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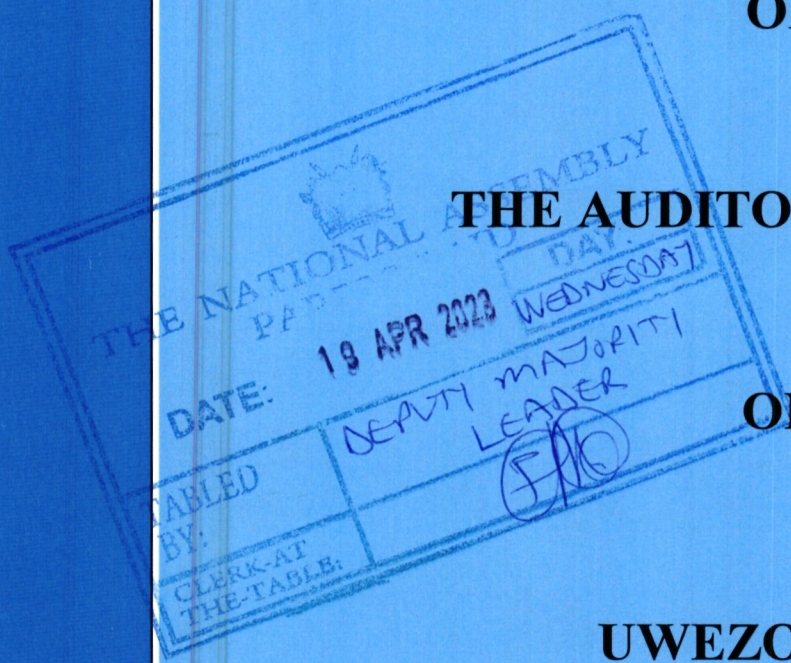
OF

THE AUDITOR-GENERAL

ON

UWEZO FUND

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



OFFICE OF THE AUDITOR GENERAL
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**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2022**

Prepared in accordance with accrual basis of accounting method under the international public sector accounting standards (IPSAS)

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Annual reports and Financial Statements for the year ended June 30, 2022

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1. KEY UWEZO FUND INFORMATION AND MANAGEMENT

(a) Background information

Uwezo Fund was established by Legal Notice No. 21 of the Public Finance Management (Uwezo Fund) Regulations, 2014 on 21st February, 2014. At cabinet level, Uwezo Fund is represented by the Cabinet Secretary for the Ministry of Public Service and Gender, who is responsible for the general policy and strategic direction of the Fund. The Fund is domiciled in Kenya and administered in all the two hundred and ninety constituencies.

(b) Principal Activities

The principal activity of the Fund is to expand access to finances in promotion of youth and women businesses and enterprises at the constituency level for economic growth towards the realization of the goals of Vision 2030. The clientele of the Fund was later expanded to include persons with disabilities. The Fund provides mentorship opportunities to enable beneficiaries take advantage of 30% government procurement preference through its Capacity Building Programme. Uwezo Fund is therefore an avenue for incubating enterprises, catalyzing innovation, promoting industry, creating employment, and growing the economy. The vision of the Fund is equitable social economic transformation of the youth, women and persons with disabilities. The mission is to provide accessible and affordable loans, capacity enhancement, market linkages to youth, women and persons with disabilities for sustainable enterprises.

(c) Key Management

Uwezo Fund's day-to-day management is under the following key organs:

- Board of Directors
- Fund Administrator/Accounting Officer
- Head of Secretariat
- Constituency Uwezo Fund Management Committees
- Finance and Accounts
- Administration Coordination
- Human Resource Management & Development
- Programmes and Co-ordination
- Internal Audit and Risk Management
- Supply Chain Management
- Corporate Affairs & Communication

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KEY UWEZO FUND INFORMATION AND MANAGEMENT (Continued)

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June, 2022 and who had direct fiduciary responsibility were:

1. Principal Secretary Prof. Collette. A. Suda, PhD, FKNAS, CBS
2. Head of Secretariat CPA. Peter L. Lengapiani (MBA)
3. Head of Finance and Accounts CPA. John M. Makai (MBA)
4. Supply Chain Management Justus Ireri
5. Administration Coordination Eunice M'mboga
6. Programme Coordination Danson Kamanda
7. Human Resource Management and Development Gad Etyang
8. Corporate Affairs & Communication Nooh Bashey
9. Internal Audit and Risk Management CPA. Jennifer Mureithi

(e) Fiduciary Oversight Arrangements

- a. Special Funds Accounts Committee of Parliament
- b. The Fund Oversight Board
- c. Programmes and Publicity Committee
- d. Finance and Resource Mobilization Committee
- e. Human Resource and Administration Committee
- f. Audit and Risk Management Committee

(f) Uwezo Fund headquarters

Uwezo Fund Headquarters
P.O. Box 42009 – 00100
Lonrho House 16th Floor
Standard Street
Nairobi, Kenya

(g) Uwezo Fund Contacts

Contacts
Telephone: (254) 776 156 204
E-mail: info@uwezo.go.ke
Website: www.uwezo.go.ke

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h. Uwezo Fund Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

Kenya Commercial Bank
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

National Bank of Kenya Ltd
Harambee Avenue
P.O. Box 72866
City Square 00200
Nairobi, Kenya

Co - operative Bank of Kenya
Kimathi Street
P. O. Box 7512 - 00200
Nairobi, Kenya

Equity Bank Ltd.
P.O. Box 75104 – 00200
Nairobi, Kenya

SBM Bank Kenya Ltd, Riverside
P.O Box 34886-00100
Nairobi, Kenya

Consolidated Bank Ltd.
P. O. Box 51133 – 00200
Nairobi, Kenya

Family Bank Ltd.
P. O. Box 74145 - 00200
Nairobi, Kenya

African Banking Cooperation
P.O. Box 46452 – 00100
Nairobi, Kenya

Chase Bank Ltd
P. O. Box 66049 - 00800
Nairobi, Kenya

First Community Bank Ltd
P. O. Box 26219 – 00100
Nairobi, Kenya

i. Independent Auditors

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



j. Principal Legal Adviser

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

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2. THE BOARD OF DIRECTORS

Name/Responsibility	Passport Size Photo	Professional / Academic Qualifications	Tenure/independent or Alternate	Experience
Prof. Losenge Turoop- Chairman		D.O.B. 1971 PhD(Phytopathology, MSc. Horticulture, BSc(Horticulture)	17/10/2019 to 17/10/2022	Lecturer JKUAT, Co-ordinator of Deans, Associate Dean, Faculty of Agriculture, Budget and Economic Forum Member Samburu County, Board of Trustee (NETFUND), University Resource Mobilization officer, Associate Professor of plant pathology
Lucy Magelo Chairperson - FRM		D. O. B 1954 Full Secretarial Course Higher English Certificate	17/10/2019to 17/10/2022 Independent Director.	Office Administration, Entrepreneur and experience in managing business exports and Imports.



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Name/Responsibility	Passport Size Photo	Professional / Academic Qualifications	Tenure/independent or Alternate	Experience
<p>Nicholas Longole Tepeso</p> <p>Chairperson HRA</p>		<p>D. O. B 1971 Bachelor of Education (Arts),</p>	<p>17/10/2019 To 17/10/2022</p> <p><i>Independent Director</i></p>	<p>Diploma in Management, Kenya Institute of Management</p>
<p>Florence Chemutai</p>		<p>Date of Birth 29/04/1969</p> <p>MBA (Strategic Management)</p>	<p>17/10/2019</p> <p><i>Alternate to PS- State department of gender</i></p>	<p>B Ed, Entrepreneurship Capacity Building, HRM, Certificate in Computer, Strategic Management Course, Strategic Leadership Course</p>
<p>Kasembeli W. Nasiuma</p>		<p>Date of Birth 1963 MBA - Moi University 2008</p>	<p>14/10/2015</p> <p><i>Alternate to PS – National Treasury</i></p>	<p>25-year experience in Public Financial Management, currently serving as a Deputy Director of Budget at the national Treasury</p>

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Name/Responsibility	Passport Size Photo	Professional / Academic Qualifications	Tenure/independent or Alternate	Experience
<p>CPA. Joyce Wanjiru Munyua</p> <p>Chairperson ARM</p>		<p>Date of Birth 1970</p> <p>MSc on going BCOM and CPA(K) and Member of ICPAK</p>	<p>20/01/2017 to 19/10/2022</p> <p>Independent Director</p>	<p>18 years of experience as Accountant; Public and Private sectors.</p>
<p>Peter L. Lengapiani</p>		<p>MA (Project Planning and Management) - University of Nairobi</p> <p>CPA K Member of ICPAK</p>		<p>15 years experience in administration and Management . Currently serving as the Head of Secretariat-Uwezo Fund</p>

UWEZO FUND**Annual reports and Financial Statements for the year ended June 30, 2022****3. MANAGEMENT TEAM**

	Name	Passport Size Photo	Professional/Academic Qualifications	Area of Responsibility
1.	Peter L. Lengapiani		MA (Project Planning and Management) – University of Nairobi CPA (K) Member of ICPAK	Head of Secretariat
2.	CPA. John Makai Mwangangi		MBA Finance JKUAT B. Com Accounting Kenyatta University CPA(K) Diploma in Co-op Management – Co-operative University of Kenya Cert in IT	Finance & Accounts
3.	Justus I. Nyaga		B. Com Daystar University Diploma in Purchasing and Supplies. Member KISM	Supply Chain Management
4.	Eunice Mmboga		Master in Business Admin (Strategic Management) BA Business Admin (Human Resource Management) HND (Human Resource) Diploma (Personnel Management)	Administration

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	Name	Passport Size Photo	Professional/Academic Qualifications	Area of Responsibility
5.	Gad Etyang		B. Arts the University of Nairobi 1992, Higher Dip HRM, TOT, Member IHRM, Trained in Corporate Governance	Human Resource
6.	CPA. Jenifer Mureithi		B. Com (Finance) CPA (K). Member of ICPAK Member of IAA	Audit and Risk Management
7.	Nooh Bashey		BA (Mass Communication and political science)	Corporate Affairs and Communication

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4. CHAIRMAN'S STATEMENT

As the Uwezo Fund is now in its eighth year of operation, I take pride in the achievements made towards realizing economic empowerment of groups that would otherwise not benefit from the mainstream banking spheres.

The Board has promoted the Governments' agenda of the "Big Four" by prioritizing funding of activities directly contributing to the Agenda. Towards this end, the Board is committed to increased funding towards Food security, manufacturing and affordable housing related activities as key pillars in the Government's 'Big Four' economic agenda.

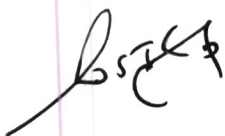
I am proud of the achievements that were made during the 2021/22 FY. I cannot be more grateful to the Board members for role played by them in providing policy guidelines into the management of the Fund. This was achieved against the backdrop of a myriad of challenges that affected the Fund in the year under review. These challenges ranged from the continued drop of funding from the exchequer and the unprecedented surge of the social economic challenges occasioned by Covid -19 pandemic.

Nonetheless, I take pride in the Board's guidance of the operations of the Fund accordingly through its technical committees to address these challenges. As we incorporated the lessons learnt from the initial years of the Fund's operations, the financial year 2021/22 provided a new dawn to address the challenges facing the Fund.

The Board is highly indebted to the State Department for Gender and Ministry of Public Service and Gender for the guidance and support offered in the implementation of the Fund during the period under review. This doubled the Board's decision-making ability to deliver on the Fund's mandate.

I wish to thank and greatly appreciate the contribution of my fellow members of the Board whose valued deliberations have made pragmatic decisions that have steered the Fund to greater heights of prosperity.

Finally, the efforts of the Management team would not go unmentioned, as they dedicated hours of hard work and diligence into the realization of the Fund's mandate. It is the contribution of all team members that made the Fund realize the progress recorded in the year 2021/22.



PROF. LOSENGE TUROOP

CHAIRPERSON

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5. REPORT OF THE HEAD OF SECRETARIAT

I hereby wish to present the Financial statements for the Uwezo Fund Oversight Board for Year 2021/2022. This report highlights the achievement attained by the Fund during the period.

One of the key mandates of the Fund is to expand access to finances for promotion of enterprises owned by youth, Women and Persons with Disabilities for economic empowerment. Towards this end, the Fund has disbursed a total of Kshs. 6,729,648,941 to the 290 constituencies as loan Fund since its inception. The Fund has cumulatively loaned Kshs. 7,191,329,795 to 78,957 groups comprising 50,723 women groups, 26,200 youth groups and 2025 PWD groups. This amount includes Kshs. 1,511,666,583 which has been revolved in 180 constituencies. In the period under review the Fund lend a cumulative amount of Kshs. 544,894,200 to 5585 groups (3995 Women Groups, 1447 Youth groups and 143 groups of PWD)

The Fund's current cumulative repayment stands at Kshs. 2,653,068,922 which translates to a 40.26% repayment rate. Towards this, the Fund has developed constituency-based measures geared towards improved repayment targeting groups as well as constituencies. This enabled a realization of a total collection of Ksh. 294,549,813 in the year under reporting, against the backdrop of challenges posed by COVID-19 pandemic.

Further, the Fund prioritizes capacity building of the beneficiary groups across the country. This ensures that these groups enhance their entrepreneurial skills and prepares them to take advantage of Government initiatives such as AGPO. Through the training, the Fund has promoted the concept of table banking which has not only enhanced the saving culture among the beneficiary groups, but also played an important role in advancement of cohesion amongst the groups.

Despite the significant milestones achieved so far, the Fund has not been without challenges. There has been overwhelming number of applications received vis-a-vis the Funds allocated to Constituencies which has been affected by reducing budgetary provisions. I believe that increased Funding would address these challenges to a large extent.

The Fund continue to experience low repayment rates recorded across some constituencies during the period under review. This limits the funds available for re-lending to groups. The low repayment has largely been occasioned by bad economic times experienced by public hampering the ability of repayment of the Fund.

In the year under review, the Fund spearheaded several public sensitization forums to persuade the loan beneficiaries to repay the loans with the little revenues they were receiving. Further, the Fund engaged various stakeholders to reach out to the defaulters.

The staffing challenge continues to impede on the Fund's optimal performance. This is compounded by the largely- manual operations of the Fund as well as the structure

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of the Fund's management which domiciles its operations in the constituencies. This has convoluted the timeliness and accuracy of the reports from the constituencies. The Fund through the support of public service internship program has eased the staffing challenge at constituency level.

Nevertheless, I wish to reckon the efforts made by the limited staff deployed to the Fund from the various MDAs. It is their commitment to the mandate of the Fund that has steered hope amidst the challenges that have faced us in our passion to deliver. Similarly, I appreciate members of Constituency Secretariat for the support they give to the Fund over and above their main duties in the constituencies. It is the selflessness of this team that has made the achievements aforementioned a reality.

The impressive performance of the 2021/2022 would not have been possible without the continued commitment and dedication of the secretariat team who are deployed to the Board. I therefore wish to thank them for their loyalty and hard work.

Finally, I wish to thank the Board of Directors for their valued direction, timely guidance and decision making that enabled us to deliver the impressive results.



PETER LENGAPIANI
HEAD OF SECRETARIAT

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6. STATEMENT OF UWEZO FUND PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/2022

The Fund has five strategic pillars and objectives within its Strategic Plan for the FY 2018/2019 – 2022/2023. These strategic pillars are as follows: -

Pillar 1: Fund Management and Resource Mobilization

Pillar 2: Leadership and Governance

Pillar 3: Awareness creation

Pillar 4: Strengthening Institutional Capacity and Infrastructure

Pillar 5: Monitoring and evaluation

Uwezo Fund develops its annual work plans based on the above pillars. The assessment of the Fund's performance against its annual work plan is done on a quarterly basis. The Fund achieved its performance targets set for the FY 2021/2022 period for its strategic pillars, as indicated in the diagram below

Strategic Pillar	Objective	Key Performance Indicators	Activity	Achievements
Fund Management and Resource Mobilization	To enhance financial base for loaning and technical development	No. of groups funded	Disbursement of loan funds to groups at the constituencies	5585 groups of youth, women and PWDs issued with loans
	Effective and efficient operation of CUFMCs	No. of constituencies facilitated	Facilitation of CUFMCs	290 constituencies facilitated with Kshs. 89,690,000.
	Empowerment of group members on entrepreneurship and value addition	No. of groups trained	Training of the beneficiary groups	5,232 groups trained
	Effective implementation of the Fund	No. of CUFMCs Secretariat trained	Capacity building of the CUFMCs Secretariat in 100 constituencies	80 officers trained in 26 constituencies

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Strategic Pillar	Objective	Key Performance Indicators	Activity	Achievements
Leadership and Governance	To promote good governance/policy direction for the Fund	No. of Board meetings held	Full Board Meetings	3 meetings held
	Compliance with the regulations of the fund and PFM for effectiveness	No. of Audits	Audits the operation of the Fund in the constituencies and headquarters	Audit in 39 constituencies and headquarters
Awareness creation	To increase awareness and visibility of the Fund	No. of trade fairs and exhibitions attended	Trade Fairs, Conferences and Exhibitions	2 trade fairs
	Itemized, Forward and Supplementary budgets	No. of Reports prepared	Preparation of annual reports on financial status	All financial reports prepared
	Provide opportunities for youth to acquire skills on the job	No. of interns engaged	Internship engagement	201 interns engaged
Strengthening Institutional Capacity and Infrastructure	Renewal of Microsoft Office	No. of licenses renewed	Enhanced Data Safety and Security	No licenses required
	Involvement of a service provider creation of accounts for users on Uwezo System training of users	Bulk SMS to enhance loan recovery	Operationalize Bulk SMS services	No Bulky SMS required

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Strategic Pillar	Objective	Key Performance Indicators	Activity	Achievements
	Effective operations	No. of goods and services procured	Procurement of office equipment and consumables	Kshs.36.2Million for the promotion of local content and Kshs 15.5M for AGPO
Monitoring and evaluation	Ensure effective and efficient implementation of the Fund	The Strategic Plan	Development of Strategic Plan	The Plan developed and launched

7. CORPORATE GOVERNANCE STATEMENT

Uwezo Fund recognizes Corporate Governance as aspect towards meeting its objectives. To achieve long-term success of the Fund, the Board has ensured consistent maintenance and practical application of good corporate governance. The Fund complies with the Corporate Governance Guidelines as prescribed by the Inspectorate of State Corporations being the primary regulatory body of Semi-Autonomous Government Agencies (SAGAs) and ascribe to the ethical standards as set out by the Public Officer Ethics Act.

The Board of Directors

Uwezo Fund is governed by a Board of Directors each of whom is appointed by the Cabinet Secretary, Ministry of Public Service and Gender Affairs (MOPSG) with the exception of the Chairperson and the Principal Secretaries (PSs) in the MOPSG and the National Treasury. The Chairperson is nominated by the Cabinet Secretary and appointed by the President. The Board is accountable to the Kenyan citizens and the MOPSG for the overall performance and is collectively responsible for the long-term success of the Fund.

The functions of the Board as outlined in section 6 of the Public Finance Management (Uwezo Fund) Regulations, 2014 include to provide overall management, design and oversight of the Fund, to develop relevant guidelines and review them as the need arises, to guide the operations and implementation of the Fund amongst others. The board continued to discharge these duties with utmost diligence.

During the year under review we cannot emphasis enough that the board stard the Fund to great heights of prosperity through provision of policy guidelines and board resolutions.

Board Remuneration

The directors' emolument in the year were in the amounts of Kshs. 5,555,908 comprising of Chairman's honoraria of Kshs. 880,000 and directors' allowances amounting to Kshs,4,675,908.

Board and Committee Membership

The Board currently comprises of six members, two of whom are Principal Secretaries or representatives from MOPSG and National Treasury and four Independent Non-Executive Directors. The Board's size and composition is determined by the Public Finance Management (Uwezo Fund) regulations, 2014, Board Charter and Mwongozo Code of Regulations. Full details of the current Board members, their qualifications, skills, experience and tenure are indicated on pages (vi) and (vii) of the 2021/2022 Reports and Financial Statements.

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The current Committee membership and meeting attendance of the Board is as set out below:

	Director		Board Meetings		Committee Meetings				TOTAL
			Board meetings attended	Special Board Meeting	Finance and Resource Mobilization	Human Resource & Administration	Programmes and Publicity	Audit and Risk Management	
		BOARD/MEETINGS HELD	3	1	3	3	3	3	16
1	Prof.Losenge Turoop	Chairman	3	1	-	-	-	-	4
2	Lucy Magelo	Independent	3	1	3	3	3		13
3	CPA. Joyce Munyua	Independent	1	1	-	-	-	3	5
4	Nicholas Tepeso	Independent	3	1	-	3	3	-	10
5	Kasembeli W. Nasiuma	Representative PS – National Treasury	3	1	3	-	-	1	8
6	Florence chemtai	Representative PS- State department of gender	3	1	3	3	3	3	16
7	Peter Lengapiani	Head of secretariat (secretary to the board)	3	1	1	-	-	-	5

In the period under review, the Board held three full board meetings and one special meetings. Each of the committees held at least three meetings.

Constituency Uwezo Fund Management Committees (CUFMC's)

The activities of the Fund at the constituency level, are carried out by Constituency Uwezo Fund Management Committees (CUFMC's) which consist of four government representatives and nominees from each ward by the Constituency Member of Parliament and other three nominees by the County Member of Parliament representing Women, Youth and PWD.

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Secretariat

The Fund is managed by the secretariats for the Board and for each of the constituencies. The Cabinet Secretary MOPSG has deployed 27 members of staff from various Government Ministries, Departments and Agencies to the Board's secretariat. The Constituency Development Fund Manager, Sub-county Youth Development Officer and the Sub-County Development Officers provide secretariat services to the constituency committees.

Succession Planning

Succession planning is an integral part of the continuity of an organization. To ensure continuity in the constituencies, the Fund has put in place a Secretariat composed of Public servants to spearhead the operations of the Fund even after the expiry of terms of the Committee members. This ensures that is continuity in information/implementation when new committees are constituted every three years.

Induction and Training

The Fund inducted and trained Board members on corporate governance and also trained the Audit and Risk Management Committee of the Board on corporate governance to equip them with the requisite skills and competences on board operations and governance issues.

Conflict of Interest

In adherence to accountability and transparency, the board members sign registers to declare conflict of interest for all matters tabled during meetings.

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8. MANAGEMENT DISCUSSION AND ANALYSIS

The printed estimate budgetary allocation for the Fund was Kshs62,000,000 for Development and Kshs.153,600,000 for recurrent totaling Kshs.215,600,000. The Fund received exchequers of Kshs. 62,000,000 and Kshs. 153,600,000 for development and recurrent respectively totaling to Kshs. 215,600,000

Sustainability of the Fund

The budgetary allocation for the financial year 2021/2022 continued to focus on enhancing accessibility to affordable credit and sustainability of the Fund through revolving. The Fund capacity built the Constituencies Uwezo Fund Management Committees (CUFMCs) and engaged their services to undertake loan recovery, vetting & training of new applicants and public sensitization programmes. The head office continued to provide oversight role to the constituencies for the achievement of its mandate.

The Big Four Related Activities

The Board realigned the economic activities of the loan beneficiaries to the big four agenda

i. Food Security and Value Addition

The Fund has encouraged the loan beneficiaries to focus on the food security and nutrition. The groups promote food security through horticultural, maize, vegetables and or mixed farming some keep cattle for sale. Groups would make adequate production to provide to their families and sell surplus to the local market. The Groups provides opportunities for stable income for both themselves, their dependents and they also create employment to the community by engaging casuals during pre-harvest as well as during harvesting period.

Manufacturing

Some groups engage in manufacturing which include leatherwork from which school shoes, belts and wallets are made, tailoring of clothes and uniforms. There are groups that currently supply school and staff uniforms to schools within the locality and also to other private entrepreneurs. The groups employ members who also have dependents thus having more people benefiting from the business.

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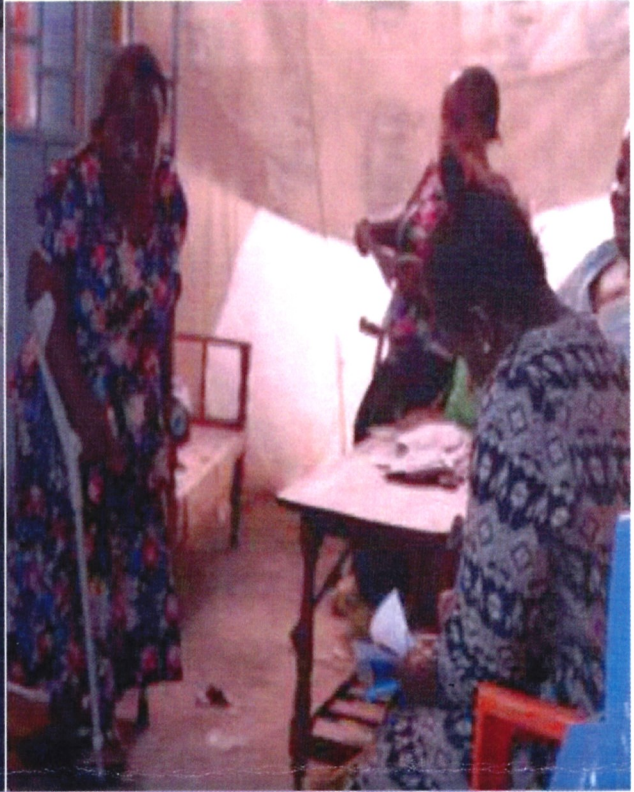
Processing of coconut virgin oil by Tarumbeta Women Group a liter goes for Kshs 2000. The coconut is grated into fine particles and mixed with water. This is kept in the sun until the oil and water separates.



The final product – virgin coconut oil.

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Tunaweza PWD CBO

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A group from Nyali constituency in Mombasa County. They produce reusable sanitary pads. They have exported over 1000 sanitary pads. They also distribute sanitary pads locally in counties of Baringo, Turkana, and Samburu. They produce and sell jewelries. They received a loan of KSH 200 000 From Uwezo Fund



Tosheka women group

The major activities for this group are table banking and chicken rearing. The group received a total of KSH 300 000 from Uwezo Fund. It has 14 members.



Mururu women group

A group from Taita Taveta with 23 members. They do table banking, poultry and basketry. The woven baskets are sold to middle men who export to foreign countries and other sell locally.

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They received KSH. 100 000 from Uwezo Fund.



Mwatate disabled weavers' group

A group practicing table banking and hiring chairs for events. It has over 68 members under one umbrella group. There are four groups under this umbrella. These include; Joy SHG which sells gas cylinders and table banking, Lengo Safi SHG which does basketry, mats and poultry, Family disabled group that does table banking and kitchen garden, and Gantia SHG that does agroforestry. They received Kshs 100 000 from Uwezo Fund.

iii. Affordable Housing

Some beneficiary groups are engaged in affordable housing by collecting waste products and recycle them into useful products such as roofing tiles which are sold at affordable price and promote environmental hygiene.

Brick making is yet another activity the groups are engaged. These activities have not only created employment to its members, but also enhanced the affordability of housing to low level income earners.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Uwezo Fund exists to transform lives, this is the purpose for its existence, the driving force behind everything we do. It's what guides the Fund to deliver its strategy by putting the citizens first, affording credit to the most vulnerable people within the society and improving operational excellence.

i). Sustainability strategy and profile

Uwezo Fund Board of Directors is charged with overseeing the management and administration of the Fund to ensure the promotion of women, youth and persons with disabilities (PWD) businesses/enterprises thereby generating employment through provision of affordable and interest free credit within an environment of good corporate governance.

ii). Environmental performance

The Fund in collaboration with other stakeholders has engaged in its activities that are geared into conservation of environment. The Fund has partnered with Equity bank in planting of trees in various parts of the country.

iii). Employee welfare

The Fund has a staff establishment that is anchored in its strategic plan. In the year under review it has a staff establishment of 27 members of staff that have gender spread. The Fund in its effort to develop employee's welfare considers staff training as an essential aspect of employee development. The fund has continuous upgrading of its officer's core competencies, knowledge, skills and aptitudes inducing their ability to assimilate technology.

iv). Corporate Social Responsibility / Community Engagements

Uwezo Fund has its share of concern towards undertaking corporate social responsibility activities and other forms of community engagements. Uwezo Fund participated in the joint tree planting program is a partnership between Uwezo Fund Oversight Board and Equity Bank. The bank has offered trees to be planted across the country and Pokot South Constituency received a total of 3500 trees. The trees were bought from tree nurseries for various Uwezo Fund beneficiary groups in the County.

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Annual reports and Financial Statements for the year ended June 30, 2022



Uwezo fund staff tree planting program in Tabach where a Total of 1750 trees were planted



Uwezo Fund Oversight Board participating in tree planting program where 600 trees were planted in Lelan ward.



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Members of Uwezo Fund Secretariat who participated in the tree planting exercise during the public service day.

10. REPORT OF THE DIRECTORS

The Directors submit this report together with the financial statements for the year ended June 30th, 2022 which show the state of the Uwezo Fund Affairs.

Principal Activities

The principal activity of the Fund is to provide affordable loans to women, youth and persons with disabilities led enterprises at the constituency level. It also provides capacity building to enable the beneficiaries take advantage of the 30th% government procurement preference. Uwezo Fund, therefore, is an avenue for incubating enterprises, catalyzing innovation, promoting industry, creating employment, and growing the economy.

Results

The results of the entity for the year ended June 30, 2022 are set out on page 1 to 6 that includes the summary of the deficit during the year.

Directors

The members of the Board of Directors who served during the year are shown on pages (vii) and (ix) in accordance with Section 4 of the Public Finance Management (Uwezo Fund) Regulations, 2014. However, earlier in the year under review the operations of the Board were affected by a Quorum hitch occasioned by instructions from the Head of Public Service vide Circular No. OP.CAB/14/21A dated 29th December, 2017 on merger of Kenya Industrial Estates (KIE), Development Bank of

UWEZO FUND

Annual reports and Financial Statements for the year ended June 30, 2022

Kenya, Uwezo Fund, Youth Enterprise Development Fund and Women Enterprise Fund into a Development Institution. Further appointments of the Board members during the merger process were restricted.

Dividends/ surplus remission

The entity posted a loss for the year ended June 30, 2022 because of reduction of the exchequer receipts.

Auditors

The auditor general carried the statutory audit of Uwezo fund in accordance with article 229 of the constitution of Kenya and the public audit Act 2015

BY ORDER OF THE BOARD



**HEAD OF THE SECRETARIAT
UWEZO FUND**

Date.....

UWEZO FUND

Annual reports and Financial Statements for the year ended June 30, 2022

11. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 11 (e) of the Public Fund Management (Uwezo Fund) regulations, 2014 require the Directors to prepare financial statements in respect of Uwezo Fund, which give a true and fair view of the state of affairs of the Fund at the end of the financial year and the operating results of the Fund for the year 2021/2022. The Directors are also required to ensure that the Fund keeps proper accounting records which disclose with reasonable accuracy the financial position of the Fund. The Directors are also responsible for safeguarding the assets of the Fund.

The Directors are responsible for the preparation and presentation of the Uwezo Fund 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 30th, 2022. This responsibility includes: 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 entity; (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 Directors accept responsibility for Uwezo Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with accrual basis of accounting method under the international Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Finance Management Act, 2012 and the Public Finance Management (Uwezo Fund) regulations, 2014. The Directors are of the opinion that the Fund's financial statements give a true and fair view of the state of the Funds transactions during the financial year ended June 30th, 2022, and the Fund's financial position as at June 30th 2022. The Directors 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.

Nothing has come to the attention of the Directors to indicate that Uwezo 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 and signed on its behalf by:



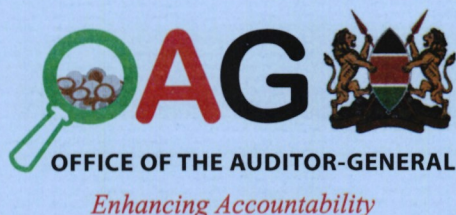
Chairperson of the Board



Head of the Secretariat

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 UWEZO FUND FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Uwezo Fund set out on pages 1 to 33, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Uwezo Fund as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and Legal Notice No.21 of the Public Finance Management (Uwezo Fund) Regulations, 2014.

Basis for Qualified Opinion

1. Unsupported Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.2,216,249,041 as disclosed in Note 14 to the financial statements. The balance includes two hundred and ninety (290) constituencies bank balances of Kshs.1,928,935,051 which was derived from bank statements and was not supported by bank reconciliation statements, certificates of bank balances, board of survey reports and copies of cash book extracts. In addition, physical verification revealed that the constituencies had unreconciled balances resulting from untraceable deposits and unrepresented cheques.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.2,216,249,041 could not be confirmed.

2. Unsupported Long-Term Receivables-Outstanding Loans

The statement of financial position reflects long-term receivables-outstanding loans balance of Kshs.4,790,521,663 as disclosed in Note 16 to the financial statements. However, the balance was not supported by debtors' ledgers detailing loans issued since inception, repayments made and outstanding balances. In addition, Fund's overall loan performance indicates loan disbursements of Kshs.6,716,400,895 and loan repayments of Kshs.741,048,530 or 11% resulting to a balance Kshs.5,975,352,365 or 89% whose recoverability is doubtful. Further, no provision for bad and doubtful debts has been made.

In the circumstances, the accuracy and completeness of the long-term receivables-outstanding loans balance of Kshs.4,790,521,663 could not be confirmed.

3. Unsupported Trade and Other Exchange Payables

The statement of financial position reflects trade and other exchange payables balance of Kshs.2,087,911 as disclosed in Note 18 to the financial statements for eight (8) Constituencies. However, analysis of these Constituencies balances revealed an amount

of Kshs.8,268,312 resulting to an unreconciled variance of Kshs.6,180,401. In addition, the trade and other exchange payables balance excludes outstanding audit fees of Kshs.5,220,000 since financial year 2013/2014.

In the circumstances, the accuracy and completeness of the trade and other exchange payables balance of Kshs.2,087,911 could not be confirmed.

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final expenses budget of Kshs.361,041,445 against actual expenditure of Kshs.155,120,092 resulting in an under expenditure of Kshs.205,921,353 or 57 % of the budget.

The under-expenditure affected the Fund's principal activity of expanding access to finances in promotion of youth and women businesses and enterprises at the constituency level for economic growth towards the realisation of the goals of Vision 2030.

2. Unresolved Prior Year Matters

In the audit report of the previous year, several paragraphs were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues nor given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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 comply, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Use of Manual Records

The Board had approved the procurement of Enterprise Resource Planning (ERP) system and during the period under review, a budget provision of Kshs.17,000,000 was made. However, the system has not been procured and the Fund continues to use manual system to account for loans and the two hundred and ninety (290) constituencies bank accounts. In addition, the procurement of goods and services has not been digitized contrary to Executive Order No.2 of 2018 requiring every public entity to implement the e-procurement system.

In the circumstances, the effectiveness of controls of the manual systems could not be confirmed.

2. Weaknesses in Fund Administration

The statement of financial position reflects long-term receivables-outstanding loans balance of Kshs.4,790,521,663 as disclosed in Note 16 to the financial statements. A review of records maintained at eight (8) sampled Constituency Uwezo Fund offices revealed there were no follow-up measures to beneficiaries, lack of loan reconciliations, delays in releasing administrative funds due to non-compliance in making returns, no backups and defaults on loan repayments.

In the circumstances, the effectiveness of controls on loan issuing and repayments could not be confirmed.

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

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

Responsibilities of Management and the Board of Directors

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

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

Auditor-General's Responsibilities for the Audit

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 controls in order to give an assurance on the effectiveness of internal controls, risk management and overall 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 controls would not necessarily disclose all matters in the internal controls 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 controls 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 the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to 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 Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

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



CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

20 January, 2023

UWEZO FUND**Annual reports and Financial Statements for the year ended June 30, 2022****13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE, 2022**

	Notes	2021-2022 Kshs	2020-2021 Kshs
Revenue from non-exchange transactions			
Government grants and subsidies	6	153,600,000	108,750,000
Transfer from other governments-gifts and services in kind	7	<u>30,516,817</u>	<u>27,791,445</u>
Total revenue		<u>184,116,817.00</u>	<u>136,541,445.00</u>
Expenses			
Employee costs	8	35,423,125	32,899,393
Use of goods and services	9	60,243,038	73,700,233
Remuneration of directors	10	4,908,704	5,365,224
Depreciation and amortization expense	11	2,770,247	4,113,034
Repairs and maintenance	12	3,274,912	4,075,091
Constituencies' Administration Costs	14	<u>81,139,925</u>	<u>173,113,419</u>
Total expenses		187,759,951	293,266,394
Net Surplus for the year		<u>(3,643,134.13)</u>	<u>(156,724,949.00)</u>

The notes set out on pages 9 to 24 form an integral part of these Financial Statements

UWEZO FUND

Annual reports and Financial Statements for the year ended June 30, 2022

14. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2022

	Notes	2021-2022 Kshs	2020-2021 Kshs
Assets			
Current assets			
Cash and cash equivalents	14	2,216,249,041	2,308,751,932
Work-in-Progress	15	<u>19,522,765</u>	<u>19,522,765</u>
		2,235,771,806	2,328,274,697
Non-current assets			
Long term receivables –outstanding loans	16	4,790,521,663	4,640,480,509
Property, plant and equipment	17	25,275,731	10,587,129
		4,815,797,394	4,651,067,638
Total assets		7,051,569,201	6,979,342,335
Liabilities			
Current liabilities			
Trade other exchange payables transactions	18	2,087,911	2,087,911
		2,087,911	2,087,911
Net assets		7,049,481,290	6,977,254,424
Accumulated surplus		222,511,286	226,154,420
Revaluation reserve		13,870,000	0
Capital Fund		<u>6,813,100,004</u>	<u>6,751,100,004</u>
Total net assets and liabilities		7,049,481,290	6,977,254,424

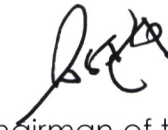
The Financial Statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:



Head of Secretariat



Head of Finance



Chairman of the Board

Name: Peter Lengapiani

Name: CPA. John Mwangangi ICPAK Member
Number: 4223

Name: Prof. Losenge Turoop

Date: 6.12.2022

Date: 6.12.2022

Date: 6.12.2022

UWEZO FUND**Annual reports and Financial Statements for the year ended June 30, 2022****15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2022**

	Retained Surplus	Revaluation reserve	GOK Development grants - Loan Fund	Total
At June 30, 2020	382,879,369	0	6,710,100,004	7,092,979,373
Total comprehensive deficit (Surplus)	(156,724,949)			-156,724,949
Development grants received during the year			41,000,000	41,000,000
At June 30, 2021	226,154,420	0	6,751,100,004	6,977,254,424
Total comprehensive deficit (Surplus)	(3,643,134)			-3,643,134
Motor vehicle revalued during the year		13,870,000	-	13,870,000
Development grants received during the year			62,000,000	62,000,000
At June 30, 2022	222,511,286	13,870,000	6,813,100,004	7,049,481,290

**Transfer from capital fund being three percent for administration fee and eight percent for capacity building in line with section 18 (1) (a) (b) of Public Finance Management (Uwezo) Regulations.*

UWEZO FUND**Annual reports and Financial Statements for the year ended June 30, 2022****16.STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30th JUNE 2022**

		2021-2022	2020-2021
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Government grants and subsidies	6	153,600,000	108,750,000
Total Receipts Payments		153,600,000	108,750,000
Employee Costs	8	4,906,308	5,107,948
Goods and services	9	60,243,038	73,700,233
Remuneration of Directors	10	4,908,704	5,365,224
Repairs and Maintenance	12	3,274,912	4,075,091
Administration Costs	13	81,139,925	173,113,419
Total		154,472,887	261,361,915
Net cash flows from operating activities		(872,887)	(152,611,915)
Cash used in Operating Activities			
Decrease in Payables	18	-	(3,198,544)
Net Cash used in Operating Activities		(872,887)	(155,810,459)
Cash flows From Investing Activities			
Purchase of property, plant, equipment and intangible assets	19	(3,588,850.00)	(6,196,154)
Non-current receivables	20	(150,041,154)	(529,324,296)
Net cash flows used in investing activities		(153,630,004)	(535,520,450)
Cash flows from financing activities			
Grant for capital loan fund from GOK		62,000,000	41,000,000
Net Cash flows from financing activities		62,000,000	41,000,000
Net increase/(decrease) in cash and cash equivalents	-	(92,502,891)	(650,330,909)
Cash and cash equivalents at 1st July, 2021		<u>2,308,751,932</u>	<u>2,959,082,841</u>
Cash and cash equivalents at 30th June, 2022		<u>2,216,249,041</u>	<u>2,308,751,932</u>

UWEZO FUND

Annual reports and Financial Statements for the year ended June 30, 2022

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

Item	Details	Budget	Actual	Variance	Absorption rate%	Explanation of material variances
	REVENUE					
	Government grants and subsidies	153,600,000	153,600,000	0	100	
	Total income	153,600,000	153,600,000	0		
	EXPENSES					
2110202	Basic Salaries -Temporary Employees	2,400,000		2,400,000	0%	Non- approval by Treasury
2110302	Honoraria	960,000	880,000	80,000	92%	One-month salary not Paid
2110315	Extraneous Duty Allowance	5,000,000	4,906,308	93,692	98%	Some officers left to their respective state departments
2210101	Electricity	1,600,000	1,469,403	130,597	92%	Austerity measure
2210201	Telephone, Telex, Facsimile and Mobile Phone Services	1,400,000	1,313,159	86,841	94%	Austerity measure
2210203	Courier and Postal Services	450,000	248,251	201,749	55%	Austerity measure
2210301	Travel costs (airlines, bus, railway, Mileage Allowance etc)	8,500,000	1,171,310	7,328,690	14%	Covid-19 Measures
2210302	Accommodation - Domestic Travel	30,602,600	25,239,820	5,362,780	82%	Covid-19 Measures
2210303	Daily Subsistence Allowance	21,380,000	816,780	20,563,220	4%	Covid-19 Measures
2210304	Sundry Items	150,000		150,000	0%	Covid-19 Measures

UWEZO FUND
Annual reports and Financial Statements for the year ended June 30, 2022

Item	Details	Budget	Actual	Variance	Absorption rate%	Explanation of material variances
2210401	Travel costs (airlines, bus, railway, Mileage Allowance etc)	1,000,000		1,000,000	0%	
2210402	accommodation - foreign Travel	1,000,000		1,000,000	0%	
2210502	Publishing and Printing Services	2,000,000	50,000	1,950,000	3%	Austerity measures
2210503	Subscriptions to Newspaper Magazines and periodicals	48,000		48,000	0%	Austerity Measures
2210504	Advertising Awareness and Publicity Campaigns	6,875,800	3,084,475	3,791,325	45%	Austerity Measures
2210505	Trade Shows and Exhibitions	1,102,000	550,240	551,760	50%	Austerity Measures
2210603	Payment of Rents and Rates - Residential	15,400,000	11,974,584	3,425,416	78%	Late receipt of Payment documents
2210701	Hire of Transport	300,000		300,000	0%	Austerity Measures
2210702	Travel Allowance			0		Austerity Measures
2210702	Remuneration of Instructors and Contract Based Training Services			0		Covid-19 Measures
2210703	Production and Printing of Training Materials	40,000		40,000	0%	Covid-19 Measures
2210704	Hire of Training Facilities and Equipment	8,000,000	3,810,764	4,189,236	48%	Covid-19 Measures
2210712	Training Allowances	1,500,000		1,500,000	0%	Covid-19 Measures
2210801	Catering Services (receptions),	2,000,000	1,506,681	493,319	75%	Covid-19 Measures

UWEZO FUND

Annual reports and Financial Statements for the year ended June 30, 2022

Item	Details	Budget	Actual	Variance	Absorption rate%	Explanation of material variances
	Accommodation, Gift, Food and Drinks					
2210802	Boards, Committee, Conference and Seminars Allowances	1,200,000	340400	859,600	28%	Covid-19 Measures
2210809	Board Allowance	7,100,000	3,890,304	3,209,696	55%	Covid-19 Measures
2210910	Medical Insurance	825,000	445,204	379,796	54%	Covid-19 Measures
2211001	Medical drugs	400,000	202,000	198,000	51%	
2211011	Purchase/Production of Photographic and Audio-Visual Materials	500,000	140000	360,000	28%	Late receipt of Payment documents
2211016	Purchase of Uniforms and Clothing	340,000	140000	200,000	41%	Late receipt of Payment documents
2211101	General office supplies (papers, pencils, forms, small office equipment etc)	1,930,302	1,232,715	697,587	64%	Late receipt of Payment documents
2211102	Supplies and Accessories for Computers and Printers	1,926,112	788,100	1,138,012	41%	Late receipt of Payment documents
2211201	Refined Fuels and Lubricants for Transport	4,500,000	3,121,364	1,378,636	69%	Late receipt of exchequer
2211301	Bank Services Commission and Charges	350,000	324,340	25,660	93%	Late receipt of exchequer
2211305	Contracted Guards and Cleaning Services	2,424,000	2,414,772	9,228	100%	Late receipt of exchequer

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Item	Details	Budget	Actual	Variance	Absorption rate%	Explanation of material variances
2211306	Membership Fees, Dues and Subscriptions to Professional Bodies	200,000	92,981	107,019	46%	Late receipt of exchequer
2211310	Contracted Professional services	1,500,000		1,500,000	0%	Non delivery of the goods by supplier
2220101	Maintenance Expenses - Motor Vehicles	3,117,500	2,283,112	834,388	73%	Late receipt of exchequer
2220202	Maintenance of office Equipment	100,000		100,000	0%	Late receipt of Payment documents
3110701	Purchase of motor vehicle	14,000,000		14,000,000	0%	Non delivery of the goods by supplier
3110302	Refurbishment of Non-Residential Buildings	500,000	29,500	470,500	6%	Late receipt of exchequer
2220210	Maintenance of Computer software and networks	2,300,000	962,300	1,337,700	42%	Late receipt of Payment documents
3111001	Purchase of Office Equipment and Fittings	2,178,955		2,178,955	0%	Late receipt of Payment documents
3111002	Purchase of computers, printers and other IT equipment	2,472,860	551,300	1,921,560	22%	Late receipt of Payment documents
3111111	Purchase of ICT networking and Communications Equipment	8,651,741		8,651,741	0%	Late receipt of Payment documents
3111112	Purchase of software	20,000,000		20,000,000	0%	Non delivery of the goods by supplier

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Item	Details	Budget	Actual	Variance	Absorption rate %	Explanation of material variances
2640503	CUFMCs costs	172,816,575	81,139,925	91,676,650	47%	Non qualification by Some Constituencies
	Total expenditure	361,041,445	155,120,092	205,921,353	0.430	Covid-19 Measures
	Surplus		-1,520,092			

Amount

Kshs.

Reconciliation
Surplus as per the Statement of Financial

Performance

Surplus as per the statement of comparison of budgeted and actuals

Difference

Depreciation

(4,290,338.13)

(1,520,092.13)

(2,770,246.00)

2,770,247.00

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18. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Uwezo Fund is established by and derives its authority and accountability from Public Finance Management (Uwezo Fund) Regulations, 2014. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to:

- (a) Expand access to finances in promotion of youth and women business and enterprises at the constituency level for economic growth towards the realization of the goals of vision 2030;
- (b) To generate gainful self-employment for the youth and women; and
- (c) To model an alternative framework in funding community driven development.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Fund.

The financial statements have been prepared in accordance with the Public Finance Management Act, 2012, the Public Finance Management (Uwezo Fund) Regulations, 2014 and the International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2021

Standard	Effective date	Applicable	Impact
IPSAS 40: Public Sector Combinations	1st January 2019	The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.	The process of merger of affirmative funds took longer than anticipated. It maybe applicable later.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk Management strategy.

Standard	Effective date and impact:
IPSAS 42: Social Benefits	<p>Applicable: 1st January, 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the entity;</p>
Standard	Effective date and impact:
	<p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p>

iii. Early adoption of standards

The Fund did not have any early adoption of any new or amended standards in year 2022.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

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. Recurrent grants are recognized in the statement of comprehensive income. Development grants are recognized in the statement of financial position and realized in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

b) Budget information

The original budget for financial year 2021/2022 was approved by the Board on 14th September, 2021. There were no subsequent revisions or additional appropriations made to the approved budget.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash

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basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

c) Taxes

The Fund is tax exempt as provided for under income Tax Act CAP 470 section 10

d) 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.

e) Depreciation and impairment of property, plant and equipment

Depreciation on property, plant and equipment is recognized in the income statement on straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

Motor vehicles, including motor cycles	4 years
Computers and related equipment	3 years
Office equipment, furniture and fittings	8 years

A full year's depreciation charge is recognized both in the year of asset purchase and in the year of asset disposal.

f) Contingent liabilities

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

g) Contingent assets

The Entity does not recognize a contingent asset but discloses details of a possible asset

whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

h) Nature and purpose of reserves

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

i) Changes in accounting policies and estimates

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

j) Related parties

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

k) 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 authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

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l) Comparative figures

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

m) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The Fund derive amounts reported as outstanding loan fund and administrative costs from bank balances. In the event the cash book balances are obtained from the 290 constituencies and applied the amounts will change significantly.

Estimates and assumptions

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

6. (a) TRANSFERS FROM OTHER GOVERNMENTS

Description	2021-2022	2020-2021
	KShs.	KShs.
Unconditional grants		
Operational grant	153,600,000	108,750,000
Total government grants and subsidies	153,600,000	108,750,000

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(b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount recognized in capital fund.	total grant income recognised during the year	2020-2021	
				KShs.	KShs.
Ministry of Public service, Youth and Gender, State Department of Gender	KShs.	KShs.	KShs.		
Total	153,600,000	62,000,000	215,600,000	159,750,000	

7. GIFTS AND SERVICES-IN-KIND

All officers attached to the Fund are deployed from various ministries and Government Agencies (MDAs) and are remunerated by their respective MDGAs. Subsequently the fund received Contribution in Kind totaling Kshs. 30,516,817

8. EMPLOYEE COSTS	2021-2022 KShs.	2020-2021 KShs.
Transfer from other governments-gifts	30,516,817	27,791,445
Extraneous allowance to employees	4,906,308	4,307,948
Wages to temporary employees-interns	=	<u>800,000</u>
Employee costs	<u>35,423,125</u>	<u>32,899,393</u>
Permanent Employees-Management	27	27

UWEZO FUND**Annual reports and Financial Statements for the year ended June 30, 2022****9. USE OF GOODS AND SERVICES**

Description	2021-2022 KShs.	2020-2021 KShs.
Electricity	1,469,403	1,113,796
Security and cleaning services	2,414,772	2,024,408
Subscriptions	92,981	131,529
Transportation service and supplies	27,227,910	29,110,007
Conferences and delegations- Hospitality	1,506,680	1,235,439
Specialized materials and supplies	482,000	798,280
Consumables-office and general supplies	2,572,115	4,553,907
Fuel, oil and lubricants	3,121,364	2,957,971
Printing and stationery	3,684,715	9,712,192
Rental	11,974,584	14,813,385
Postage, telecommunication services	1,561,410	1,329,659
Training	3,810,764	5,659,600
Others-Bank charges	<u>324,340</u>	<u>260,060</u>
Total	<u>60,243,038</u>	<u>73,700,233</u>

10. REMUNERATION OF DIRECTORS

Description	2021-2022 KShs.	2020-2021 KShs.
Chairman's Honoraria	880,000	880,000
Directors emoluments	3,583,500	4,485,224
Insurance	<u>445,204</u>	<u>0</u>
Total director emoluments	<u>4,908,704</u>	<u>5,365,224</u>

11. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2021-2022 KShs.	2020-2021 KShs
Property, plant and equipment	<u>2,770,247</u>	<u>4,113,034</u>
Total depreciation and amortization	<u>2,770,247</u>	<u>4,113,034</u>

12. REPAIRS AND MAINTENANCE

Description	2021-2022 KShs.	2020-2021 KShs
Vehicles	2,283,112	2,607,500.00
Computers and accessories	962,300	1,226,635
Others	<u>29,500</u>	<u>240,956</u>
Total repairs and maintenance	<u>3,274,912</u>	<u>4,075,091</u>

13. ADMINISTRATION COSTS

Description	2021-2022 KShs.	2020-2021 KShs
Balance B/F	32,941,896	85,648,915.00
Transfers	89,690,000	120,406,400.00
Sub-total	<u>122,631,896</u>	<u>206,055,315.00</u>
Unutilized Funds-Constituencies' bank balances	41,491,971	32,941,896
Sub-total	<u>41,491,971</u>	<u>32,941,896</u>
Total Cost incurred	<u>81,139,925</u>	<u>173,113,419</u>

UWEZO FUND**Annual reports and Financial Statements for the year ended June 30, 2022****14. (a) CASH AND CASH EQUIVALENTS**

Description	2021-2022 KShs.	2020-2021 KShs
Current & Fixed deposit accounts	2,214,588,371	2,307,193,753
Others- Staff imprest	<u>1,660,670</u>	<u>1,558,179</u>
Total cash and cash equivalents	<u>2,216,249,041</u>	<u>2,308,751,932</u>

(b). DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

Financial institution		2021-2022 KShs.	2020-2021 KShs
CURRENT ACCOUNT			
Central Bank of Kenya	1000203714	271,989,398.65	289,992,407
Cooperative bank (Headquarters)	1141530596600	<u>13,663,921.84</u>	<u>19,355,060</u>
Sub-total		285,653,320	309,347,467
African Banking Cooperation	Various	4,562,507.50	5,432,352
Chase Bank/SBM	Various	869,531.00	
Consolidated Bank	Various	14,980,530.00	16,356,842
Co-operative Bank	Various	524,437,084.80	536,843,622
Equity Bank	Various	726,271,008.00	747,883,796
Family Bank	Various	52,395,050.23	65,367,520
First Community Bank	Various	95,309,154.83	92,745,994
Kenya commercial bank	Various	502,365,748.51	525,676,408
National Bank of Kenya	Various	7,744,436.00	7,539,753
Sub-total		1,928,935,051	1,997,846,287
Grant - Total		2,214,588,371	2,307,193,753

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Description	2021-2022 KShs	2020-2021 KShs
ERP	19,522,765	19,522,765
Total	<u>19,522,765</u>	<u>19,522,765</u>

16. LOAN TO GROUPS

Description	2021-2022 KShs	2020-2021 KShs
Loan Capital Fund	6,654,087,019	6,499,650,004
Transfers to Loan Fund A/C	<u>75,561,922.00</u>	<u>154,437,015</u>
Sub-total	<u>6,729,648,941</u>	<u>6,654,087,019</u>
Bank Balance in CBK A/C	51,684,198	48,702,119
Bank Balance in Loan Repayment A/C	1,142,019,323.31	1,132,555,536
Bank Balance in Main A/C	<u>745,423,756.97</u>	<u>832,348,855</u>
Sub-total	<u>1,939,127,278</u>	<u>2,013,606,510</u>
	<u>4,790,521,663</u>	<u>4,640,480,509</u>

17. PROPERTY, PLANT AND EQUIPMENT**Schedule of Fixed Assets.**

Description	Motor vehicles Kshs	Office Furniture & Fittings	Computers & Related Equipment	Office Equipment	Total Kshs
		Kshs	Kshs	Kshs	
COST					
End of Year- June 2019	58,587,800	10,742,301	12,112,888	9,654,016	91,097,006
Additions	-	-	97,000	-	97,000
Transfers/Adjustments	-	-	-1,437,000	-	-1,437,000
End of Year- June 2020	58,587,800	10,742,301	10,772,888	9,654,016	89,757,006
Additions			4,536,154	1,660,000	6,196,154
End of Year- June 2021	58,587,800	10,742,301	15,309,042	11,314,016	95,953,160

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*Additions		331,350	1,663,000	1,594,500	3,588,850
End of Year- June 2022	58,587,800	11,073,651	16,972,042	12,908,516	99,542,010
DEPRECIATION AND IMPAIRMENT					
At June 30, 2019	55,687,800	6,822,371	11,106,555	5,567,021	79,183,745
Depreciation	0	1,342,788	0	1,205,462	2,548,250
Transfers/Adjustments	-	-	-479,000	-	-479,000
At June 30 ,2020	58,587,800	8,165,158	10,675,888	6,772,483	84,201,328
Depreciation		1,342,788	1,544,385	1,225,862	4,113,035
At June 30 ,2021	58,587,800	9,507,946	12,220,273	7,998,345	88,314,363
Depreciation		0	1,544,385	1,225,862	2,770,247
At June 30 ,2022	58,587,800	9,507,946	13,764,658	9,224,207	91,084,610
Net Book Values.					
At June 30, 2019	2,900,000	3,919,930	1,006,333	4,086,995	11,913,259
At June 30, 2020	2,900,000	2,577,143	145,333	2,881,533	8,504,009
At June 30, 2021	2,900,000	1,234,355	3,137,102	3,315,671	10,587,128
*At June 30, 2022	16,770,000	1,565,705	3,255,717	3,684,309	25,275,731

*No depreciation was provided for new assets as they were acquired at the close of the year.
The management revalued the motor vehicles and have been recognized in the financial statements at the revalued amounts.

18. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description Current Liabilities	2021-2022 KShs	2020-2021 KShs
Opening Balance	2,087,911	5,286,455
Increase/(decrease)	=	(3,198,544)
Closing Balance	<u>2,087,911</u>	<u>2,087,911</u>

19. CASHFLOWS ON PURCHASE OF COMPUTERS AND OTHER RELATED EQUIPMENT

Description	2021-2022 KShs	2020-2021 KShs
Computers & Related equipment	3,588,850	6,196,154
	<u>3,588,850</u>	<u>6,196,154</u>

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20. NON-CURRENT RECEIVABLES

Description Outstanding Loans	2021-2022 KShs	2020-2021 KShs
Opening Balance	4,640,480,509	4,111,156,213
Increase/(decrease)	<u>150,041,154</u>	<u>529,324,296</u>
Closing Balance	<u>4,790,521,663</u>	<u>4,640,480,509</u>

21. FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks. The fund's overall risk management programme focuses on unpredictability of loan repayment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund has structures in place to ensure that credit is given only to vetted registered groups within the constituency.

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

i) Credit risk

The Fund has exposure to credit risk, which is the risk that the government as the single financier will be unable to transfer exchequer equivalent to total budgetary allocation in full when due. Management causes disbursements only after the exchequer has been received.

The carrying amount of financial assets recorded in the financial statements representing the Fund's maximum exposure to credit risk.

ii) Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Fund's directors, who have built an appropriate liquidity risk management framework for the Management of the Fund's short, medium and long-term funding and liquidity management requirements. The Fund manages liquidity risk through continuous monitoring of budgetary allocation and actual cash flows as exchequer releases and movement of loan balances.

iii) Operating risk

The board has put in place internal audit functions to assist in assessing the risks faced by the Fund on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls

22. RELATED PARTY BALANCES

Nature of related party relationships

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions.

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Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of Uwezo Fund, holding 100% of the Fund's equity interest. Other related parties include:

- i) The National Government;
- ii) The Parent Ministry;
- iii) Constituency and County Member of Parliament
- iv) CUFMCs
- v) Key management;
- vi) Board of directors;

23. CAPITAL COMMITMENTS

Capital commitments	2021-2022	2020-2021
	KShs	KShs
Loan Fund for disbursement to constituencies	85,419,313	48,702,119
Administration Fund for disbursement to constituencies	83,126,575	126,432,650
Total	165,251,922	175,134,769

This is loan fund and administrative fund commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. The loan and administrative commitments are authorized by the board but at the end of the year had not been transferred to the respective constituencies.

24. EVENTS AFTER THE REPORTING PERIOD

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

25. ULTIMATE AND HOLDING ENTITY

The entity is a National Fund under the Ministry of Public Service and Gender which is the ultimate parent is the Government of Kenya.

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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Unsupported and Unreconciled Cash and Cash Equivalents				
	<p>The statement of financial position reflects a balance of Kshs.2,308,751,932 under cash and cash equivalents. However, the schedule presented in support of the balance reflected an amount of Kshs.2,308,718,934 resulting in an unexplained variance of Kshs.32,998. Further, as disclosed in Note 15 to the financial statements, included in the balance is Kshs.1,997,846,287 held in eight commercial banks with each of the 290 Constituencies maintaining three (3) types of bank accounts namely; main, administration and loan accounts. However, supporting documents for 291 bank account balances by way of bank reconciliation statements, certificate of bank balance confirmation, board of survey reports and copies of cash book extracts for the bank accounts were not provided for audit review. The reported bank balance was derived from</p>	<p>The statement of financial position submitted for audit reflects balance of cash and cash equivalent as at 30th June, 2021 of Ksh 2,308,751,932. This figure is composed of current and fixed deposit account balances of Ksh 2,307,226,753 and outstanding staff imprests of Kshs. 1,525,180. These two figures are in variance with the schedule presented during the audit in support of the cash and cash equivalent reflecting an amount of Kshs.2,308,718,934. The current and fixed deposit balance of cash and cash equivalent was indivertibly been overstated by</p>	John Makai (DAG)	Resolved	Immediately

UWEZO FUND

Annual reports and Financial Statements for the year ended June 30, 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>the bank statement balances as at 30 June, 2021 instead of the cash book balances. This is a departure from the generally accepted accounting principles and practices.</p> <p>In addition, the loan accounts schedules submitted in support of individual constituencies balances amounted to Kshs.1,128,137,461 which varied with the reported balance in the financial statements of Kshs.1,132,555,536, resulting to an unexplained and unreconciled variance of Kshs.4,418,074. Consequently, the accuracy and completeness of the reported cash and cash equivalents balance of Kshs.2,308,751,932 could not be confirmed</p>	<p>Ksh.32,998 while the staff imprests had been understated by the same amount. This overcast and undercast is highly regrettable however, the balance of cash and cash equivalent has been corrected in the amended financial statements that are hereby submitted for audit review. A schedule of the summary of cash and cash equivalents supporting the amended Financial statements are herein attached (Appendix 1). Further, the statement of financial position reflects a balance of Kshs.1,997,846,287 held in eight commercial banks with each of the 290 Constituencies maintaining three (3) types of bank accounts. The supporting summary schedule for the constituencies that</p>			

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Annual reports and Financial Statements for the year ended June 30, 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>have submitted their cashbook balances in support of Kshs. 1,997,846,827 is hereby attached for audit review. (Appendix 2). The management submits that the corresponding documents for 663 bank account balances in support of the balance of Kshs.1,997,846,287 by way of bank reconciliation statements, certificate of bank balance confirmation, board of survey reports and copies of cash book extracts for the bank accounts are available for audit review. In addition, the reported balances in the loan repayment account under note 17 of the financial statements submitted for audit was amount of Kshs.1,132,555,536. The loan accounts schedules submitted in support of</p>			

UWEZO FUND

Annual reports and Financial Statements for the year ended June 30, 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>individual constituencies balances also amount to Kshs. 1,132,555,536. This figure of Kshs. 1,132,555,536 is the same as the one reported in the financial statements and is available for audit confirmation.</p>			
2	Unsupported Long-Term Receivables -Outstanding Loans				
	<p>The statement of financial position reflects a balance of Kshs.4,640,480,509 in respect of long-term receivables - outstanding loans to groups as 30 June, 2021. The balance has been derived by adjusting loan capital fund grants of Kshs.6,654,087,019 for amount of monies presumably held at Central Bank of Kenya, loan repayments and main accounts of Kshs.48,702,119, Kshs.1,132,555,536 and Kshs.832,348,855 respectively. However, the presumed bank balances are unsupported. Further, as previously reported, there were no debtors' ledgers detailing loans issued, by the Fund since inception and repayments made over the years on account of loan recoveries. There were no comprehensive loan listings or aging analysis in support of the loans. In the circumstances, the</p>	<p>The statement of financial position reflects a balance of Kshs.4,640,480,509 in respect of long-term receivables - outstanding loans to groups as 30 June, 2021. The balance has been arrived at by adjusting loan capital fund grants of Kshs.6,654,087,019 for amount of monies held at Central Bank of Kenya, loan repayments and main accounts of Kshs.48,702,119, Kshs.1,132,555,536 and Kshs.832,348,855 respectively. The Fund submits that bank balances for the Loan Repayment and Main Accounts held in all the banks, for constituencies and the bank balance certificate for the Central Bank Account are available for audit</p>	John Makai (DAG)	Not Resolved	Immediately

UWEZO FUND

Annual reports and Financial Statements for the year ended June 30, 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	accuracy and completeness of the reported receivables-outstanding balance of Kshs.4,640,480,509 could not be confirmed.	review. The Fund also submits that its primary operations are constituency-based, as such the primary loan records are maintained in the constituencies. However, the constituencies submit summaries of loan records as obtained from the primary loan records to the Fund. These records include the loan listing indicating all groups funded in the constituencies, the repaid loans and their respective loan balances. To-date, the loan records for 232 constituencies, which represent 80% of the constituencies are available for Audit review.			
3	Constituencies' Administration Costs				
	The statement of financial performance reflects constituencies' administration costs of Kshs.173,113,419. However, out of 290 constituencies, only 213 constituencies submitted their respective expenditure returns totaling to Kshs.130,468,263, leaving a balance of Kshs.42,645,156 in respect of 77 constituencies which was not supported by comprehensive expenditure returns. Further examination of the submitted returns from	The Statement of Financial Performance for the year ended 30th June 2021 reflects an amount of Kshs 173,113,419 as administration costs that was spend by constituencies during the year under review. The management submits that due to the challenges of the Fund structure, the expenditure returns from all the 290 constituencies had not been all	John Makai (DAG)	Not Resolved	Immediately

UWEZO FUND

Annual reports and Financial Statements for the year ended June 30, 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Turkana Central Constituency revealed unsupported expenditure of Kshs.293,000 during the year. Cash sale receipts were also not supported with electronic tax receipts as required.</p> <p>In the circumstances, the accuracy and completeness of the constituencies' administration costs of Kshs.173,113,419 could not be confirmed.</p>	<p>received from constituencies by the time the financial statements were prepared. Nevertheless, the Fund has since received and collated the expenditure returns for 221 constituencies totaling to Kshs. 136,841,286. This amount compared to the expenditure of Kshs 173,113,419 translates to 79% support for the expenditure. Further, the Fund wrote a letter to Turkana Central Constituency asking for an explanation on the circumstances under which there was unsupported expenditure of Kshs.293,000 from the constituency during the year under review. In response, Turkana Central Constituency submitted scanned copies payment vouchers and other documents to support the expenditure of Kshs.293,000.</p>			
4	Internal Control Weaknesses in Fund Administration at the Constituency Level				
	The statement of financial position as at 30 June, 2021 and Note 17 to the	Uwezo Fund is operationalized at two levels, the	John Makai (DAG)	Not Resolved	Immediately

UWEZO FUND

Annual reports and Financial Statements for the year ended June 30, 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>financial statements reflects a balance of Kshs.4,640,480,509 under long term receivables-outstanding loans. The balance relates to outstanding loans to various groups issued since inception of the Fund. However, a review of records maintained at sampled Constituency Uwezo Fund offices revealed the following internal control weaknesses:</p> <p>i. Failure to institute measures for effective follow up on beneficiaries of loans leading to high loan defaulters.</p> <p>ii. Failure to carry out reconciliations of loans records. As a result, repayments in bank statements were not reconciled to the loan registers leading to un-cleared suspense ledger balances in Kasipul-Kabondo and Khwisero Constituencies.</p> <p>iii. Several Constituencies did not update loan registers, bank reconciliation statements and loan repayments.</p> <p>iv. The records further revealed deficiency in documentation, authorization and approvals of loans to prevent irregular loans. Individual loan accounts and details of loans beneficiaries were not maintained in Muhoroni and Khwisero</p>	<p>Fund's Secretariat and the constituencies. As such disbursement of funds is also in the two levels. The Fund's Secretariat disburses funds through the constituency bank accounts maintained for every constituency as provided for in the PFM (Uwezo Fund) regulations 2014 section 19 (c) where the same funds are loaned by constituencies to beneficiary groups. The management has got very minimal role to play on the daily operations at the constituencies. In the circumstances, Documentation, authorization approvals, bank reconciliation and follow-up of loans repayments is done at the constituency level. To address the issues of loans recovery, Constituencies have sought assistance from the local administration to follow up loan recovery from loan defaulters and at the same time sensitize loan beneficiaries on the importance of loan repayment. In addition, the Fund</p>			

UWEZO FUND

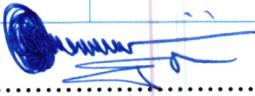
Annual reports and Financial Statements for the year ended June 30, 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Constituencies. Further, some groups were given loans yet there was no evidence of approval and completed application forms.</p> <p>v. The Uwezo Fund operations in Bureti Constituency appear to have been dormant since 2016 and as a result, outstanding loans may not be recovered.</p>	<p>at management level has taken judicious measures to have loan beneficiaries repay the loans advanced to them. These efforts for recovery of loans have been done by making regular follow- up trainings of group members and conducting loan repayment campaigns through local vernacular radio stations in various constituencies to create awareness to loan beneficiaries on the need to make prompt and regular loan repayment. Further, the Fund has made sure that summary of loan repayment returns from the constituencies are submitted to the secretariat as provided for by section 18(d) of the PFM (UF) regulation 2014. To ensure adherence to the PFM Act 2015 and other relevant Government statutes and regulations, the Fund severally reminded the respective AIE holders to adhere to the provisions of the guidelines on Financial</p>			

UWEZO FUND

Annual reports and Financial Statements for the year ended June 30, 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		management. Finally, the Fund has written to the specific constituencies highlighting the observations pointed by the auditors in order to ensure that the current state of low loan repayment and defaulting is addressed accordingly.			



Head of Secretariat

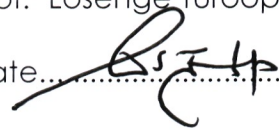
Peter Lengapiani

Date.....

Chairman of the Board

Prof. Losenge Turoop

Date.....



UWEZO FUND

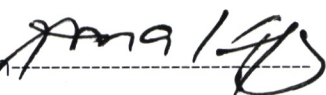
Annual reports and Financial Statements for the year ended June 30, 2022

APPENDIX II: INTER-ENTITY TRANSFERS

ENTITY NAME: UWEZO FUND				
Break down of Transfers from the State Department of Gender				
FY 2021/2022				
a.	Recurrent Grants			
	Ref. No	Bank Statement Date	Amount (Kshs)	Financial Year
1	FT21250ZPNZO	07/09/2021	38,400,000	2021/2022
2	FT21298VPWJI	25/10/2021	12,800,000	2021/2022
3	FR201350GQTSV	16/12/2021	12,800,000	2021/2022
4	FT220450MP11	14/02/2022	12,800,000	2021/2022
5	FT220457D4YM	14/02/2022	12,800,000	2021/2022
6	FT22076LK7SN	17/03/2022	12,800,000	2021/2022
7	FT22088Q9QCV	29/03/2022	12,800,000	2021/2022
8	FT221320DWRD	12/05/2022	12,800,000	2021/2022
9	FT22167R45QZ	16/6/2022	12,800,000	2021/2022
10	FT22175LRNVW	24/06/2022	12,800,000	2021/2022
	Sub-Total		153,600,000	
b.				
	FT212707PMPV	27/09/2021	31,000,000.00	2021/2022
	FT221816HPRB	30/06/2022	31,000,000.00	2021/2022
	Sub-Total		62,000,000.00	
	Grand Total		215,600,000	

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

Head of Finance & Accounts
Uwezo Fund

Sign 

Head of Accounting Unit

State Department for Gender

Sign 