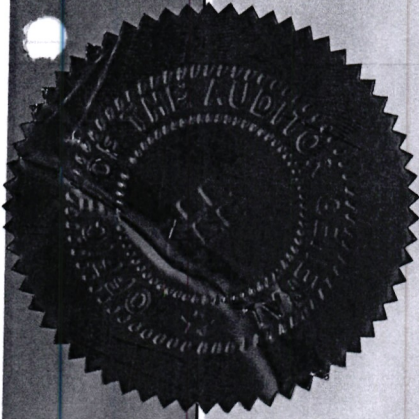
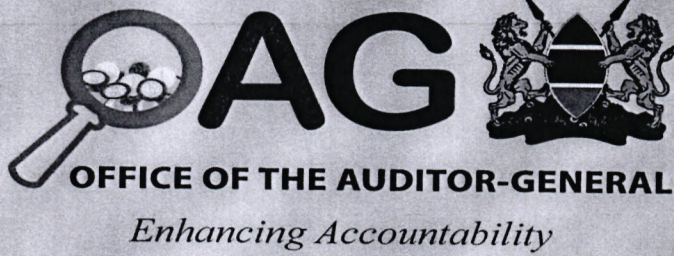


REPUBLIC OF KENYA



REPORT

PARLIAMENT
OF KENYA
LIBRARY

OF

THE AUDITOR-GENERAL

ON

UWEZO FUND

**FOR THE YEAR ENDED
30 JUNE, 2019**

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 11 FEB 2021	BY: <input type="text"/>
TABLED BY: <input type="text"/>	
CHECK AT THE TABLE: <input type="text"/>	

OFFICE OF THE
P. O. BOX
18 MAY 2020

RECEIVED

DATE: 11 FEB 2021

UWEZO FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2019



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

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

Table of Contents	Page
KEY UWEZO FUND INFORMATION AND MANAGEMENT	iii
KEY UWEZO FUND INFORMATION AND MANAGEMENT (Continued)	v
THE BOARD OF DIRECTORS	vii
MANAGEMENT TEAM	ix
CHAIRMAN'S STATEMENT	xi
REPORT OF THE HEAD OF SECRETARIAT	xii
CORPORATE GOVERNANCE STATEMENT	xiv
MANAGEMENT DISCUSSION AND ANALYSIS	xv
CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING	xx
REPORT OF THE DIRECTORS	xxi
STATEMENT OF DIRECTORS' RESPONSIBILITIES	xxii
STATEMENT OF FINANCIAL PERFORMANCE	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF CHANGES IN NET ASSETS	3
STATEMENT OF CASH FLOWS	4
FOR THE YEAR ENDED 30 JUNE 2019	4
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS	5
NOTES TO THE FINANCIAL STATEMENTS	6
APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS	19
APPENDIX II: INTER-ENTITY TRANSFERS	23

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

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 Ministry of Public Service, Youth and Gender, who is responsible for the general policy and strategic direction of Uwezo 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 kitty 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, catalysing innovation, promoting industry, creating employment, and growing the economy. The vision of the fund is to be a leading Institution in economic empowerment of the youth, women and persons living with disabilities for their improved quality of life. The mission is to spur the nation's economic growth and development through mobilisation of resources by providing affordable and accessible credit to youth, women and persons with disabilities.

(c) Key Management

Uwezo Fund 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

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June, 2019 and who had direct fiduciary responsibility were:

- | | |
|---------------------------------------------|-----------------------------|
| • Principal Secretary | - Hon. Safina Kwekwe Tsungu |
| • Head of Secretariat | - Peter L. Lengapiani |
| • Head of Finance and Accounts | - CPA. Naumy J. Kemboi |
| • Supply Chain Management | - Justus Ileri |
| • Administration Coordination | - Eunice Mmboga |
| • Programme Coordination | - Danson Kamanda |
| • Human Resource Management and Development | - Gad Etyang Oriama |
| • Corporate Affairs and Communication | - Jane Chebet |
| • Internal Audit and Risk Management | - CPA. Samuel N. Muhami |

(e) Fiduciary Oversight Arrangements

- Special Funds Accounts Committee of Parliament
- The Fund Oversight Board

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

- Programmes and Publicity Committee
- Finance and Administration Committee
- Audit and Risk Management Committee

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

KEY UWEZO FUND INFORMATION AND MANAGEMENT (Continued)

(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) 776 154 204
E-mail: info@uwezo.go.ke
Website: www.uwezo.go.ke

(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
GOP 00100

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019




Nairobi, Kenya

(j) Principal Legal Adviser



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

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

THE BOARD OF DIRECTORS






Name	Passport Size Photo	Professional/ Academic Qualifications	Tenure	Experience
Yvonne Musuviwa Musila Munuve		Date of Birth 1965 MBA in Marketing and Financial Management BA Education, Economics and Business studies	24/07/2017 to 23/07/2020	23 years' experience of Marketing in Private sector, she is independent director and chairs committee of Finance and Administration.
CPA. Joyce Wanjiru Munyua		Date of Birth 1970 MSc Commerce (Finance and Investment)-On going BCOM and CPA(K) and Member of ICPAK	20/01/2017 to 19/01/2020	18years of experience as Accountant; Public and Private sectors, she is independent director and chairs committee of Audit and Risk Management
Margaret Nyabiage Ratemo, OGW		Date of Birth 1968 Master degree in labour Management – UON and certificate in Strategic Leadership Development Programme	13/06/2015	25 years' experience in Public service ,Member of Institute of Human Resource management, Currently serving as the Director of Human Resource management at the State Department of Gender

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019



Name	Passport Size Photo	Professional/ Academic Qualifications	Tenure	Experience
Kasembeli W. Nasiuma		Date of Birth 1963 MBA - Moi University 2008	14/10/2015	25 year experience in Public Financial Management, Currently serving as a Deputy Director of Budget at the national Treasury
Peter L. Lengapiani		MA (Project Planning and Management) – University of Nairobi CPA (K) Member of ICPAK		15 years’ experience in administration and management. Currently serving as the Head of Secretariat Uwezo Fund

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

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. Naomy J. Kemboi		MBA Finance & Banking, Moi University CPA(K) Strathmore University Member of ICPAK & AWAK	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 Coordination
5.	Gad Etyang Oriama		B. Arts The University Of Nairobi 1992, Higher Dip HRM, TOT, Member IHRM, Trained in Corporate Governance	Human Resource Management and Development

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

	Name	Passport Size Photo	Professional/Academic Qualifications	Area of Responsibility
6.	CPA. Samuel N. Muhami		MBA(Finance) B.Com(Finance) CPA (K). Member of ICPAK Member of IAA	Internal Audit and Risk Management
7.	Jane Chebet		BA (Mass Communication) Diploma Public Relations Management	Corporate Affairs and Communication
8.	Danson Kamanda		Bachelor of Arts (Economics) The University Of Nairobi 1990 Strategic Leadership Development-KIA 2011 Poverty alleviation and social development 2010 Quality Management Internal Auditors	Programmes & Coordination

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

CHAIRMAN'S STATEMENT

As Uwezo Fund marks its fifth year of operation, I am proud of the progress made this far. The Fund has recorded tremendous strides in realizing economic empowerment for groups that would otherwise not benefit accordingly in the mainstream banking spheres.

As a Board, the oversight role that we play has largely been enriched by numerous lessons and interactions with various stakeholders. This interaction and lessons learnt have informed our continuous review of the guidelines & policies for improved management of the Fund. To this end, the Board has recorded tremendous improvement in the overall management of the Fund. The review has mainly been informed by the feedback from the constituencies, interaction with stakeholders as well as guidance from the Ministry of Public Service, Youth and Gender.

The Board has propagated the Governments' agenda of the "Big Four" by prioritizing funding of activities directly contributing into the Agenda. To 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.

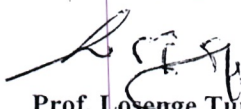
I am proud of the achievements that were made during the 2018/19 FY. To this end I would like to recognize the role played by the Board members in offering valuable guidance into the management of the Fund. This was achieved against a backdrop of a myriad of governance challenges that affected the Fund in the year under review. These challenges ranged from slow pace of nomination of Constituency Uwezo Fund management Committees (CUFMCs)' members by the respective patrons for gazette to lack of quorum for the Oversight Board. The CUFMCs basically undertakes the implementation of the Fund to the constituency level, and therefore their role is critical in the implementation of the Fund's mandate. Further, the quorum hitch in the Board impeded the optimal operations the Fund.

Nevertheless, the Board was able to guide the operations of the Fund accordingly through its technical committees. The FY 2018/19 provided a new opportunity to address the challenges and lessons learnt from the initial years of the Fund's operations.

The Board appreciates the guidance and support offered by the State Department of Gender and Ministry of Public Ministry of Public Service, Youth & Gender in the implementation of the Fund. This enriched the Board's decision-making ability as we endeavored to deliver our mandate.

I wish to thank and greatly appreciate the contribution of my fellow members of the Board whose valued deliberations has produced great resolutions that have steered the Fund to greater levels.

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 FY 2018/19.


Prof. Losenge Turoop
Chairperson

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

REPORT OF THE HEAD OF SECRETARIAT

It is a great honour to present the Financial Report for Uwezo Fund Oversight Board. This report highlights the milestones achieved by the Fund during the Financial Year 2018/2019.

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 so far disbursed a total of Kshs. 6,299,400,004 to the 290 constituencies as loan Fund. Since inception, the Fund has loaned Kshs. 6.059 billion to 65,169 groups comprising 40,772 women groups, 22,585 youth groups and 1,910 PWD groups. Out of this, Kshs. 1.9 billion has been repaid by groups across the constituencies. Further, the Fund has been able to realize revolving of Kshs. 0.6 billion from the repaid amounts for further re-lending.

To-date, over 85,000 applications have been received across the country. This is a clear indication of the insatiable demand of the funds across the constituencies. Irrefutably increased funding would indeed go a long way in bridging the funding gap that the demand for the fund has revealed.

In addition to funding the Uwezo 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 trainings, 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.

To address the repayment challenge, the Fund engaged in training and engagement of key stakeholders in the constituencies. This was mainly to develop and oversee the implementation of localized loan recovery strategies. This intervention witnessed an increase on overall repayment by Kshs. 200 Million across the constituencies from the previous year.

Despite the significant strides attained so far, the Fund has encountered challenges. The main challenge being the overwhelming number of applications received at Constituency level vis-a-vis the Funds allocated to Constituencies. I believe that increased Funding would sufficiently address these challenges.

Secondly, the Fund was faced by a governance gap occasioned by quorum hitch in the Fund's oversight Board. This affected the efficiency and effectiveness of the delivery of the Fund's mandate. However, I wish to appreciate the Fund administrator's efforts and guidance which ensured that the effects of this challenge were contained.

In the same breadth, I wish note that delayed gazettement of Constituency Uwezo Fund Management Committees (CUFMCs) affected the operations of the Fund in the constituencies. Throughout the year under review, the Fund continued to fast-track the gazettement of these committees in liaison with the relevant offices and by 30th June, 2019 only Sixteen (16) constituency committees had not been gazetted.

Low repayment rates recorded across some constituencies is also a key challenge affecting the Fund. This limits the funds available for re-lending groups. The low repayment has largely been occasioned by misinformation among the public regarding the repayment of the Fund. In the year under review, the Fund spearheaded several public sensitization forums to clear this misinformation. 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 of the Fund's management which domiciles its operations in the constituencies. This has convoluted the timeliness and accuracy of the reports to low levels of precision.

Nevertheless, I wish to recognize 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 endeavour 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.

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

The impressive performance of the 2018/2019 would not have been made 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 counsel, timely guidance and decision making that enabled us to deliver the impressive results.



Peter Lengapiani
Head of Secretariat

UWEZO FUND

Annual Reports and Financial Statements For the year ended June 30, 2019

CORPORATE GOVERNANCE STATEMENT

Uwezo Fund recognizes Corporate Governance to be central towards meeting its objectives. In order to achieve long-term success of the Fund, the Board has ensured consistent maintenance and practice 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 Youth and Gender Affairs (MOPSYG) with the exception of the Chairperson and the Principal Secretaries (PSs) in the MOPSYG 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 MOPSYG for the overall performance and is collectively responsible for the long-term success of the Fund. The Board achieves such success by developing relevant guidelines to direct the operations, ensures that the Fund manages risks effectively and monitors Fund's performance and reporting.

Board and Committee Membership

The Board currently comprises of four members, two of whom are Principal Secretaries or representatives from MOPSYG and National Treasury and two 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 2019 Reports and Financial Statements. The current Committee membership of the Board is as set out below:

	Director	Board	Committees		
			Finance and Administration	Programmes and Publicity	Audit and Risk Management
1.	Yvonne Musila	Independent	√ (C)	√	√
2.	CPA. Joyce Munyua	Independent			√ (C)
3.	* Margaret Nyabiage Ratemo, OGW	Representative PS - MOPSYG	√	√	√
4.	* Kasembeli W. Nasiuma	Representative PS – National Treasury	√	√	√
5.	Peter Lengapiani	Head of Secretariat (Secretary to the Board)			

* Deemed as non-independent by virtue of being the representatives of the Principal Secretaries Ministry of Public Service Youth and Gender and The National Treasury. √ (C) – Chairman to the Committees

The Board held nil board meetings, while the committees had a total of 10 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.

Secretariat

The Fund is managed by the secretariats for the Board and for each of the constituencies. The Cabinet Secretary MOPSYG has deployed 24 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.

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

Succession Planning

Succession planning is an integral part of the continuity of an organization. The Fund has achieved this by staggering and varying appointments of Directors of the Board to ensure that the activities of the Board are not interrupted. However, 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 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.

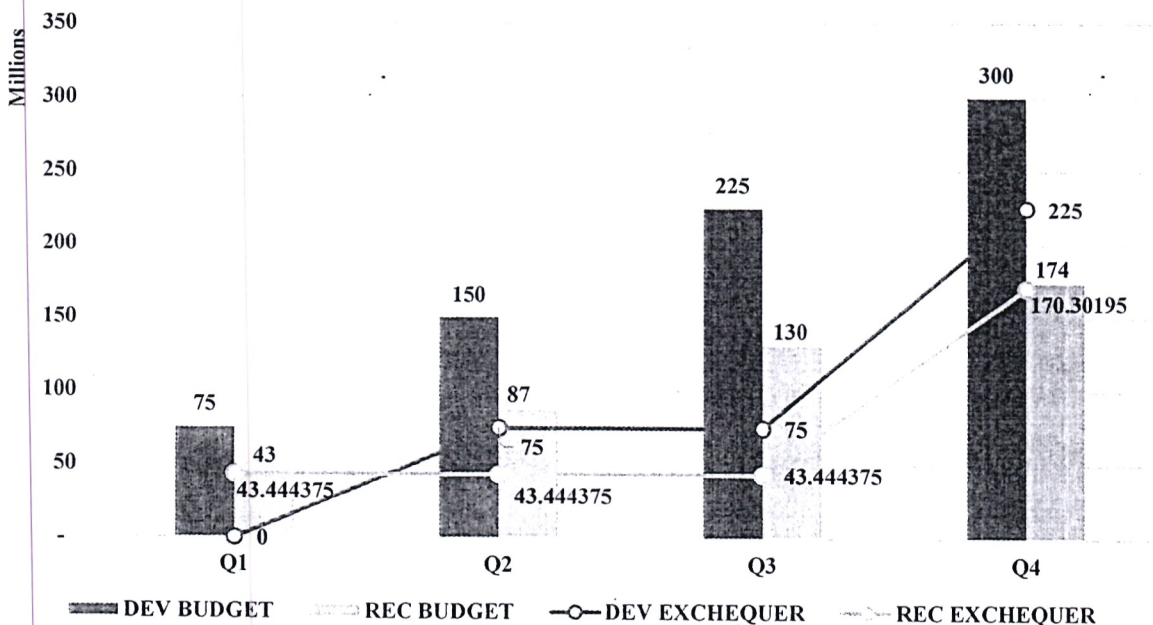
Induction and Training

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.

MANAGEMENT DISCUSSION AND ANALYSIS

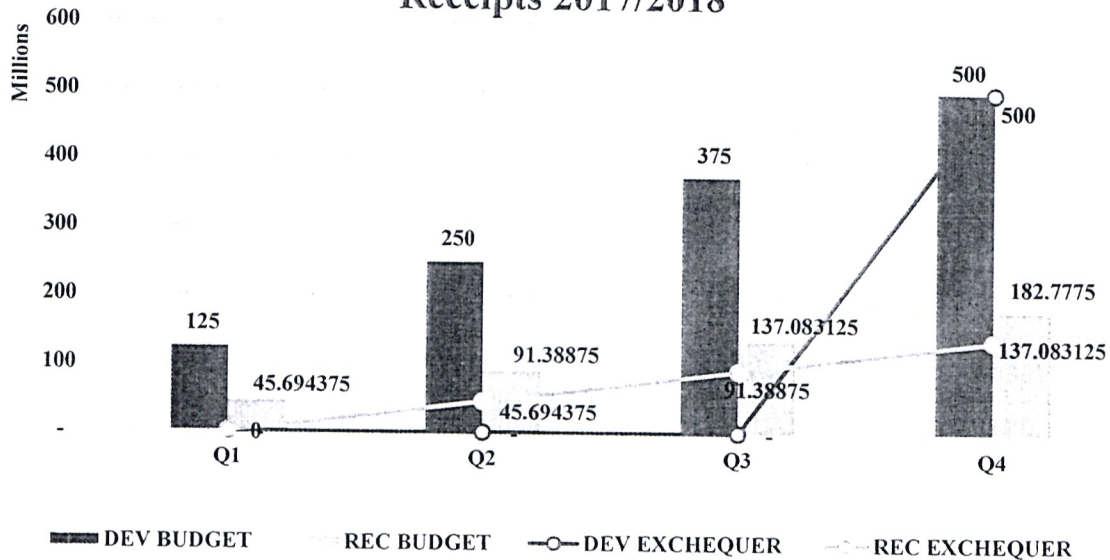
The printed estimate budgetary allocation for the Fund is Kshs.300 Million for Development and Ksh. 173,777,500 for recurrent totaling Ksh. 473,777,500. However, the Fund has a shortfall of Ksh. 78,475,550 occasioned by non-funding of the last quarter of development allocation and a cut of Ksh. 3,475,550 due to austerity measures. The Fund therefore received exchequers of Kshs. 225 Million and Kshs. 170,301,950 development and recurrent respectively totaling to Ksh. 395,301,950 against the expected total annual budgetary allocation of Kshs. 470,301,950.

Quarterly Budgetary Allocation & Exchequer Receipts for 2018/2019



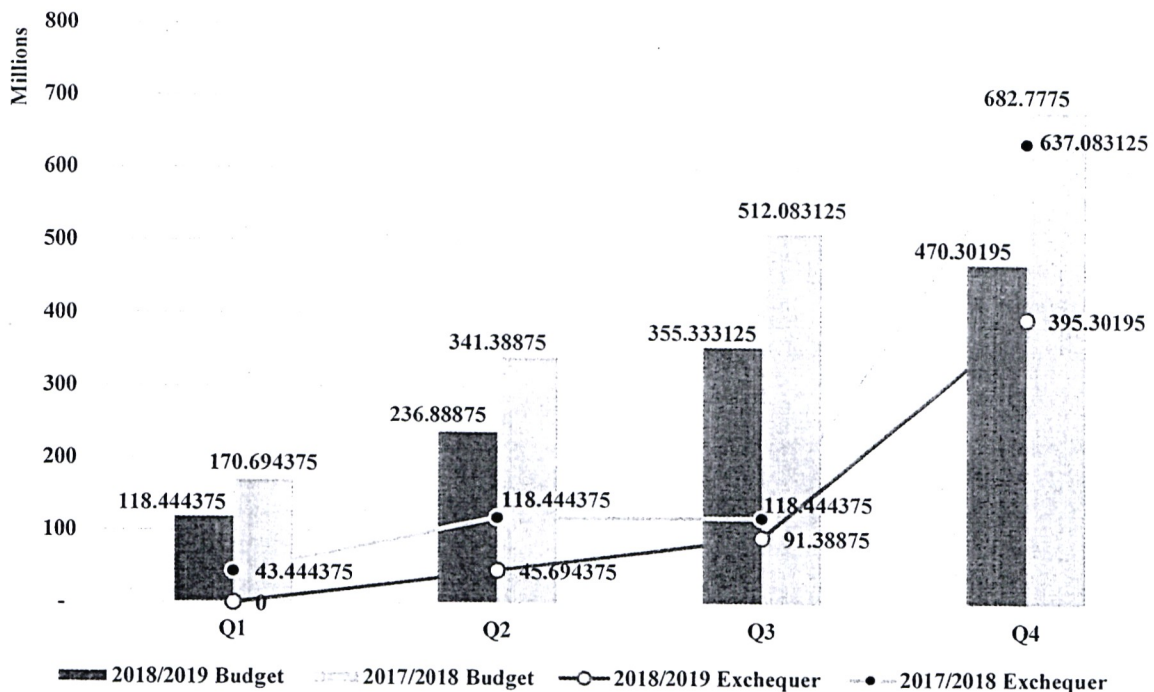
UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

Quarterly Budgetary Allocations & Exchequer Receipts 2017/2018



The two charts above represent annual budgetary allocation in relation to exchequer receipts for two financial years 2018/19 and 2017/2018. It may be observed from the representation the funding is skewed towards the fourth quarter which is the end of the financial year. As a result, the Fund's activities may not be spread evenly as per the work plan and therefore may not be achieved in the proposed period.

Comparative Totals of Budgetary Allocations & Exchequer Receipts for 2018/2019 & 2017/2018



UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

As demonstrated in the chart above, the Fund has continued to have a reduction of budgetary allocation from Kshs. 682,777,500 in the FY 2017/18 to Kshs. 470,301,950 in FY 2018/19. This reduction was further worsened by austerity measures reduction and non-funding of the fourth quarter development fund. This has impacted negatively on the projected performance based on the previous budgetary allocations and funding.

Sustainability of the Fund

The budgetary allocation for the financial year 2018/2019 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 mandates

The Big Four related activities

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

1. Food security

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 in the community by engaging casuals during pre- harvest as well as during harvesting period.

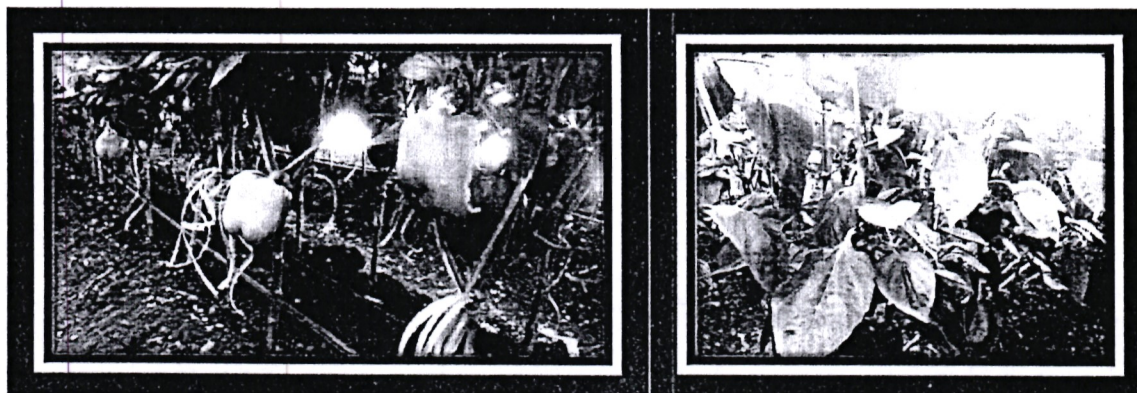


Figure 1: sample of products by youth groups



Figure 1: members of Youth Group tend to their crops

2. 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.



*Figure 2: Members of Tausa Ushirikiano Group of PWDs
Undertake their routine activities in their tailoring shop*



Figure 5: Members of Mathare Jirani Mwema at their place of work

3. 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.



Figure 6: Members of Trade Recyclers Group at their workshop

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The importance of good corporate governance across all corporate entities can no longer be ignored in our country. This has been informed by the need to address far reaching consequences that result from weaknesses in good governance practices in both public and private entities. These consequences often impact negatively on the entity, the stakeholders, the public and by extension to the economy as a whole.

Uwezo Fund Board of Directors is charged with overseeing the management and administration of the Fund to ensure that 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.

The Board is responsible for reviewing and approving funding to the constituencies and providing the necessary leadership, management, design and oversight of the Fund. In this regard, the Board is a key player in the Fund's corporate governance system and is ultimately accountable for the performance of its day to day business.

Uwezo Fund continues to fully adhere to its obligations as enacted through a Legal Notice No. 21 of the Public Finance Management Act, 2014, and published on 21st February 2014 and Code of Corporate Governance. In addition, the Fund abides by the tenets of the Constitution of Kenya and all other laws.

The Fund subscribes to the tenets of good governance at all its levels of operations. Good corporate governance is a key factor in reinforcing the integrity and efficiency of any entity whether public or private. Poor corporate governance can weaken an organization's potential, lead to financial difficulties and in some cases can cause long-term damage to its reputation.

The Board commits itself to adopting the principles of good corporate governance as part of its obligations to the Fund and continues to engage in promoting good corporate governance at all levels.

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

REPORT OF THE DIRECTORS

The Directors submit this report together with the financial statements for the year ended June 30, 2019 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 30% government procurement preference. Uwezo Fund, therefore, is an avenue for incubating enterprises, catalysing innovation, promoting industry, creating employment, and growing the economy.

Results

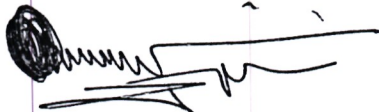
The results of the entity for the year ended June 30, 2019 are set out on page 1 to 6 that includes the summary of the deficit during the year.

Directors

The members of the Board of Directors who served during the year are shown on pages (v) and (vi) in accordance with Section 4 of the Public Finance Management (Uwezo Fund) Regulations, 2014. However, 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 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.

Auditors

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



Uwezo Fund
Head of Secretariat
Nairobi

Date: 14/5/2020

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

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 2018/19. 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 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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.

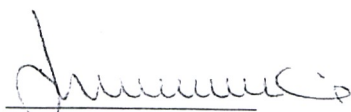
The Directors accept responsibility for Uwezo Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with accrual basis of accounting method under the international Public Sector Accounting 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 30, 2019, and the Fund's financial position as at June 30th 2019. 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 _____ 2020 and signed on its behalf by:

Lucy Magelo



Director

Joyce Munyua



Director

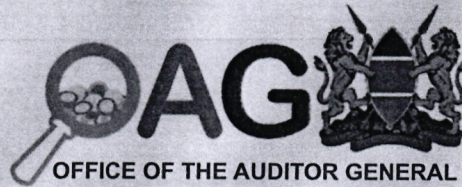
Nasiuma Kasembeli



Director

REPUBLIC OF KENYA

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



OFFICE OF THE AUDITOR GENERAL

Enhancing Accountability

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, 2019

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Uwezo Fund set out on pages 1 to 22, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, the statement of changes in net assets, the statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

I do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Presentation and Inaccuracy of the Financial Statements

The statement of comparison of budget and actual amounts did not reflect the budget and actual amounts for revenue as required by the reporting format prescribed by the Public Sector Accounting Standards Board (PSASB) and The National Treasury. In addition, the statement reflects total expenses amounting to Kshs.243,584,574 while the statement of financial performance reflects total expenditure of Kshs.240,605,113. The variance of Kshs.2,979,461 has not been explained or reconciled.

Under the circumstances, it has not been possible to confirm the completeness and accuracy of the financial statements for the year ended 30 June, 2019.

2. Unsupported Constituencies Administration Costs

The statement of financial performance and Note 16 to the financial statements reflects an amount of Kshs.115,568,891 as Constituencies' administration costs which were not supported with the relevant documentary evidence in form of comprehensive expenditure returns.

Under the circumstances, the accuracy of the Constituencies administration costs of Kshs.115,568,891 could not be confirmed.

3. Cash and Cash Equivalents

The statement of financial position and Note 17 to the financial statements indicate an amount of Kshs.2,881,305,135 in respect of cash and cash equivalents. As reported in the previous year, the Fund maintained three (3) bank accounts for each of the 290 Constituencies in Kenya distributed over nine (9) Commercial Banks which had a total bank balance of Kshs.2,333,718,282 as at 30 June, 2019. However, the following issues were noted in respect of the balance:

- (i) Management has availed the documents in support of the reported balances in form of bank reconciliation statements, bank balance confirmation certificates, Board of Survey reports and copies of cash books, for each of the three (3) bank accounts for only seventy-one (71) Constituencies representing Kshs.573,877,689 or about 25%. However, for ninety-two (92) Constituencies there was partial submission of supporting documentation and for one hundred and twenty-seven (127) Constituencies, there were no documents submitted in support of the reported balances.
- (ii) The Constituencies' reported bank balances were not based on the Fund's accounting records since they comprised the unreconciled bank balances as reflected in the respective bank balance confirmation certificates, instead of the reconciled cashbook balances. Further, the bank balances confirmation certificates and/or the bank statements for one hundred and twenty-seven (127) Constituencies as noted above were not availed for audit purposes.
- (iii) The bank reconciliation statements for the bank accounts for nine (9) Constituencies as shown below had stale unpresented cheques of Kshs.1,801,139 as at 30 June, 2019. The Management had not initiated the process of reversing the cheques and no explanation has been provided for the non-reversal.

No.	Constituency	Account			Total Kshs.
		Main Kshs.	Administration Kshs.	Loan Repayment Kshs.	
1	Manyatta	100,000			100,000
2	Mwingi West	50,000	22,000		72,000
3	Kaiti	100,000			100,000
4	Makueni	100,000			100,000
5	Kikuyu	200,000		177,143	277,143
6	Tetu	410,000			410,000
7	Mwea			439,496	439,496
8	Rongai			150,000	150,000
9	Njoro	52,500			
	Total	1,012,500	22,000	766,639	1,801,139

- (iv) The reported bank balance of Kshs.7,548,545 for Marakwet West Constituency Loan Account included an amount of Kshs.1,522,395 appearing in the bank reconciliation statement as receipts in bank statement but not recorded in the cashbook that has been appearing in the reconciliation statements for this account since the year 2015. Management did not explain the sources of the receipts and why they have not been cleared for over five (5) years. In the absence of such determination, the accuracy of the reported bank balance of Kshs.7,548,545 for Marakwet West Constituency Loan account could not be confirmed.

Under the circumstances, it has not been possible to ascertain the existence, accuracy, completeness and validity of the cash and the bank balance of Kshs.2,881,305,135 as at 30 June, 2019.

4. Loans to Groups

The statement of financial position as at 30 June, 2019 and Note 19 to the financial statements reflects an amount of Kshs.3,992,873,484 as outstanding loans to groups. The reported balance has been derived by taking the initial National Government capital grants amount of Kshs.5,854,400,004 and adding Kshs.445,000,000 transferred to the loan fund account and from the resultant total of Kshs.6,299,400,004 deducting the amount of monies held in; CBK Bank Account - Kshs.29,133,230, the Loan Repayment Accounts - Kshs.1,318,113,323 and the Main Account - Kshs.959,279,966 all of which were not supported.

Further, there were no debtors' ledgers detailing loans issued by the Fund since inception and the repayments made over the years on account of any loan recovery nor were there comprehensive loan listings and/or aging analysis in support of the outstanding loans. In addition, no records of the loans advanced to groups including the evaluation and authority to issue loans were availed for audit review.

Consequently, the existence, accuracy, completeness, validity and recoverability of the loans to groups balance of Kshs.3,992,873,484 as at 30 June, 2019 could not be confirmed.

5. Work-in-Progress

As reported in the previous year, the statement of financial position reflects a balance of Kshs.19,522,765 under work-in-progress representing 40% part payment in respect of an Enterprise Resource Planning (ERP) software procured and contracted for in the financial year 2015/2016. The supply, installation and commissioning of the application is yet to be made even though the 40% part payment was made over four years ago and recognized in the statements. Information available for audit, and as observed in the previous years' audit indicates that the implementation of the ERP which was contracted at a sum of Kshs.48,806,912 has been called off even though there is a valid contract between the Fund and the supplier. Further, the recoverability and utilization of the part payment of Kshs.19,522,765 is doubtful given that the Fund appears to have stopped the implementation of the software. The value for money received by the Fund in respect of the software could not therefore, be ascertained.

In the circumstances, the validity, existence and accuracy of work-in-progress balance of Kshs.19,522,765 could not be confirmed.

6. Unsupported Balances

The following balances reported in the statement of financial position, statement of cash flows and respective notes to the financial statements were not supported and no documents were provided for audit verification:

Balance	Note	Amount (Kshs)
Trade and Other Payables	21	4,171,786
Non-Current Receivables	24	72,648,086
Adjustments on cash and cash equivalents – Trade and Other Receivables	25	3,018,274

Under the circumstances it was not possible to confirm the completeness and accuracy of the stated balances as reflected in the financial statements.

7. Financial Misconduct

Records held by the Fund Management shows that on diverse dates between 30 July, 2017 and 30 January, 2018, cash amounting to Kshs.3,160,000 was fraudulently withdrawn from Bumula Constituency Loan Repayment Account No. 01141536532902 in Bungoma County contrary to the Head of Secretariat's instructions on management of Uwezo Fund bank accounts vide letter reference number UWZ/2015/CIR/Vol.1(1) of 26 March, 2015 to Sub County Youth Officers, the requirements of the Principles of Public Service (Article 232), the National Values (Article 10), the Penal Code, the Public Finance Management Act, 2012 and the Public Officer Ethics Act.

Uwezo Fund Management has not availed any evidence either to show that the amount fraudulently withdrawn has been recovered or any legal or administrative action has been taken against the involved Officers entrusted with management of the funds. The loss has also not been disclosed at the foot notes to the financial statements as required under Regulation 137 (2) (d) of Public Finance Management Regulations, 2015.

8. Unresolved Prior Year Issues

As disclosed under the progress on follow up of auditor's recommendations section of the financial statements, various prior year's audit issues remained unresolved as at 30 June, 2019. Management has not provided reasons for the delay in resolving the prior year's audit issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance

of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Basis of Conclusion

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Responsibilities of Management and those Charged with Governance

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

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

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

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

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


Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is 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. I also consider internal control, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion on lawfulness and effectiveness in use of public resources, and on effectiveness of internal controls, risk management and governance.

I am independent of the Fund 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.


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

27 January, 2021

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE, 2019

	Notes	2018-2019 Kshs	2017-2018 Kshs
Revenue from non-exchange transactions			
Government grants and subsidies	6	170,301,950	137,083,125
Finance income	7	112,469	
Transfers from other governments – gifts and services-in-kind	8	27,888,956	
Total revenue		198,303,375	137,083,125
Expenses			
Transfers from other governments – gifts and services-in-kind	8	27,888,956	
Employee costs	9	5,724,545	6,461,457
Use of goods and services	10	4,141,890	68,722,092
Remuneration of directors	11	2,823,381	2,422,427
Depreciation and amortization expense	12	10,162,692	28,955,380
Repairs and maintenance	13	4,391,662	
Grants and subsidies	14	450,000	
General expenses	15	69,453,096	
Constituencies' Administration Costs	16	115,568,891	171,682,727
Total expenses		240,605,113	278,244,083
Net Deficit for the year		(42,301,738)	(141,160,958)

The notes set out on pages 7 to 18 form an integral part of these Financial Statements

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	2018-2019 Kshs	2017-2018 Kshs
Assets			
Current assets			
Cash and cash equivalents	17	2,881,305,135	2,763,236,041
Trade and Other Receivables	-		3,018,273
Work-in-Progress	18	19,522,765	19,522,765
		2,900,827,900	2,785,777,079
Non-current assets			
Long term receivables –outstanding loans	19	3,992,873,484	3,920,225,398
Property, plant and equipment	20	11,913,261	20,512,953
		4,004,786,745	3,940,738,351
Total assets		6,905,614,645	6,726,515,430
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	21	4,171,786	7,770,833
		4,171,786	7,770,833
Net assets		6,901,442,859	6,718,744,597
Accumulated surplus		377,042,855	364,344,593
Capital Fund		6,524,400,004	6,354,400,004
Total net assets and liabilities		6,901,442,859	6,718,744,597

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:

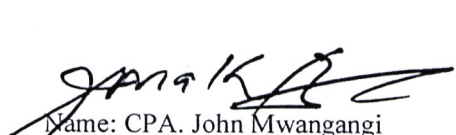
Head of Secretariat



Name: Peter L. Lengapiani

Date: 14/5/2020

Head of Finance



Name: CPA. John Mwangangi
ICPAK Member Number: 4223

Date: 14-5-2020

Chairman of the Board



Name: Losenge Turoop

Date: 14-5-2020

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2019

	Retained Surplus	GOK Development grants - Loan Fund	Total
At July 1, 2017	505,505,551	5,854,400,004	6,359,905,555
Total comprehensive deficit	141,160,958		141,160,958
Development grants received during the year	0	500,000,000	500,000,000
At June 30, 2018	364,344,593	6,354,400,004	6,718,744,597
At July 1, 2018	364,344,593	6,354,400,004	6,718,744,597
Constituencies' capacity building	*55,000,000	(55,000,000)	
Total comprehensive deficit	42,301,738		42,301,738
Development grants received during the year	-	225,000,000	225,000,000
At June 30, 2019	377,042,855	6,524,400,004	6,901,442,859

*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, 2019

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

		2018-2019	2017-2018
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Government grants and subsidies	6	170,301,950	137,083,125
Finance income	7	112,469	
Total Receipts		170,414,419	137,083,125
Payments			
Employee Costs	9	5,724,545	6,461,457
Goods and services	10	4,141,890	68,722,092
Remuneration of Directors	11	2,823,381	2,422,427
Repairs and Maintenance	13	4,391,662	
Grants and Subsidies	14	450,000	
General Expenses	15	69,453,096	
Administration Costs	16	115,568,891	171,682,727
Total		202,553,465	249,288,703
Net cash flows from operating activities		(32,251,515)	(112,205,577)
Cash used in Operating Activities			
Decrease in Receivables		-	2,367,203
Decrease in Payables	23	(3,599,047)	(50,525,004)
Net Cash used in Operating Activities		(35,738,093)	(168,134,211)
Cash flows From Investing Activities			
Purchase of property, plant, equipment and intangible assets	22	(1,563,000)	(464,900)
Non-current receivables	24	(72,648,086)	11,651,333
Net cash flows used in investing activities		(74,211,086)	11,186,433
Cashflow from Financing Activities			
Grant for Capital Loan Fund from GOK		225,000,000	500,000,000
Net Cashflow from Financing Activities		225,000,000	500,000,000
Net increase/(decrease) in cash and cash Equivalents		115,050,821	350,823,054
Cash and cash equivalents at 1 st July, 2018	25	2,766,254,314	2,412,412,986
Cash and cash equivalents at 30th June, 2019		2,881,305,135	2,763,236,040

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2019

Details	Budget	Actual	Variance	Variati	Explanation of material variances
	Kshs.	Kshs.	Kshs.	on (%)	
Domestic Loans to Non-Financial Public Enterprises	712,000,000	445,000,000	267,000,000	63	Lack of exchequer
Basic Wages - Temporary Employees	2,000,000	1,449,610	550,390	72	Fewer interns reported
Personal Allowance - Paid as Part of Salary	7,720,000	4,274,935	3,445,065	55	Net of 4 officers left to their respective state departments
Utilities Supplies and Services	1,600,000	1,290,888	309,112	81	Austerity measure
Communication, Supplies and Services	2,955,200	1,950,471	1,004,729	66	Merger and austerity measure
Domestic Travel and Subsistence, and Other Transportation Costs	42,010,800	29,384,601	12,626,199	70	Austerity measure
Foreign Travel and Subsistence, and other transportation costs	1,600,000	993,988	606,012	62	Austerity measure
Printing , Advertising and Information Supplies and Services	20,592,500	12,095,753	8,496,747	59	Austerity measure
Rentals of Produced Assets	12,000,000	11,879,744	120,256	99	No variations in rent
Training Expenses	19,450,000	4,567,522	14,882,478	23	Austerity measure
Hospitality Supplies and Services	13,500,000	5,129,706	8,370,294	38	Austerity measure
Insurance Costs	1,000,000	324,127	675,873	32	Austerity measure
Specialised Materials and Supplies	450,000	268,200	181,800	60	Austerity measure
Office and General Supplies and Services	2,865,345	1,477,176	1,388,169	52	Austerity measure
Fuel Oil and Lubricants	10,800,000	4,418,679	6,381,321	41	Austerity measure
Other Operating Expenses	3,328,900	3,087,512	241,388	93	Austerity measure
Routine Maintenance - Vehicles and Other Transport Equipment	13,430,800	2,772,898	10,657,902	21	Austerity measure
Routine Maintenance - Other Assets	1,106,507	1,088,644	17,863	98	Austerity measure
Refurbishment of Buildings	1,000,000	530,120	469,880	53	Austerity measure
Purchase of Office Furniture and General Equipment	2,184,200	126,000	2,058,200	6	Austerity measure
Purchase of Specialised Plant, Equipment and Machinery	1,650,000	1,437,000	213,000	87	Austerity measure
Other Current Grants and Transfers	237,616,373	156,600,000	81,016,373	66	Late receipt of exchequer
Total	1,110,860,625	690,147,574	420,713,051	62	

Adjustment as per Exchequer Receipts				
Exchequer not received		75,000,000		
Reduction Due to Austerity Measures		3,475,550		
		78,475,550		
Net		1,032,385,075	690,147,574	342,237,501 67%

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

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 judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 15 and 18

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 2019**

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 may be applicable later

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

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 2019

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<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.
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> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.

iii. Early adoption of standards

The Fund did not have any early adoption of any new or amended standards in year 2019.

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

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 realised 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 2018-2019 was approved by the Board on 19th October, 2018. 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 basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

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

c) Taxes

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

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 recognised 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 recognised 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.

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) 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.

j) 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.

k) 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.

l) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

m) Comparative figures

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

n) 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, 2019.

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.

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

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	2018-2019 KShs	2017-2018 KShs
Unconditional grants		
Operational grant	170,301,950	137,083,125
Total government grants and subsidies	170,301,950	137,083,125

6 (b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2018-2019 KShs
Ministry of Public service, Youth and Gender, State				
Department of Gender	170,301,950	225,000,000	395,301,950	682,875,000
Total	170,301,950	225,000,000	395,301,950	682,875,000

The Fund did not receive the fourth quarter exchequer issues of Kshs. 75,000,000 and had a reduction on recurrent budget as a result of austerity measures of kshs.3,475,550.

7 FINANCE INCOME

Description	2018-2019 KShs	2017-2018 KShs
Interest from fixed deposit account (SBM)	112,469	-
Total government grants	112,469	-

8 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 totalling Kshs.27,888,956.

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

9 EMPLOYEE COSTS

	2018-2019	2017-2018
	KShs	KShs
Extraneous allowance to employees	4,274,935	4,595,000
Wages to temporary employees-interns	1,449,610	1,866,457
Employee costs	5,724,545	6,461,457
The average number of employees was:		
	24	32
Permanent Employees-Management	24	32

10 USE OF GOODS AND SERVICES

Description	2018-2019	2017-2018
	KShs	KShs
Electricity	1,290,888	1,403,992
Communication services and supplies		1,905,712
Transportation service and supplies		25,786,899
Advertising, printing and stationery		8,264,439
Staff training expenses		1,147,600
Hospitality supplies and services		4,706,077
Bank charges and commissions		264,697
Office and general supplies and service		3,720,178
Rental		11,879,745
Repairs and maintenance – motor vehicle		1,817,485
Repairs and maintenance – other assets		388,452
Other operating expenses		4,061,702
Fuel, oil and lubricants		3,375,114
Security and cleaning services	2,728,802	
Subscriptions	122,200	
Total	4,141,890	68,722,092

11 REMUNERATION OF DIRECTORS

Description	2018-2019	2017-2018
	KShs	KShs
Chairman's Honoraria	-	-
Directors emoluments	1,520,000	1,540,000
Other allowances	940,720	414,600
Mileage and taxis	38,534	467,827
Insurance	324,127	-
Total director emoluments	2,823,381	2,422,427

12 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2018-2019	2017-2018
	KShs	KShs
Property, plant and equipment	10,162,692	28,955,380
Intangible assets	-	-
Total depreciation and amortization	10,162,692	28,955,380

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

13 REPAIRS AND MAINTENANCE

Description	2018-2019 KShs	2017-2018 KShs
Vehicles	2,772,898	
Furniture and fittings	498,900	
Computers and accessories	589,744	
Other	530,120	
Total repairs and maintenance	4,391,662	

14 GRANTS AND SUBSIDIES

Description	2018-2019 KShs	2017-2018 KShs
Community development-Beyond zero campaign	450,000	-
Total grants and subsidies	450,000	-

15 GENERAL EXPENSES

Description	2018-2019 KShs	2017-2018 KShs
Transportation service and supplies	29,928,589	
Conferences and delegations-Hospitality supply	2,630,452	
Specialised materials and supplies	268,200	
Consumables-office and general supplies	1,477,176	
Fuel, oil and lubricants	4,418,679	
Printing and stationery	12,095,753	
Rental	11,879,744	
Postage, telecommunication services	1,950,471	
Training	4,567,522	
Others-Bank charges	236,510	
Total general expenses	69,453,096	

16 ADMINISTRATION COSTS

Description	2018-2019 KShs	2017-2018 KShs
Balance B/F	35,002,696	52,785,423
Cash in Transit/Headquarters Bank Account	21,600,000	175,500,000
Transfers	156,600,000	0
Sub-total	213,202,696	228,285,423
Unutilized Funds-Constituencies' bank balances	58,753,806	35,002,696
Cash in Headquarters bank account	38,880,000	21,600,000
Sub-total	97,633,806	56,602,696
Total Cost incurred	115,568,891	171,682,727

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

17 (a) CASH AND CASH EQUIVALENTS

Description	2018-2019 KShs	2017-2018 KShs
Current /fixed account	2,879,067,203	2,763,236,041
Others- Staff imprest	2,237,932	3,018,273
Total cash and cash equivalents	2,881,305,135	2,766,254,314

The Bulk of the Cash at bank is held at Central Bank of Kenya, Equity Bank, Co-operative Bank and Kenya Commercial Bank. The Make-up of bank balances are as follows: -

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

Financial institution	Account number	2018-2019 KShs	2017-2018 KShs
(i) Current account			
Central Bank of Kenya	1000203714	436,528,070	736,706,784
Central Bank of Kenya -Constituency loan fund in headquarters account*			8,122,181
Cooperative Bank of Kenya	1141530598800	106,392,037	33,245,642
Cooperative bank of Kenya- Constituencies' administration fund in headquarters' account*			21,600,000
Sub- total		542,920,107	799,674,607
African Banking Cooperation	Various	7,680,424	3,061,279
Chase Bank/SBM	Various	0	9,084,216
Consolidated Bank	Various	19,449,196	508,729,936
Co-operative Bank of Kenya	Various	599,361,830	15,406,909
Equity Bank	Various	937,052,636	770,015,047
Family Bank	Various	86,628,910	76,629,082
First Community Bank	Various	64,112,991	66,556,534
Kenya Commercial Bank	Various	613,309,932	509,803,275
National Bank of Kenya	Various	6,122,363	4,275,157
Sub- total		2,333,718,282	1,963,561,434
Grand - Total		2,876,638,389	2,763,236,041
(ii) Fixed deposits account			
SBM		2,428,814	-
Sub- total		2,428,814	-
Grand total		2,879,067,203	2,763,236,042

18 WORK IN PROGRESS

Description	2018-2019 KShs	2017-2018 KShs
ERP	19,522,765	19,522,765
Total	19,522,765	19,522,765

*Enterprise resource planning (ERP)*Kshs.19, 522,765 relates to 40% first instalment payment for software.*

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

19 LOAN TO GROUPS

Description	2018-2019 KShs	2017-2018 KShs
Loan Capital Fund	5,854,400,004	5,854,400,004
Transfers to Loan Fund A/C	445,000,000	-
Sub-total	6,299,400,004	5,854,400,004
Bank Balance in CBK A/C	29,133,230	8,122,181
Bank Balance in Loan Repayment A/C	1,318,113,323	1,239,005,623
Bank Balance in Main A/C	959,279,966	687,046,801
Sub-total	(2,306,526,520)	(1,934,174,605)
	3,992,873,484	3,920,225,399

20 (a) PROPERTY, PLANT AND EQUIPMENT

Description	2018-2019 KShs	2017-2018 KShs
Motor Vehicles	2,900,000	9,891,243
Office Equipment	4,086,995	5,166,457
Office Furniture and Fittings	3,919,930	5,262,718
Computers	1,006,334	192,535
Total	11,913,261	20,512,953

20 (b)

Cost	Motor vehicles Shs	Furniture and fittings Shs	Computers and related equipment Shs	Equipment Shs	Total Shs
At 1 July 2017	58,587,800	10,446,301	10,530,889	9,504,116	89,069,106
Additions		296,000	145,000	23,900	464,900
At 30th June 2018	58,587,800	10,742,301	10,675,889	9,528,016	89,534,006
Additions			1,437,000	126,000	1,563,000
At 30th June 2019	58,587,800	10,742,301	12,112,889	9,654,016	91,097,006
Depreciation and impairment					
At 1 July 2017	26,509,034	3,329,430	7,468,964	2,758,246	40,065,673
Depreciation	22,187,523	2,150,153	3,014,391	1,603,313	28,955,380
At 30 June 2018	48,696,557	5,479,583	10,483,355	4,361,559	69,021,053
Depreciation	6,991,243	1,342,788	623,200	1,205,462	10,162,692
At 30th June 2019	55,687,800	6,822,371	11,106,555	5,567,021	79,183,745
Net book values					
At 30th June 2019	2,900,000	3,919,930	48,334	4,086,995	11,913,261
At 30th June 2018	9,891,243	5,262,718	192,534	5,166,457	20,512,952

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

21. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2018-2019	2017-2018
Liabilities	KShs	KShs
Assets and liabilities	6,901,442,859	6,718,744,597
Assets	6,905,614,645	6,726,515,430
Total	4,171,786	7,770,833

22. PURCHASE OF PROPERTY PLANT AND EQUIPMENT

Description	2018-2019	2017-2018
	KShs	KShs
Computers	1,563,000	464,900
Total	1,563,000	464,900

23. DECREASE IN PAYABLES

Description	2018-2019	2017-2018
Current Liabilities	KShs	KShs
Opening Balance	7,770,833	58,295,837
Closing Balance	4,171,786	7,770,833
Total	3,599,047	50,525,004

24. NON CURRENT RECEIVABLES

Description	2018-2019	2017-2018
Outstanding Loans	Kshs	KShs
Closing Balance	3,992,873,484	3,920,225,399
Opening Balance	3,920,225,399	3,931,876,732
Total	72,648,086	11,651,333

25. ADJUSTMENT ON CASH AND CASH EQUIVALENTS

Description	2018-2019	2017-2018
	KShs	KShs
Opening Balance	2,763,236,040	2,412,412,986
Trade and other Receivables (Outstanding Imprests)	3,018,274	0
Cash & cash Equivalents	2,766,254,314	2,412,412,986

N/B: Due to the inclusion of current receivables in Cash & cash equivalents in the new format of reporting, the outstanding imprests of Kshs. 3,018,274 have been included in the Cash & cash equivalents of Kshs. 2,766,254,314.

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

FINANCIAL RISK MANAGEMENT

The Fund's activities exposes 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 minimise 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

21 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. 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;

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

22 CAPITAL COMMITMENTS

Capital commitments	2018-2019	2017-2018
	Kshs	Kshs
Loan Fund for disbursement to constituencies	29,133,230	8,122,181
Administration Fund for disbursement to constituencies	38,880,000	21,600,000
Total	68,013,230	29,722,181

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 authorised by the board but at the end of the year had not been transferred to the respective constituencies.

23 EVENTS AFTER THE REPORTING PERIOD

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

24 ULTIMATE AND HOLDING ENTITY

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

UWEZO FUND

Annual Reports and Financial Statements

For the year ended June 30, 2019

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	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.	Bank and Cash Balances as at 30 June, 2018				
<p>The statement of financial position reflect a balance of Kshs.2, 763,236, 041 in respect of bank and cash balances. However, the following anomalies were noted:</p>	<p>(i) Bank reconciliation statements for the sub-county treasuries bank accounts for Kshs.1,96S,561, 434 (ii) Bank statements, bank balance confirmation certificates and board of survey certificates for the sub-counties treasuries bank accounts were not provided for audit examination. (iii) The Fund had three accounts in Chase Bank for Machakos Constituency - Main Account, Loan Repayment Account and Administration Account with totalling Kshs.9,084,216. It is, therefore, apparent the management continued to transact with Chase Bank</p>	<p>All the Balances have been explained</p>	<p>Naumy Kemboi (AAG)</p>	<p>Not Resolved</p>	<p>N/A</p>

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

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>even after the institution was placed under statutory management increasing the risk of loss of the funds.</p> <p>(iv) The bank and cash balances of Kshs.2,763,236,041 included cash in transit balance of Kshs.21,600,000 . However, the balance was not supported by any relevant and verifiable documents. Consequently, the validity and existence of the amounts could not be confirmed.</p> <p>(v) Further, no documentary evidence was provided in support of release to the intended beneficiaries of the cash-in-transit amounting to Kshs.175,500,000 reported in the year 2016/2017. Further, out the cash-in-transit amount of Kshs.175,500,000 an amount of Kshs.21,600,000 had no</p>				

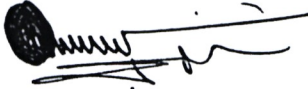
UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

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)
	documentary evidence provided in support of it subsequent receipt.				
2.	Unsupported and Unaccounted for Loans to Groups				
Unsupported and unaccounted for loans to groups of Kshs.3,920,225,398 (2016/2017-Kshs.3,931,876,732).	Since inception the Fund has not prepared debtor ledger, loan repayment account, comprehensive loan listings and aging analysis in support of outstanding loans.	The exercise is ongoing	Dr. (Ann Njau)	Not Resolved	31 st March, 2020
3.	Administration Costs — Transfers to Constituencies				
Documents in support of Kshs. 171,682.727 in the statement of financial performance	Verification and confirmation of the accuracy, propriety and completeness of administration costs - transfer to constituencies figure of Kshs.171,682,727.	The exercise is Ongoing	Naumy Kemboi (AAG)	Not Resolved	31 st March, 2020
4.	Unsupported Transport, Travelling and Subsistence Expenditure				
	Availability of payment vouchers and supporting documents to account for expenditure amounting Kshs.5,407,048	Payment Vouchers presented and verified	Naumy Kemboi (AAG)	Not Resolved	N/A
5.	Current Liabilities				
	Verification of accuracy, of shs.7,770,833	Verified	Naumy Kemboi (AAG)	Not Resolved	N/A
6.	Communication Services and Supplies				

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

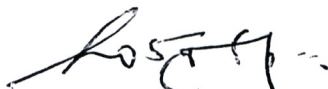
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Airtime	Purchase calling cards totalling Kshs. 260,000	Verified	Naumy Kemboi (AAG)	Not Resolved	N/A
7.	Outstanding Imprest				
Provision of impairment	Accuracy, completeness, validity & recoverability of Kshs. 3,018,273	Identification and recovery Made	Naumy Kemboi (AAG)	Not Resolved	N/A
8.	Work-In-Progress				
Enterprise Resource Planning (ERP)	Value for money, validity, existence and accuracy for WIP.			Not Resolved	N/A
9.	Property, Plant and Equipment				
Preparation of fixed asset register	Completeness and accuracy of PPE	Immediate	Naumy Kemboi (AAG)	Not Resolved	N/A

Head of Secretariat



Date..... 14/5/2020

Chairman of the Board



Prof. Losenge Turoop
 Date..... 14-5-2020

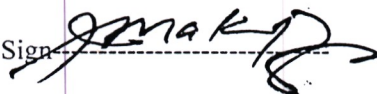
UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2019

APPENDIX II: INTER-ENTITY TRANSFERS

ENTITY NAME:		UWEZO FUND		
Break down of Transfers from the State Department of Gender				
FY 2018/2019				
a. Recurrent Grants				
Ref. No	Bank Statement Date	Amount (Kshs.)	Indicate the FY to which the amounts relate	
FT173125W6Y5	11 th September, 2019	43,444,375	2018/2019	
FT19133HXF4J	13 th May, 2019	39,968,825	2018/2019	
FT19133X13TV	13 th May, 2019	44,313,262	2018/2019	
FT191405W8ZW	20 th May, 2019	42,575,488	2018/2019	
Total		170,301,950		
b. Development Grants				
Ref. No	Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate	
FT18282PRZQP	9 th October, 2018	75,000,000	2018/2019	
FT191406RNFH	20 th May, 2019	150,000,000	2018/2019	
Total		225,000,000		
Grand Total		395,301,950		

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 of Gender

Sign 