control Fund set out on pages 1 to 25, which comprise the statement 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 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 Homa Bay County Alcoholic Drinks 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 Public Finance Management Act, 2012 and the Homa Bay County Alcoholic Drinks Control Act, 2015.

Basis for Opinion

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Homa Bay County Alcoholic Drinks 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.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.12,500,000 and Kshs.10,978,513 respectively resulting in under-funding of Kshs.1,521,487 or 12% of the budget. Similarly, the fund expended Kshs.1,126,338 against an approved expenditure budget of Kshs.11,567,000 resulting in an under expenditure of Kshs.10,440,662 or 90% of the approved budget.

The under-funding and under-expenditure affected the planned activities and negatively impacted on the programs and activities of the fund.

My opinion is not modified in respect of this matter.

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 Information

The management is responsible for the other information set out on page iii to xxvii which

comprise of Key Fund Information and Management, Fund Administration Committee, Management Team, Fund Chairpersons Report, 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 Fund Administration Committee, 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 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

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 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

Non-compliance with Budget Guidelines

The statement of comparison of budget and actual amounts reflects revenue budget of Kshs.12,500,000 and expenditure budget of Kshs.11,567,000, resulting in budgeted surplus of Kshs.933,000. This is contrary to Regulation 31 (c) and (e) of the Public Finance Management (County Governments) Regulations, 2015, which provides that unless provided otherwise in the Act, these Regulations or any other guidelines developed in furtherance of the Act or these Regulations, the budget revenue and expenditure appropriations shall be balanced and total budget revenue shall cover total budget expenditure.

In the circumstance, 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

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 else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Weak Internal Controls over Cash and Bank Management

Review of the internal control environment over cash and bank management revealed that the Fund's cash book and bank reconciliation statements were not reviewed on a regular basis during the year under review as required.

In the circumstance, the effectiveness of internal controls over the management of cash and cash equivalents could not be confirmed.

2. Ineffective Internal Audit Function

Review of the activities of the Internal Audit Department revealed that the Department did not finalize and submit any audit report on the operations of the Fund for adoption by the audit committee during the year under review.

In the circumstances, effectiveness of internal controls, risk management and governance in the Fund could not be confirmed.

3. Weaknesses in Revenue Collection

Review of record relating to revenue revealed that the revenue collection process was not automated. The invoices or demand letters to the various business establishments were manually generated and thereafter upon payment of the requisite fees, the Liquor Permits were by hand inscribed with the business establishment name. It was also noted that the Liquor Permits were used, instead of miscellaneous receipts, to record revenues collected and serialized receipt vouchers were not maintained. In addition, the Liquor Permits register was not properly maintained to reflect the Liquor Permits procured by the county and how many have been issued to the Sub-Counties Liquor License Committees and the resulting balance. It was further noted that the Fund administrator was not administratively in charge of the revenue collection process, thus creating gaps in the coordination of revenue collection across the various sub-counties. Furthermore, summaries of the revenue collected from the issuance of the Liquor Permits in the sub counties were not prepared for comparison. Finally, mapping of liquor businesses in Suba North and South Sub-counties have not been completed.

In the circumstances, the effectiveness of the revenue collection process and system could not be confirmed.

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 Fund Administration Committee

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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.

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

Auditor-General's Responsibilities for the Audit

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

22 December 2024

HOMA BAY COUNTY ALCOHOLIC DRINKS CONTROL FUND
Annual Report and Financial Statements for the year ended June 30, 2024

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

	Note	2023-2024	2022-2023
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
License Fees, Application for License Fees, Inspection Fees, Fines, Penalties and Other Levies	1	10,978,513	3,407,303
Total Revenue from Non-Exchange Transactions		10,978,513	3,407,303
Expenses			
Use of goods and services	2	1,126,338	2,368,840
Total		1,126,338	2,368,840
Surplus/(Deficit) For the Period		9,852,175	1,038,463

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


 Name: Jack Obonyo
 Administrator of the Fund
 P.O. Box 469-40300, HOMA BAY



 Name: ELSA ODEPT
 Fund Accountant
 ICPAK Member Number: 13399


Homa Bay County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended 30th June, 2024

16. Statement of Financial Position As At 30 June 2024

	Note	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	3	235,425	1,217,335
Total Current Asset		235,425	1,217,335
Total Assets		<u>235,425</u>	<u>1,217,335</u>
Liabilities			
Current Liabilities		-	-
Trade and Other Payables from exchange transactions		-	-
Total Current Liabilities		-	-
Non-Current Liabilities		-	-
		-	-
Total Liabilities		=	=
Net Assets		<u>235,425</u>	<u>1,217,335</u>
Represented By			
Revolving Fund		-	-
Reserves		-	-
Accumulated Surplus		235,425	1,217,335
Net Assets		<u>235,425</u>	<u>1,217,335</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Fund financial statements were approved on 6th November 2024 and signed


 CHIEF OFFICER
 Trade and Industrialization
 06 NOV 2024
 HOMA BAY COUNTY
 Administrator of the Fund



 Name: ELSA ODONY
 Fund Accountant
 ICPAK Member Number: 13379
 ACCOUNTS

HOMA BAY COUNTY ALCOHOLIC DRINKS CONTROL FUND
Annual Report and Financial Statements for the year ended June 30, 2024

17. Statement Of Changes in Net Assets for the year ended 30th June 2024

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2022	-	-	178,872	178,872
Surplus/(Deficit) For the Period	-	-	1,038,463	1,038,463
Funds Received During the Year	-	-		-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023	-	-	1,217,335	1,217,335
Balance As At 1 July 2023	-	-	1,217,335	1,217,335
Surplus/(Deficit) For the Period		-	9,852,175	9,852,175
Funds Received During the Year	-	-	-	-
Transfers to CRF	-		(10,834,085)	(10,834,085)
Revaluation Gain	-	-	-	-
Balance As At 30 June 2024			235,425	235,425


CHIEF OFFICER
 Trade and Industrialization
 HOMA BAY COUNTY
 P.O. Box 462-40500 Homa Bay
 Name: **Jack Obonyo**
 Administrator of the Fund


ELSA ODENY
 ACCOUNTS
 Name: **ELSA ODENY**
 Fund Accountant
 ICPAK Member Number: **13379**

**Homa Bay County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended 30th June, 2024**

18. Statement of Cash Flows for the Year Ended 30th June 2024

	Note	2023-2024	2022-2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
License Fees, Application for License Fees, Inspection Fees, Fines, Penalties and Other Levies		10,978,513	3,407,303
Receipts from other operating activities		-	-
Total receipts		10,978,513	3,407,303
Payments			
Use of goods and services	2	(1,126,338)	(2,368,840)
Finance cost			
Total		(1,126,338)	(2,368,840)
Net cash flows from operating activities		9,852,175	1,038,463
Cash flows from investing activities		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities		-	-
Transfer to CRF		10,834,085	-
Net cashflow used in financing activities		10,834,085	-
Net increase/(decrease) in cash & cash Equivalents		-981,910	1,038,463
Cash and cash equivalents at 1 July 2023		1,217,335	178,872
Cash and cash equivalents at 30 June 2024		235,425	1,217,335

(IPSAS 2 allows a Fund to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation. The above illustration assumes direct method)

CHIEF OFFICER
Trade and Industrialization
08 NOV 2024
Name: Jack Obonyo
Administrator of the Fund
HOMA BAY COUNTY
P.O. BOX 40300, HOMA BAY

ELSA ODENT
Name: ELSA ODENT
Fund Accountant
ICPAK Member Number: 13379

HOMA BAY COUNTY ALCOHOLIC DRINKS CONTROL FUND
Annual Report and Financial Statements for the year ended June 30, 2024

19. Statement of Comparison of Budget and Actual Amounts for the Period ended 30th June 2024

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	A	B	c=a+b	D	e=c-d	f=d/c %
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Public Contributions And Donations	-	-	-	-	-	
Transfers From County Govt.	-	-	-	-	-	
Interest Income	-	-	-	-	-	
License Fees, Application for License Fees, Inspection Fees, Fines, Penalties and Other Levies	12,500,000	-	12,500,000	10,978,513	1,521,487	88%
Total Income	12,500,000	-	12,500,000	10,978,513	1,521,487	88%
Expenses						
Use of Goods and services	11,567,000	-	11,567,000	1,126,338	10,440,662	10%
Finance Cost		-				
Total Expenditure	11,567,000	-	11,567,000	1,126,338	10,440,662	10%
Surplus For the Period	933,000	-	933,000	9,852,175	8,919,175	

Notes

- i) The under collection of 12% in liquor licence fees was due to difficult economic environment
- ii).The under -utilisation of 90% in use of goods and services was due to delay in disbursement of funds from the county treasury

20. Notes to the Financial Statements

1. General Information

Homa Bay County Alcoholic Drinks Controls Fund is established by and derives its authority and accountability from Alcoholic Drinks Control Act 2015. The Fund is wholly owned by the Homa Bay County Government and is domiciled in Kenya. The Fund’s principal activity is to protect the public from the effect of alcoholic drinks while giving the traders on these substances a regulated platform to operate their businesses.

2. Statement of compliance and basis of preparation

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

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

3. Adoption of new and revised standards

(i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2024

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

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of a Fund’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between a Fund’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

Homa Bay County Alcoholic Drinks Control Fund

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

Standard	Effective date and impact:
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Fund provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the Fund; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Fund's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023: a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023 <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. </p>
<p>IPSAS 43</p>	<p>Applicable 1st January 2025 The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of a Fund. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non-Current Assets Held for Sale and</p>	<p>Applicable 1st January 2025 The Standard requires,</p>

Homa Bay County Alcoholic Drinks Control Fund

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

Standard	Effective date and impact:
Discontinued Operations	Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

(iii) Early adoption of standards

The Fund did not early – adopt any new or amended standards in year 2022.

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 Fund and can be measured reliably.

ii. Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2023-2024 was approved by the County Assembly on 29 June 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 Fund upon receiving the respective approvals in order to conclude the final budget.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 11 of these financial statements.

Summary Of Significant Accounting Policies (Continued)

c) Property, plant and equipment

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

d) Intangible Assets

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

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

a) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

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Summary Of Significant Accounting Policies (Continued)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

Summary Of Significant Accounting Policies (Continued)

b) 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 Fund.

c) Provisions

Provisions are recognized when the Fund 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 Fund expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Summary Of Significant Accounting Policies (Continued)
Contingent assets

The Fund 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 Fund 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.

d) Nature and purpose of reserves

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

e) Changes in accounting policies and estimates

The Fund recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

f) Employee benefits – Retirement benefit plans

The Fund provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which a Fund pays fixed contributions into a separate Fund (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.

g) 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.

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Summary Of Significant Accounting Policies (Continued)

h) 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.

i) Related parties

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

j) 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.

k) Comparative figures

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

l) Events after the reporting period

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

m) Ultimate and Holding Fund

The Fund is a County Public Fund established by Homa Bay County Alcoholic Drinks Control Act, 2015 under the Department of Trade, Industrialization, Cooperative and Investment. Its ultimate parent is the County Government of Homa Bay.

n) Currency

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

Summary Of Significant Accounting Policies (Continued)

1. Significant judgments and sources of estimation uncertainty

The preparation of the Fund'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 Fund 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 Fund. 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 Fund
- 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.

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.

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2. Notes to the Financial Statements

1. License Fees, Application for License Fees, Inspection Fees, Fines, Penalties and Other Levies

Description	2023-2024	2022-2023
	Kshs	Kshs
Licence, Application & Inspection fees,	10,978,513	3,407,303
Late Payment Penalties	-	-
Fines	-	-
Total	10,978,513	3,407,303

2. Use of Goods and Services

Description	2023-2024	2022-2023
	Kshs	Kshs
Printing And Stationery	7,000	81,700
Hospitality supplies and services	288,050	37,000
Telephone, Communication supplies and services	-	113,500
Motor Vehicle Hire	71,000	188,640
Refined Fuels and Oil Costs	59,000	-
Committee Allowances	690,800	1,937,900
Bank Charges	10,488	10,100
Total	1,126,338	2,368,840

3. Cash and cash equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
Car Loan Account	-	-
County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	235,425	1,217,335
Others	-	-
Total Cash and Cash Equivalents	235,425	1,217,335

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

		2023-2024	2022-2023
Financial Institution	Account number	Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank	-	-	-
Equity Bank, etc.	-	-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank	-	-	-
Equity Bank - Etc.	-	-	-
Sub- Total		-	-
c) Current Account			
Kenya Commercial Bank	-	-	-
Equity Bank	0980268093213	235,425	1,217,335
Sub- Total		235,425	1,217,335
d) Others (Specify)			
Cash In Transit	-	-	-
Cash In Hand	-	-	-
Sub- Total		-	-
Grand Total		235,425	1,217,335

Other Disclosures

4. 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

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b) Related party transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfer to CRF Account	10,834,085	-

c) Key management remuneration

Description	2023-2024	2022-2023
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	2023-2024	2022-2023
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

e) Due to related parties

Description	2023-2024	2022-2023
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

5. Contingent assets and contingent liabilities

Contingent Liabilities	2023-2024	2022-2023
	Kshs	Kshs
Court Case Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

(Give details)

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Other Disclosures Continued

6. Financial risk management

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

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

a) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2024				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	235,425	235,425	-	-
Total	235,425	235,425	-	-
At 30 June 2023				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	1,217,335	1,217,335	-	-
Total	1,217,335	1,217,335	-	-

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

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

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

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

b) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2024	-	-	-	-
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

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.

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

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

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

i. Foreign currency risk

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

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

		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2024			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

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

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.

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	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
2024			
Euro	10%	-	-
USD	10%	-	-
2023			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

d) Capital risk management

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

Description.	2023-2024	2022-2023
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-

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Accumulated surplus	235,425	1,217,335
Total funds	235,425	1,217,335
Total borrowings	-	-
Less: cash and bank balances	235,425	1,217,335
Net debt/ (excess cash and cash equivalents)	-	-
Gearing	-	-

**Homa Bay County Alcoholic Drinks Control Fund
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19. Progress on Follow up of Prior Year Auditor’s Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
	<p>1.Automation of the Revenue Collection Process</p> <p>Review of the liquor licensing fees and other levies collection process revealed that there is significant manual intervention. It was also noted that liquor license certificates were used instead of miscellaneous receipts to record revenues collected, and serialised receipt vouchers were not maintained.</p> <p>In the circumstances, it may be difficult to monitor performance of the service and or assess the achievements of the Fund.</p>	<p>The management has noted your concerns and wishes to state that the automation of liquor licence is yet to be finalised .The management also wishes to state that the automation will address the other issues raised herein i.e. receipting and record keeping etc</p>		
	<p>2.Ineffective Internal Controls and Audit Function</p> <p>Review of the internal control environment over cash and bank arrangements revealed that the Fund's cash book was not reviewed on a regular basis during the year under review as required. In addition, it was noted that the internal audit department did not finalize and submit any audit report on the operations of the Fund for</p>	<p>The management wishes to state that currently the internal audit team regularly reviews the fund's cash book as per your recommendations</p>		

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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>adoption by the audit committee during the year under review.</p> <p>In the circumstances, assessment of the Management function of internal controls, risk management and governance was lacking.</p>			