

REPUBLIC OF KENYA



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REPORT

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THE AUDITOR-GENERAL

ON

**TANA RIVER COUNTY INUKA
FUND**

**FOR THE YEAR ENDED
30 JUNE, 2023**



OFFICE OF THE AUDITOR GENERAL
P.O. Box 81543, MOMBASA
29 SEP 2023
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TANA RIVER COUNTY INUKA FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2023**

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

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Tana River County Inuka Fund
Annual Report and Financial Statements for the Year Ended June 30, 2023

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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
HRM	Human Resource Management

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility.
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2. Key Entity Information and Management

a) Background Information

Tana River County Inuka Fund is established by and derives its authority and accountability from Tana River County Inuka Fund Act, 2016 on 4th July, 2016. The Fund is wholly owned by the County Government of Tana River and is domiciled in Kenya.

The fund's objective is to provide affordable and competitive credit to individuals operating micro small and medium enterprises, cooperatives and groups involved in small scale production.

The Fund's principal activity is to be a wholesale lender to individuals, groups and cooperatives including youth, women and people living with disabilities to empower in creation of employment and provide alternative source of funding.

Guiding principles of the fund are:

- i) Public participation and financial inclusiveness
- ii) Donor linkages and participation
- iii) Protection of the interest of the marginalized, persons with disability, women, and youths; and local ownership and sustainability.

b) Principal Activities

Vision of the Fund: To provide affordable and accessible credit to the business community of Tana River County.

Mission of the Fund: To create a community that is self- reliant by accessing sustainable and affordable business financing.

Geographical limitations of the Fund: The fund will be offered to only the residences of Tana River County who are engaged in business.

The principal activity of the Fund is to:

- (i) Provide affordable and competitive credit to the successful applicants.
- (ii) Provide opportunity to small scale entrepreneurs to gain commercial experience to enable them to play their part in industrial and commercial development of the county.
- (iii) Provide enterprise development services.
- (iv) Enhance the small and medium enterprises' competitiveness as they graduate into bigger vibrant enterprises.
- (v) Perform any other lawful function for the purposes of promoting enterprise and entrepreneurship development in the county.

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c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Frankfaith Ddaiddo Makorani	Chairperson of the Board
2	Aisha Nuru Omar	Board Member
3	Bilison Komora	Board Member
4	Ramadhan Dara	Board Member
5	Mariam Abdalla Bunu	Board Member
6	Buya Phares	Board Member
7	Awadh Barissa Shehe	Fund Administrator

d) Key Management Steam

Ref	Name	Position
1	Awadh Barissa Shehe	Fund Administrator
2	Buya Phares	Board Member
3	Frankfaith Ddaiddo Makorani	Chairperson of the Board
4	Cornelius Ongweko Wamukoya	Fund Accountant

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	Patrick Njoroge

f) Registered Offices

P.O. Box 29 -70101
Trade House
Council Road
Hola, Kenya.

g) Fund Contacts

Telephone: (254) 728868143
E-mail: info@tanariver.go.ke
Website: www.tanariver.go.ke

h) Fund Bankers

Kenya Commercial Bank
Hola Branch
P. O. Box 100 – 70101
Hola, Kenya.




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

3. The Tana River County Inuka Fund Board

Name	Details of qualifications and experience
<p>1. Awadh Barissa Shehe</p> 	<p>CPA Awadh Barissa Shehe is the current Fund Administrator of the Tana River County Inuka Fund. He joined the fund from Tana River County Treasury where he worked as an Accountant.</p> <p>CPA Awadh is currently pursuing an MBA (Finance) from the Jomo Kenyatta University of Agriculture and Technology. He is also Certified Public Accountant and a member of the Institute of Certified Public Accountant of Kenya. He also serves in the fund as a Board Member.</p>
<p>2. Frankfaith Makorani Ddaiddo</p> 	<p>Frankfaith Makorani Ddaiddo is the Chairperson of Tana River County Inuka Fund as from 4th August 2021.</p> <p>He also serves in the fund as the chairman of the Tana River County Inuka Fund Board.</p>
<p>3. Bilison Komora</p> 	<p>Bilison Komora is a Board member representing People Living with Disabilities (PLWDs).</p> <p>Mr. Bilison is also a media personality working as a part time presenter at Tana FM radio in Hola.</p>

Name	Details of qualifications and experience
<p>4. Aisha Nuru Omar</p> 	<p>Aisha Nuru Omar holds a Bachelor of Commerce (Finance Option) degree from the University of Nairobi.</p> <p>She attended High School at Makueni Girls Secondary School.</p> <p>Prior to joining Tana River Inuka Fund (on 4th August 2021) as a Board Member, she worked for Pastoralist Girls Initiative as an Accountant.</p> <p>Aisha is currently a Board Member representing Women and the Youth.</p>
<p>5. Ramadhan Dara Guye</p> 	<p>Mr. Ramadhan Dara was born in Lamu County but relocated to Tana River in 1963. He studies up to form VI in Physics, Chemistry, Mathematics and GP. He then pursued a diploma in HRM in University of Nairobi between 2010 and 2011.</p> <p>Mr. Ramadhan has served in the Public Service since 1972 and rose up the ladder up to Assistant Director, Human Resource Development. Between 2005 and 2013, he was the Principal Human Resource Management Officer in former North Eastern Province before becoming the interim head of Human Resource Management in Tana River County.</p> <p>Ramadhan is currently a Board Member representing Chamber of Commerce.</p>
<p>6. Buya Phares</p> 	<p>Buya Phares is the current acting County Chief Officer, Trade and Tourism Development. He is the substantive County Chief Officer Agriculture.</p> <p>By virtue of being the Chief Officer Trade and Tourism Development, he is a Board Member of Tana River County Inuka Fund.</p>

4. Management Team

Name	Details of qualifications and experience
<p>1. Frankfaith Makorani Ddaiddo</p> 	<p>Frankfaith Makorani Ddaiddo is the Chairperson of Tana River County Inuka Fund as from 4th August 2021. He is also a signatory to all the three fund account.</p>
<p>2. Awadh Barissa Shehe</p> 	<p>CPA Awadh Barissa Shehe is the Fund Administrator of the Tana River County Inuka Fund. Awadh was born on 11th September 2011 in a small village in Kinakomba Location, Tana River County. He joined the fund from Tana River County Treasury where he worked as an Accountant. CPA Awadh is currently pursuing an MBA (Finance) from the Jomo Kenyatta University of Agriculture and Technology. He is also Certified Public Accountant and a member of the Institute of Certified Public Accountant of Kenya. He is the fund Administrator who oversee the day to day operations of the fund.</p>
<p>3. Buya Phares</p> 	<p>Buya Phares is the current acting County Chief Officer, Trade and Tourism Development. He is the substantive County Chief Officer Agriculture. By virtue of being the Chief Officer Trade and Tourism Development, he is a Board Member of Tana River County Inuka Fund. Buya is also a signatory to the three Tana River County Inuka Fund bank accounts.</p>
<p>4. Cornelius O. Wamukoya</p> 	<p>CPA Cornelius Wamukoya acted as an Accountant of the Tana River County Inuka Fund for this period. Wamukoya is a holder of bachelor's degree in Business Administration (Accounting) from Maseno University and also Certified Public Accountant. He has a wide experience in Accountancy from defunct local authority (Tana River County Council) and current the Principal Accountant in the Tana River County Treasury.</p>

Tana River County Inuka Fund
Annual Report and Financial Statements for the Year Ended June 30, 2023

5. Board Chairperson's Report

The Tana River County Inuka Fund Board came into office on 4th August 2021 following its gazette in the Kenya gazette. The Board has familiarized itself with the Tana River County Inuka Fund Act and the Regulations in a bid to roll out the fund.


After establishment of the Board, the three Inuka Fund Sub County Management Committees were also gazetted on 1st April 2022.

The fund balance at the beginning of the financial year was Kes. 75,000,000. This was the amount meant to be distributed to the ultimate qualifying beneficiaries across the three Sub Counties.

During the financial year 2022-2023, a total of Kes. 30,657,000 was distributed to a total of 245 beneficiaries out of which 10 were groups. As per the Tana River Inuka Fund Act, the beneficiaries are given three-month grace period before starting the repayment. By the end of the period, a total of Kes. 1,137,950.

The board resolved to monitor the repayment progress before disbursing the balance of the fund to the prospective beneficiaries.

Name: Frankfaith Ddaiddo

Signature: 

Date: 18/9/22

Chairperson of the Board

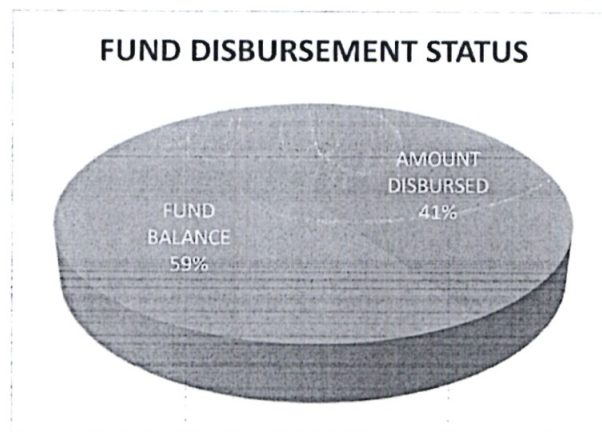
6. Report of The Fund Administrator

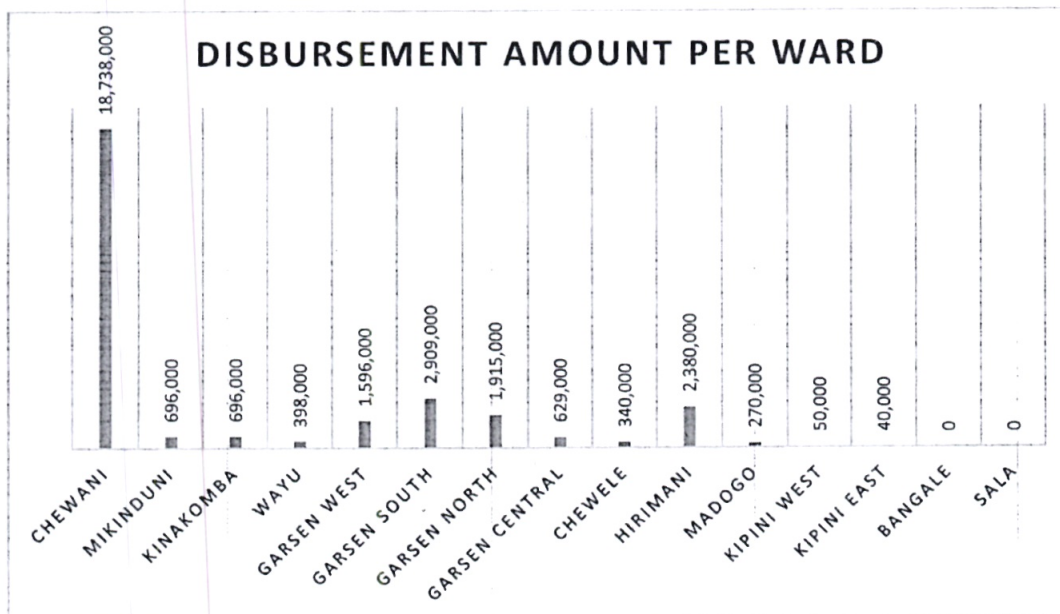
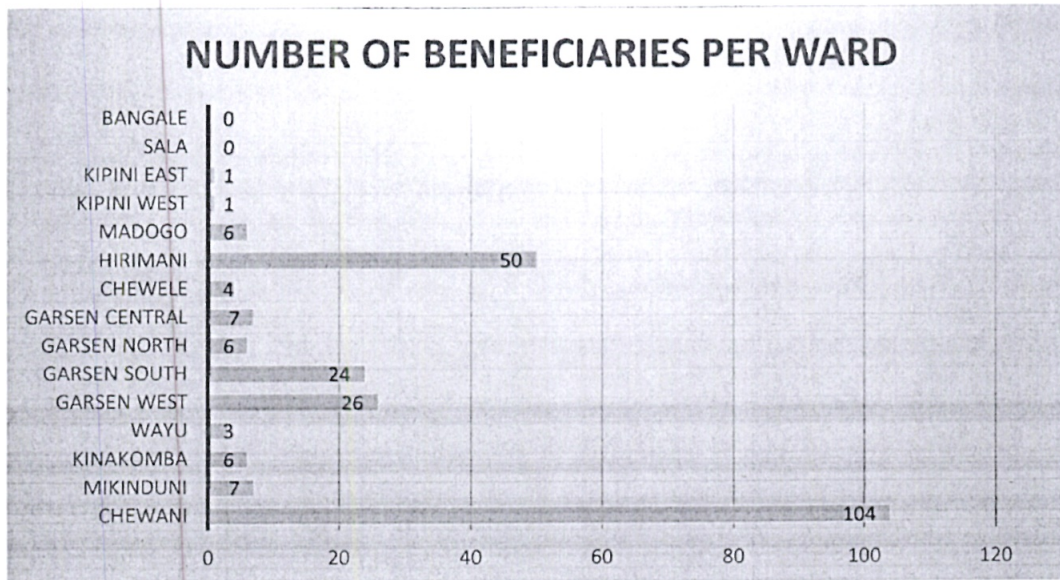
The Tana River County Inuka Fund Board came into office on 4th August 2021 following its gazette in the Kenya gazette. The Board has familiarized itself with the Tana River County Inuka Fund Act and the Regulations in a bid to roll out the fund.

After establishment of the Board, the three Inuka Fund Sub County Management Committees were also gazetted on 1st April 2022. These two structures are the impediments towards the disbursement of the funds to the ultimate beneficiaries.

At the beginning of the financial year, a total of Kes. 75,000,000 was at the disposal to be distributed to the ultimate qualifying beneficiaries across the three Sub Counties.

During the financial year 2022-2023, a total of Kes. 30,657,000 was distributed to a total of 245 beneficiaries out of which 10 were groups. As per the Tana River Inuka Fund Act, the beneficiaries are given three-month grace period before starting the repayment. By the end of the period, a total of Kes. 1,137,950 was repaid by the successful beneficiaries.





This coming financial year, the board intends to disburse the remaining amount as it source for more funds to advance to the beneficiaries.

There are a number of challenges that has marred the fund:

- ✦ Lack of sufficient funding to operate the fund.
- ✦ Large geographical coverage of the County which make it difficult to reach all parts.
- ✦ Lack of physical office space for the fund operate in.
- ✦ The politicization of the fund by the political class.

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

Introduction

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

The key development objectives of the Fund are to:

- a) Provide affordable and competitive credit to the successful applicants.
- b) Provide opportunity to small scale entrepreneurs to gain commercial experience to enable them to play their part in industrial and commercial development of the county.
- c) Perform any other lawful function for the purposes of promoting enterprise and entrepreneurship development in the county.

Progress on attainment of Strategic development objectives

Below is the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
(i) Provision of affordable and competitive credit to the successful applicants.	To ensure all youth, women and PLWDs of Tana River County, who are in business, have access to affordable credit facilities.	Four hundred and Three (403) individuals successfully applied.	245, which translated to, 61% of applicants enjoying the facility.	During FY 2022/23 245 beneficiaries accessed the facility and were able to enhance their businesses.

8. Corporate Governance Statement

During this financial year, the Board was actively involved in a number of activities. To be specific, the Board held Six meetings during the period. This ranges from planning level, vetting of application forms to disbursement of funds.

There is no Board charter in place so far.

The appointment of the Chairperson and members, one such persons:

- a) satisfying the requirements of Chapter Six of the Constitution; and
- b) holding a minimum of a diploma from an institution recognized in Kenya; or
- c) on account of their training or experience-
 - (i) having a considerable experience in financial, business or economic matters; or
 - (ii) being knowledgeable about trade, industry, finance or the economy; or
 - (iii) having legal knowledge of the matters pertaining to small business; or
 - (iv) having experience in matters connected with, and of problems experienced by, small business enterprises; or
 - (v) complaining with other criteria the Governor may prescribe.

A member of the Board, apart from ex-officio member, shall hold office for a period of three years and shall be eligible for reappointment for one further term of three years.

A member of the Board may be removed from office for-

- a) violation of the Constitution or any other law;
- b) gross misconduct, whether in performance of the member's functions or otherwise;
- c) physical or mental incapacity to perform the functions of office; or
- d) incompetence or neglect of duty.

The County Executive Committee Member may, upon the recommendation of the Board terminate the appointment of a member of the Board of any of the grounds specified under Sub-section (1).

The Board shall:

- a) provide overall management, design and oversight of the Inuka Fund;
- b) consider, verify and approve funding to the Wards;

Tana River County Inuka Fund
Annual Report and Financial Statements for the Year Ended June 30, 2023

- c) approve disbursement to the recipient;
- d) receive reports on the performance of the Inuka Fund from the Wards Inuka Fund Management Committee established under this Act;
- e) develop relevant guidelines and review them as the need arises, to guide the operations and implementation of the Inuka Fund;
- f) develop and facilitate sectoral linkage on the Inuka Fund;
- g) monitor and evaluate the programmes and activities under the Inuka Fund;
- h) prepare an annual report on the operations and performance of the Inuka Fund to the County Executive Committee Member;
- i) oversee the management and administration of the Inuka Fund including recoveries from loans beneficiaries; and
- j) put in place necessary mechanisms for sanctions and their enforcements in case the loan repayment default.

The Board and the Sub County Management Committees were inducted and trained on a number of issues relating to fund and credit management.

As per the Tana River Inuka Fund Act, the board is not entitled to any remuneration but sitting allowance whenever they officially meet.

Tana River County Inuka Fund
Annual Report and Financial Statements for the Year Ended June 30, 2023

9. Management Discussion and Analysis

The Tana River County Inuka Fund has been active during the period since establishment. For the first time, forms were distributed and prospective beneficiaries have filled and returned. The forms were vetted at Sub County level before being brought to the Board with recommendations. These applications were further put under scrutiny by the Fund Secretariat before being subjected to final approval by the supreme organ, which is the Tana River County Inuka Fund Board. The analysis as per the three Sub County Management Committees:

CATEGORY	TANA RIVER				TANA DELTA				TANA NORTH			
	No. of Applicants	Amount Applied	No. Qualified	Amount Approved	No. of Applicants	Amount Applied	No. Qualified	Amount Approved	No. of Applicants	Amount Applied	No. Qualified	Amount Approved
Individuals	165	91,273,500	147	25,370,000	122	50,430,000	100	19,230,000	98	13,248,400	91	12,122,100
Groups	13	27,703,000	11	19,053,000	4	4,000,000	3	1,350,000	1	200,000	0	200,000
Cooperatives	0	0	0	0	0	0	0	0	0	0	0	0
Total	178	118,976,500	158	44,423,000	126	54,430,000	103	20,580,000	99	13,448,400	91	12,322,100

All the qualified beneficiaries were issued by cheques in the months on November and December 2022.

The repayment amount for the period is Kes. 1,137,950 against an expected of Kes. 4,969,000. This results into a shortfall of Kes. 3,831,050 in collection.

The risk involved in the fund is the repayment of the disbursed funds in order to revolving to other prospective applicants in the subsequent financial years.

10. Environmental and Sustainability Reporting

1. Sustainability strategy and profile

The Tana River County Inuka Fund is a revolving fund and the Board and management, in general, are keen to ensure the organization is a going concern. The Board is ardent on repayment of the funds disbursement in order to have others benefit in future.

2. Environmental performance

This fund has no distinct environmental policy but is guided by the policies developed by the County department of Environment and Natural resources.

3. Employee welfare

The Tana River County Inuka Fund does not have employees directly under it but using staff deployed to the department of Trade. There are also three Sub County Management Committees which are involved in fund activities. These officers plus the Board were inducted and trained on matters of fund management.

4. Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

The fund practice fair play in the administration of the fund. The applicants are administered on first-come-first-served basis and are also passed through rigorous vetting before being successful at Sub County and Board levels.

b) Responsible Supply chain and supplier relations – Tana River County Inuka Fund does not intensively involve in Procurement activities. There was only one procurement activity that was competitively awarded and completed successfully.

5. Corporate Social Responsibility / Community Engagements

The fund did not engage in direct Corporate Social Responsibility activities during the period. The fund had been keen to improve and prioritize the welfare of the People Living with Disabilities (PLWDs).

11. Report of The Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the Fund affairs.

Principal activities

The principal activity of the Fund is to:

- (i) Provide affordable and competitive credit to the successful applicants.
- (ii) Provide opportunity to small scale entrepreneurs to gain commercial experience to enable them to play their part in industrial and commercial development of the county.
- (iii) Provide enterprise development services.
- (iv) Enhance the small and medium enterprises' competitiveness as they graduate into bigger vibrant enterprises.
- (vi) Perform any other lawful function for the purposes of promoting enterprise and entrepreneurship development in the county.

Results

The results of the Fund for the year ended June 30, 2023 are set out on page

Trustees

The members of the Board of Trustees who served during the year are shown on page (vi). There were changes in the Board during the financial year.

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



Chair of the Board/Fund Administration Committee

Date:

18/9/23

12. Statement of Management’s Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Tana River County Inuka Fund Act, 2016 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2023. 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 Tana River County Inuka Fund Act, 2016. The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2023, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund’s ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. OR

Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund’s financial statements were approved by the Board on 18th Sept. 2023 and signed on its behalf by:

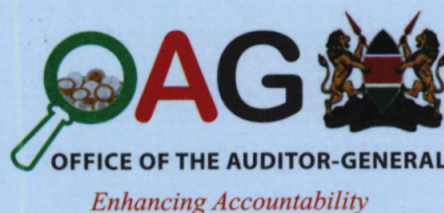


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Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON TANA RIVER COUNTY INUKA FUND FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Tana River County Inuka Fund set out on pages 1 to 31, which comprise of the statement of financial position as at

30 June, 2023, 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Tana River County Inuka Fund as at June 30, 2023, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and do not comply with the Tana River County Inuka Fund Act, 2016 (Revised in 2020) , Public Finance Management Act, 2012 and County Government Act, 2012

Basis for Adverse Opinion

1. Inaccuracies and Inconsistencies in the Presentation and Disclosure of the Annual Report and Financial statements

A review of the annual report and financial statements revealed the following:

- i) The table of contents does not reflect item number five which is in respect to Board Chairperson's Report on page x.
- ii) The chairperson's personal details including, date of birth, key academic and professional qualifications and work experience were not reflected in the financial report.
- iii) The statement of comparison of budget and actual amounts reflects actual on comparable basis transfers from County Government as Kshs.Nil while the statement of financial performance reflects a balance of Kshs.100,000 resulting to a variance of Kshs.100,000 which has not been explained.

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

2. Doubtful Recoverability of Loans

The statement of financial position and Note 6 to the financial statements reflects long term receivables from exchange transactions balance Kshs.14,907,000. However, no documentary evidence was provided to show whether the Sub-County Inuka Fund Management Committees were involved in assessing the viability of the businesses prior to consideration of the applications by the Board and whether all the beneficiaries attained the mandatory business training as required by Section 22A(2) and (3) of Tana River County Inuka Fund Act,2016 (Revised in 2020). In addition, no evidence was provided to

show whether the beneficiaries provided loan securities as required by Section 16(2) of Tana River County Inuka Fund Act, 2016 (Revised in 2020).

In the circumstances, the recoverability of the loans was doubtful and Management was in breach of the law.

3. Unsupported Payments

The statement of financial position reflects cash and cash equivalents balance of Kshs.46,530,532 and as disclosed in Note 5 to the financial statements. Review of payments revealed that Kshs.27,989,767 was paid to KCB – Garnishee in respect to legal dues. However, no payment vouchers were provided to support this expenditure. In addition, the payments were not recorded in the cash book.

In the circumstances, the accuracy of cash and cash equivalents and regularity of expenditure of Kshs.27,989,767 could not be confirmed.

4. Unsupported Expenditure on Board and Committee Sitting Allowances

The statement of financial performance reflects an expenditure of Kshs.1,827,443 in respect to use of goods and services which, as disclosed in Note 4 to the financial statements include Kshs.270,000 and Kshs.1,056,400 in respect to Board sitting allowances and Committee sitting allowances respectfully. However, the payments were not supported with signed Board minutes, payment schedules and attendance registers.

In the circumstances, the accuracy and propriety of Board and Committee sitting allowances amounting to Kshs.1,326,400 could not be confirmed.

5. Doubtful Expenditure

The statement of financial performance and Note 4 to the financial statements reflects use of goods and services balance of Kshs.1,827,443. Review of the documents provided for audit revealed payment of Kshs.100,000 as reimbursement for travel allowance to the Board chairman for a trip to Nairobi. However, no documents were provided indicating the nature of the trip, the duration and the applicable per diem rate used for the reimbursement.

In the circumstances, the authenticity of the payment could not be confirmed.

6. Unsupported Loans

During the year under review, the Fund Management issued loans to individuals and groups amounting to Kshs.30,657,000. However, the statement of cash flows reflects loans disbursed of Kshs.29,737,290 resulting to a variance of Kshs.919,710 which has not been explained or reconciled. However, loans amounting to Kshs.2,820,000 were not supported with application forms, application assessment and subsequent approvals.

In the circumstances, the accuracy, regularity and recoverability of loans are doubtful.

7. Non-submission of Quarterly Reports

The statement of financial position reflects total assets balance of Kshs.76,049,582. However, no documentary evidence was provided for audit to show whether the Fund Administrator submitted quarterly reports to the County Executive Committee Member for gazettelement and transmission to the County Assembly as required by Section 12 (1)(g) and (3) of Tana River County Inuka Fund Act, 2016 (Revised in 2020).

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

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

Key Audit Matters

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

Other Matter

Failure to Prepare Operational Budget

The statement of comparison of budget and actual amounts reflects final budgeted revenue and expenditure of Kshs.100,000 and 1,854,954 respectfully. However, the approved operational budget was not provided for audit review contrary to Regulation 43(2) of the Public Finance Management (County Governments) Regulations, 2015 which provides that county government entities shall execute the approved budgets based on the annual appropriation and approved cash flow plan.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance

about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance

with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

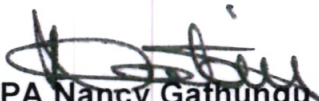
Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu CBS
AUDITOR-GENERAL

Nairobi

29 January, 2024

Tana River County Inuka Fund
Annual Report and Financial Statements for the Year Ended June 30, 2023

14. Statement of Financial Performance for the Year Ended 30th June 2023

Description	Note	2022 – 2023	2021 - 2022
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	300
Transfers From the County Government	2	100,000	25,773,196
		100,000	25,773,496
Revenue From Exchange Transactions			
Interest Income	3	-	-
Total Revenue		100,000	25,773,496
Expenses			
Use of Goods and Services	4	1,827,443	451,557
Total Expenses		1,827,443	451,557
Surplus/(Deficit) for the Period		(1,727,443)	25,321,939

(The notes set out on pages 18 to 23 form an integral part of these Financial Statements)



.....
Name: Awadh Barissa Shehe
Administrator of the Fund

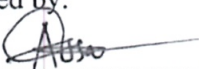



.....
Name: Cornelius Wamukoya
Fund Accountant
ICPAK Member Number: 28087

15. Statement of Financial Position as at 30th June 2023

Description	Note	2022 – 2023	2021 – 2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	5	46,530,532	76,857,315
Current Portion of Long-Term Receivables from Exchange Transactions	6	14,907,000	-
Total Current Assets		61,437,532	76,857,315
Non-Current Assets			
Property, Plant and Equipment	7	-	-
Long Term Receivables from Exchange Transactions	6	14,612,050	-
Total Non-Current assets		14,612,050	-
Total Assets		76,049,582	76,857,315
Liabilities			
Current Liabilities		-	-
Total Current Liabilities		-	-
Non-Current Liabilities		-	-
Total Liabilities		-	-
Net Assets			
Revolving Fund		76,049,582	76,857,315
Reserves		-	-
Accumulated Surplus		-	-
Total Net Assets and Liabilities		76,049,582	76,857,315

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 18th Sept. 2023 and signed by:

.....

Name: Awadh Barissa Shehe
Administrator of the Fund

.....

Name: Cornelius Wamukoya
Fund Accountant
ICPAK Member Number: 28087

Tana River County Inuka Fund
Annual Report and Financial Statements for the Year Ended June 30, 2023

16. Statement of Changes in Net Assets for the Year Ended 30th June 2023

Description	Revolving Fund	Revaluation Reserve	Accumulated Surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2021	51,535,376	-	-	51,535,376
Surplus/(Deficit) For the Period	25,321,939	-	-	25,321,939
Funds Received During the Year	-	-	-	-
Transfers	(-)	(-)	(-)	(-)
Revaluation Gain	-	-	-	-
Balance As At 30 June 2022	76,857,315	-	-	76,857,315
Balance As At 1 July 2022	76,857,315	-	-	76,857,315
Surplus/(Deficit) For the Period	(1,727,443)	-	-	(1,727,443)
Funds Received During the Year	-	-	-	-
Transfers	919,710	(-)	(-)	919,710
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023	76,049,582	-	-	76,049,582

Tana River County Inuka Fund
Annual Report and Financial Statements for the Year Ended June 30, 2023

17. Statement of Cash Flows for The Year Ended 30th June 2023

Description	Note	2022 – 2023	2021 - 2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public Contributions and Donations		-	300
Transfers from the County Government		100,000	25,773,196
Total receipts		100,000	25,773,496
Payments			
Use of Goods and Services		1,827,443	451,557
Total Payments		1,827,443	451,557
Net Cash flows from Operating Activities		(1,727,443)	25,321,939
Cash flows from Investing Activities			
Purchase of Property, Plant, Equipment and Intangible Assets		-	-
Proceeds from Loan Principal Repayments		1,137,950	-
Loan Disbursements Paid Out		(29,737,290)	(-)
Net Cash flows Used in Investing Activities		(28,599,340)	(-)
Cash flows from Financing Activities			
Net Cash flows Used in Financing Activities		(-)	(-)
Net increase/(decrease) in Cash & Cash Equivalents		(30,326,783)	25,321,939
Cash and Cash Equivalents at 1 July 2022		76,857,315	51,535,376
Cash and Cash Equivalents at 30 June 2023		46,530,532	76,857,315

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

19. Notes to the Financial Statements

1. General Information

Tana River County Inuka Fund is established by and derives its authority and accountability from Tana River County Inuka Fund Act, 2016. The entity is wholly owned by the Tana River County Government and is domiciled in Kenya. The entity's principal activity is to provide affordable loans to the youth and women and People living with Disability.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

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

Standard	Effective date and impact
<p>IPSAS 41: Financial Instruments</p>	<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 an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;

Tana River County Inuka Fund
Annual Report and Financial Statements for the Year Ended June 30, 2023

Standard	Effective date and impact
	<ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. The standard does not apply to this fund.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. <p>The standard does not apply to this fund.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> 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.

Tana River County Inuka Fund

Annual Report and Financial Statements for the Year Ended June 30, 2023

Standard	Effective date and impact
	<p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p>The standard does not apply to this fund.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>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>The standard does not apply to this fund.</p>

(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 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>The standard does not apply to this fund.</p>

Tana River County Inuka Fund
Annual Report and Financial Statements for the Year Ended June 30, 2023

Standard	Effective date and impact:
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>The standard does not apply to this fund.</p>

(iii) Early adoption of standards

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

1. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Tana River County Inuka Fund's right to receive payments is established.

Rental income

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

b) Budget information

The original budget for FY 2022/2023 was approved by the County Assembly on. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of on the FY 2022/2023 budget following the governing body's approval.

The Tana River County Inuka 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.

Summary of Significant Accounting Policies (Continued)

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

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

c) Property, Plant and Equipment

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

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.

e) Investment property

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

Summary of Significant Accounting Policies (Continued)

f) Financial instruments

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

g) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

h) Provisions

Provisions are recognized when the Tana River County Inuka 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 Tana River County Inuka 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.

i) Social Benefits

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

Summary of Significant Accounting Policies (Continued)

j) Contingent liabilities

The Tana River County Inuka 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.

k) Contingent assets

The Tana River County Inuka 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 Tana River County Inuka 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.

l) Nature and purpose of reserves

The Tana River County Inuka Fund creates and maintains reserves in terms of specific requirements.

m) Changes in accounting policies and estimates

The Tana River County Inuka 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.

n) Employee benefits – Retirement benefit plans

The Tana River County Inuka Fund provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

Tana River County Inuka Fund
Annual Report and Financial Statements for the Year Ended June 30, 2023

Summary of Significant Accounting Policies (Continued)

o) 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.

p) 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.

q) Related parties

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

r) 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.

s) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

The preparation of the Tana River County Inuka 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 Tana River Inuka 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 Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

b) Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Tana River Inuka 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 in Note.

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.

Tana River County Inuka Fund
Annual Report and Financial Statements for the Year Ended June 30, 2023

6. Notes to The Financial Statements

1. Public Contributions and Donations

Description	2022 - 2023	2021 - 2022
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	300
Total	-	300

2. Transfers from County Government

Description	2022 - 2023	2021 - 2022
	Kshs	Kshs
Transfers from County Govt. – Operations	100,000	25,773,196
Payments by County on Behalf of The Entity	-	-
Total	100,000	25,773,196

3. Interest Income

Description	2022 - 2023	2021 - 2022
	Kshs	Kshs
Interest Income from Mortgage Loans	-	-
Interest Income from Car Loans	-	-
Interest Income from Investments in Financial Assets	-	-
Interest Income on Bank Deposits	-	-
Total Interest Income	-	-

4. Use of Goods and Services

Description	2022 - 2023	2021 - 2022
	Kshs	Kshs
General Office Expenses	242,887	92,750
Professional Services Costs	-	120,000
Administration Fees	-	135,000
Committee Allowances	1,056,400	-
Bank Charges	12,096	3,807
Fuel And Oil Costs	47,000	-
Domestic Travel Costs	194,000	-

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Description	2022 – 2023	2021 – 2022
	Kshs	Kshs
Printing And Stationery	5,060	-
Board Sitting Allowance	270,000	-
Other - To Tana River Trade Department	-	100,000
Total	1,827,443	451,557

5. Cash and Cash Equivalents

Description	2022 – 2023	2021 – 2022
	Kshs	Kshs
Tana River County Inuka Fund Main Account	45,361,272	75,002,261
Tana River County Inuka Fund Admin Account	34,222	1,854,954
Tana River County Inuka Fund Loan Account	1,135,038	100
On – Call Deposits	-	-
Current Account	-	-
Others	-	-
Total Cash And Cash Equivalents	46,530,532	76,857,315

Tana River County Inuka Fund
Annual Report and Financial Statements for the Year Ended June 30, 2023

Notes to the Financial Statements Continued

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

Financial Institution	Account Number	2022 – 2023	2021 – 2022
		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			
Tana River County Inuka Fund Main	1272981193	45,361,272	75,002,261
Tana River County Inuka Fund Admin	1272981223	34,222	1,854,954
Tana River County Inuka Fund Loan	1272981088	1,135,038	100
Sub - Total		46,530,532	76,857,315
d) Others			
Cash In Transit		-	-
Cash In Hand		-	-
Sub - Total		-	-
Grand Total		46,530,532	76,857,315

6. Receivables from Exchange Transactions

Description	2022 – 2023	2021 – 2022
	Kshs	Kshs
Current Receivables		
Interest Receivable	-	-
Current Loan Repayments Due	14,907,000	-
Other Exchange Debtors	-	-
Less: Impairment Allowance	(-)	(-)
Total Current Receivables	14,907,000	
Non-Current Receivables		
Long Term Loan Repayments Due	14,612,050	-
Total Non-Current Receivables	14,612,050	-
Total Receivables From Exchange Transactions	29,519,050	-

Tana River County Inuka Fund
Annual Report and Financial Statements for the Year Ended June 30, 2023

Notes to the Financial Statements Continued

Additional Disclosure on Interest Receivable

Description	2022 – 2023	2021 – 2022
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current Loan Repayments Due		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	14,907,000	-

Tana River County Inuka Fund
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Notes to The Financial Statements (Continued)

7. Property, Plant and Equipment

	Land and Buildings	Motor Vehicles	Furniture and Fittings	Computers and Office Equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2021	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	(-)	(-)	-	-	(-)
Transfers/Adjustments	-	(-)	-	(-)	(-)
At 30th June 2022	-	-	-	-	-
At 1st July 2022					
Additions	-	-	-	-	-
Disposals	(-)	-	-	-	(-)
Transfer/Adjustments	(-)	-	-	(-)	(-)
At 30th June 2023	-	-	-	-	-
Depreciation And Impairment					
At 1st July 2021	(-)	(-)	(-)	(-)	(-)
Depreciation	(-)	(-)	(-)	(-)	(-)
Impairment	(-)	-	-	-	(-)
At 30th June 2022	-	-	-	-	-
At 1st July 2022					
Depreciation	(-)	(-)	(-)	-	(-)
Disposals	-	-	-	-	-
Impairment	(-)	(-)	-	-	(-)
Transfer/Adjustment	-	(-)	(-)	-	-
At 30th June 2023	-	-	-	-	-
Net Book Values					
At 30th June 2022	-	-	-	-	-
At 30th June 2023	-	-	-	-	-

Tana River County Inuka Fund
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Notes to The Financial Statements (Continued)

8. Cash Generated from Operations

Description	2022 – 2023	2021 – 2022
	Kshs	Kshs
Surplus/(Deficit) For the Year Before Tax	-	-
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	(-)	(-)
Interest Income	(-)	(-)
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	(-)	(-)
Increase In Receivables	(-)	(-)
Increase In Payables	-	-
Net Cash Flow From Operating Activities	-	-

Notes to The Financial Statements (Continued)

9. Related Party Balances

a) Nature of Related Party Relationships

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

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

b) Related Party Transactions

Description	2022 – 2023	2021 – 2022
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key Management Remuneration

Description	2022 – 2023	2021 – 2022
	Kshs	Kshs
Board of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from Related Parties

Description	2022 – 2023	2021 – 2022
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	27,990,007	-
Total	27,990,007	-

This amount was an amount wired to an advocate because of a Court case that affect the Tana River County Government. It is to be refunded.

Other Disclosures Continued

e) Due to Related Parties

Description	2022 – 2023	2021 – 2022
	Kshs	Kshs
Due to Parent Ministry	-	-
Due to County Government	-	-
Due to Key Management Personnel	-	-
Total	-	-

10. Contingent Assets and Contingent Liabilities

Contingent Liabilities	2022 – 2023	2021 – 2022
	Kshs	Kshs
Court Case... Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

Notes to The Financial Statements (Continued)

11. Financial Risk Management

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

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

a) Credit Risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

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

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

Notes to The Financial Statements (Continued)

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

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

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

b) Liquidity Risk Management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30th June 2023				
Trade Payables	-	-	-	-
Current Portion of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30th June 2022				
Trade Payables	-	-	-	-
Current Portion of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

Notes to The Financial Statements (Continued)

c) Market Risk

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

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

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

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

i. Foreign Currency Risk

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

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

Description		Other Currencies	Total
	Kshs	Kshs	Kshs
At 30th June 2023			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables	-	-	-
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Notes to The Financial Statements (Continued)

Foreign Currency Sensitivity Analysis

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

Description	Change in Currency Rate	Effect on Surplus/ Deficit	Effect on Equity
	Kshs	Kshs	Kshs
2022 - 2023			
Euro	10%	-	-
USD	10%	-	-
2021 - 2022			
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. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs.... (2022: Kshs....). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs.... (2021 – Kshs).

Notes to The Financial Statements (Continued)

d) Capital Risk Management.

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

Description	2022 – 2023	2021 – 2022
	Kshs	Kshs
Revaluation Reserve	-	-
Revolving Fund	75,000,000	75,000,000
Accumulated Surplus	-	-
Total Funds	-	-
Total Borrowings	-	-
Less: Cash and Bank Balances	(-)	(-)
Net debt/(Excess Cash and Cash Equivalents)	-	-
Gearing	0%	0%

12. Events after the Reporting Period

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

13. Ultimate and Holding Entity

The entity is a County Public Fund established by Tana River County Inuka Fund Act, 2016 under the Department of Trade, Tourism and Industry. Its ultimate parent is the County Government of Tana River.

14. Currency

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

*Tana River County Inuka Fund
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20. Annexes

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

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

Reference No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
1	The financial statements did not include the Statement of Performance against the Fund's Predetermined Objectives, Corporate Governance Statement and the Statement on Management Discussion and Analysis.	These statements were included and are part of the audited financial statements.	Resolved	N/A
2	The Statement of Changes in Net Assets reflects Nil surplus for the year. However, the Statement of financial performance reflects a surplus for the year of Kshs. 25,321,939 resulting to an unexplained variance of Kshs. 25,321,939.	The stated figure of Kshs. 25,321,939 do appear in the Statement of Changes in Net Assets.	Resolved	N/A

Tana River County Inuka Fund Administrator

Date  18th Sept. 2023

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

[Insert name of beneficiary Fund]
 [Insert Address]

The [insert SC/SAGA/Fund name here] wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Fund] as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 th June 2023				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

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

Head of Accountants department of beneficiary Fund:

Name SignDate

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Annex III: Reporting of Climate Relevant Expenditures

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

There were no climate relevant expenditures during the period. ***

Annex IV: Reporting on Disaster Management Expenditure

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

There was no disaster management expenditure during the period. ***