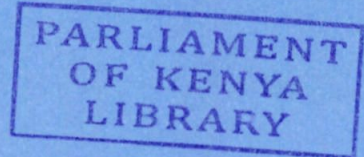


REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**



**OF**

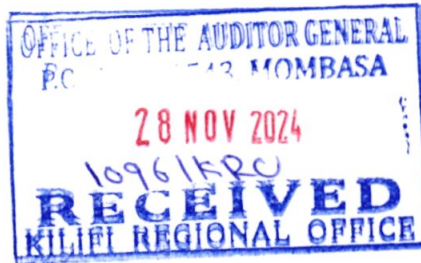
**THE AUDITOR-GENERAL**

**ON**

**TANA RIVER COUNTY INUKA FUND**

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

PAPERS LAID	
DATE	6/3/2025
TABLED BY	Dep Maj Whip
COMMITTEE	
CLERK AT THE TABLE	Maalim



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**TANA RIVER COUNTY INUKA FUND**

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

---

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

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***Tana River County Inuka Fund***  
**Annual Report and Financial Statements For the year ended 30th June 2024**

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***Tana River County Inuka Fund***

**Annual Report and Financial Statements For the year ended 30th June 2024**

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**1. Acronyms and Glossary of Terms**

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
HRM	Human Resource Management

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility.
----------------------	--

***Tana River County Inuka Fund***  
**Annual Report and Financial Statements For the year ended 30th June 2024**

---

**2. Key Entity Information and Management**

**a) Background Information**

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

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

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

Guiding principles of the fund are:

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

**b) Principal Activities**

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

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

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

The principal activity of the Fund is to:

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

**Tana River County Inuka Fund**  
**Annual Report and Financial Statements For the year ended 30th June 2024**

---

**c) Board of Trustees/Fund Administration Committee**

Ref	Name	Position
1	Frankfaith Ddaiddo Makorani	Chairperson of the Board
2	Aisha Nuru Omar	Board Member
3	Bilison Komora	Board Member
4	Ramadhan Dara	Board Member
5	Mariam Abdalla Bunu	Board Member
6	Jahi Halua Dhaadho	Board Member
7	Galgalo Jarso Jillo	Fund Administrator

**d) Key Management Steam**

Ref	Name	Position
1	Galgalo Jarso Jillo	Fund Administrator
2	Jahi Halua Dhaadho	Board Member
3	Frankfaith Ddaiddo Makorani	Chairperson of the Board
4	Cornelius Ongweko Wamukoya	Fund Accountant

**e) Fiduciary Oversight Arrangements**

SN	Position	Name
1	Directorate Internal Audit	Patrick Njoroge

**f) Registered Offices**

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

**g) Fund Contacts**

Telephone: (254) 728868143  
E-mail: [info@tanariver.go.ke](mailto:info@tanariver.go.ke)  
Website: [www.tanariver.go.ke](http://www.tanariver.go.ke)

***Tana River County Inuka Fund***  
**Annual Report and Financial Statements For the year ended 30th June 2024**

---

**h) Fund Bankers**

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

**i) Independent Auditors**

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




**j) Principal Legal Adviser**

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



**Tana River County Inuka Fund**

**Annual Report and Financial Statements For the year ended 30th June 2024**

**3. The Tana River County Inuka Fund Board**

<b>Name</b>	<b>Details of qualifications and experience</b>
<p>1. Galgalo Jarso Jillo</p> 	<p>Funds administrator Bachelors degree in Commerce CPA Experience 18 years in Banking, finance and credit management, Risk analyst.</p>
<p>2. Frankfaith Makorani Ddaiddo</p> 	<p>Chairperson of the Inuka Board. Since the inception of the fund as from 4<sup>th</sup> August 2021. Masters Degree in Business Administration( Strategic Management) Bachelor of Arts ( Corporate Leadership &amp; Governance) Experience 20years in Management</p>
<p>3. Bilison Komora</p> 	<p>Board member representing People Living with Disabilities (PLWDs). Media personality working at Tana FM radio in Hola.</p>
<p>4. Aisha Nuru Omar</p>	<p>Bachelor of Commerce (Finance Option) degree from the University of Nairobi.  Board Member representing Women and the Youth.</p>

**Tana River County Inuka Fund  
Annual Report and Financial Statements For the year ended 30th June 2024**

Name	Details of qualifications and experience
	
<p>5. Ramadhan Dara Guye</p> 	<p>Board Member representing the Chamber of Commerce Diploma in HRM in University of Nairobi He has over 50 years' experience in leadership.</p>
<p>6. Jahi Halua Dhaadho</p> 	<p>County Chief Officer, Trade and Tourism Development. Board member.</p>

**Tana River County Inuka Fund**

**Annual Report and Financial Statements For the year ended 30th June 2024**

**4. Management Team**

<b>Name</b>	<b>Details of qualifications and experience</b>
<p>1. Frankfaith Makorani Ddaiddo</p> 	<p>Chairperson of the Inuka Board. Since the inception of the fund as from 4<sup>th</sup> August 2021. Master's Degree in Business Administration( Strategic Management) Bachelor of Arts ( Corporate Leadership &amp; Governance) Experience 20years in Management</p>
<p>2. Galgalo Jarso Jillo</p> 	<p>Funds administrator Bachelors degree in Commerce CPA Experience 18 years in Banking, finance and credit management, Risk analyst</p>
<p>3. Jahi Halua Dhaadho</p> 	<p>County Chief Officer, Trade and Tourism Development. Board member.</p>
<p>4. Cornelius O. Wamukoya</p> 	<p>Accountant of the Tana River County Inuka fund. Bachelor's degree in Business Administration (Accounting) from Maseno University.  Certified Public Accountant.</p>

***Tana River County Inuka Fund***  
**Annual Report and Financial Statements For the year ended 30th June 2024**

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**5. Board Chairperson's Report**

The Tana River County Inuka Fund Board came into office on 4th August 2021.

The fund embarked on trainings and recovery of the funds disbursed.

During the financial year 2023/2024, the fund did not receive any additional funding from the national treasury.

Name: Frankfaith Ddaiddo      Signature:  Date: 30/07/2024

**Chairperson of the Board**

**Tana River County Inuka Fund**

**Annual Report and Financial Statements For the year ended 30th June 2024**

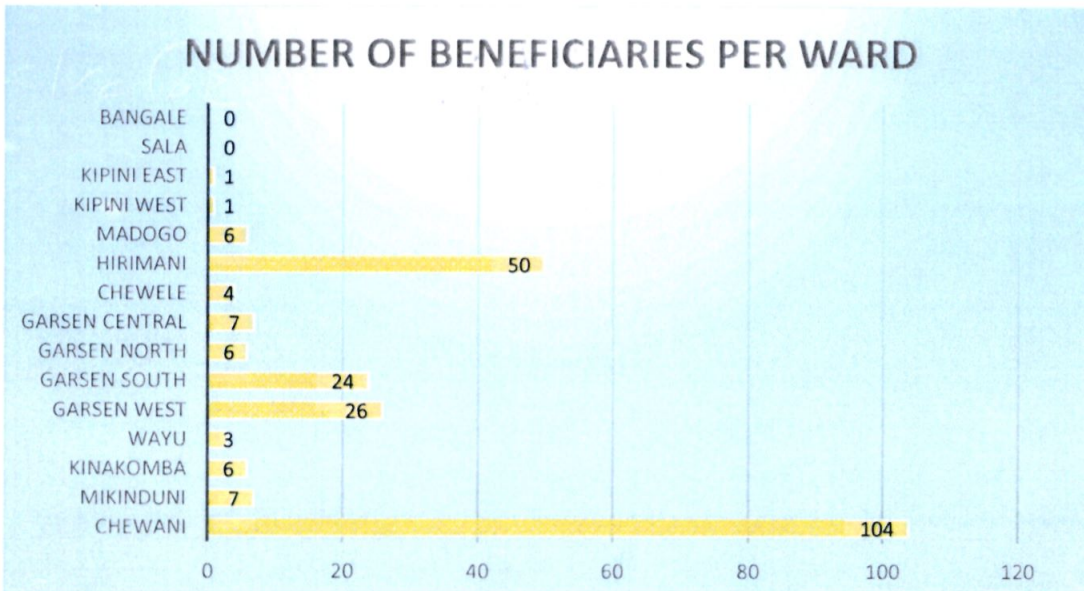
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**6. Report of The Fund Administrator**

During the financial year 2023/2024, the fund did not receive any additional funding from the national treasury.

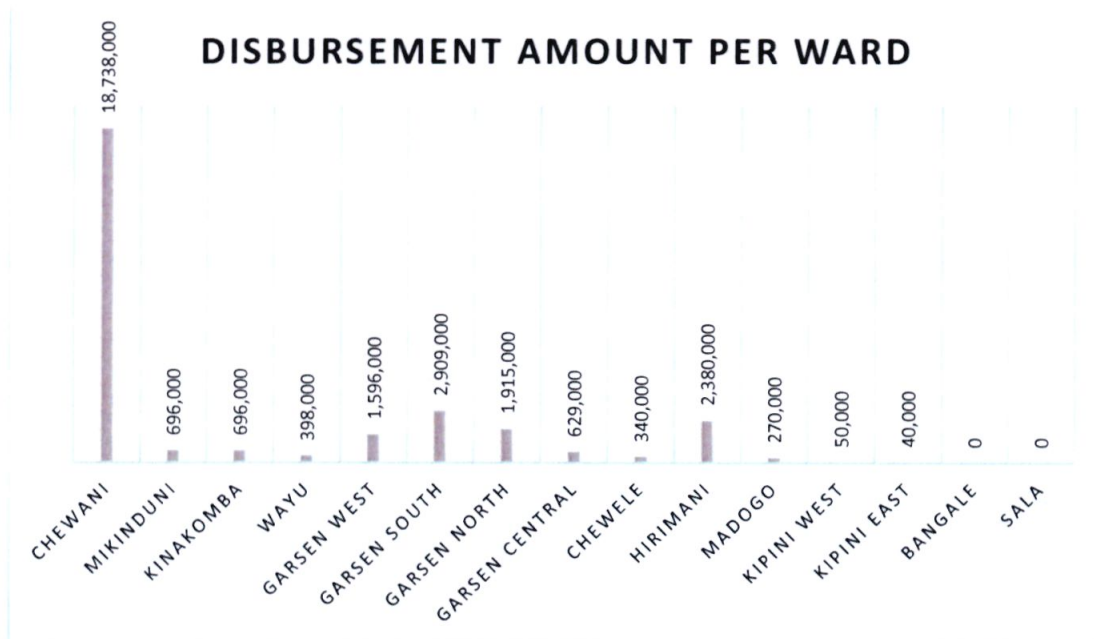
There were no disbursements made in the financial year 2023/2024.

The fund prioritized on loan collections and trainings.



**Tana River County Inuka Fund**

**Annual Report and Financial Statements For the year ended 30th June 2024**



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

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

## **7. Statement of Performance Against the County Fund's Predetermined Objectives**

### **Introduction**

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

The key development objectives of the Fund are to:

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

### **Progress on attainment of Strategic development objectives**

Below is the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
(i) Provision of affordable and competitive credit to the successful applicants.	To ensure all youth, women and PLWDs of Tana River County, who are in business, have access to affordable credit facilities.	Four hundred and Three (403) individuals successfully applied.	245, which translated to, 61% of the applicants are enjoying the facility.	During FY 2023/24 245 beneficiaries accessed the facility and were able to enhance their businesses.

***Tana River County Inuka Fund***

**Annual Report and Financial Statements For the year ended 30th June 2024**

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**8. Corporate Governance Statement**

There was change in Management and board composition during the financial year ended 2023/2024.

Jahi Halua Dhaadho who is the County Chief Officer Trade and Tourism development replaced Buya Phares.

Galgalo Jarso Jillo replaced Awadh Barisa Shehe as the fund administrator.

The board plays a supervisory role in the management of the fund.

The performance of the board is excellent and satisfactory.

All the transactions are carried out with high levels of integrity as per the guidance of Chapter 6 of the Constitution 2010.

*Tana River County Inuka Fund*

**Annual Report and Financial Statements For the year ended 30th June 2024**

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**9. Management Discussion and Analysis**

The operation of the fund during the financial year 2023/2024 ran smoothly under the supervision of the inuka board as per the regulation.

The fund management team ensured strict compliance to the regulations and proper book keeping of records.

## **10. Environmental and Sustainability Reporting**

### **1. Sustainability strategy and profile**

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

### **2. Environmental performance**

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

### **3. Employee welfare**

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

### **4. Market place practices-**

The organisation should outline its efforts to:

#### **a) Responsible competition practice.**

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

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

### **5. Corporate Social Responsibility / Community Engagements**

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

**Tana River County Inuka Fund**  
**Annual Report and Financial Statements For the year ended 30th June 2024**

---

**11. Report of The Trustees**

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2024 which shows the state of the Fund affairs.

**Principal activities**

The principal activity of the Fund is to:

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

**Results**

The results of the Fund for the year ended June 30, 2024 are set out on page 1 to 5

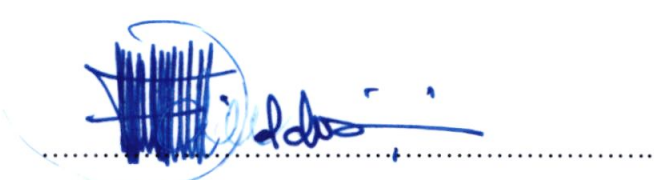
**Trustees**

The members of the Board of Trustees who served during the year are shown on page vii to ix. There were changes in the Board during the financial year.

**Auditors**

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

By Order of the Board



**Chair of the Board/Fund Administration Committee**

**Date:** 30/07/2024

**Tana River County Inuka Fund**  
**Annual Report and Financial Statements For the year ended 30th June 2024**

---

**12. Statement of Management's Responsibilities**

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

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Tana River County Inuka Fund Act, 2016. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2024, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

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

**Approval of the financial statements**

The Fund's financial statements were approved by the Board on 30/07/ 2024 and signed on its behalf by:

  
.....

**Administrator of the County Public Fund**

***Tana River County Inuka Fund***  
**Annual Report and Financial Statements For the year ended 30th June 2024**

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**Tana River County Inuka Fund**  
**Annual Report and Financial Statements For the year ended 30th June 2024**

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The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Tana River County Inuka Fund Act, 2016. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2024, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

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

**Approval of the financial statements**

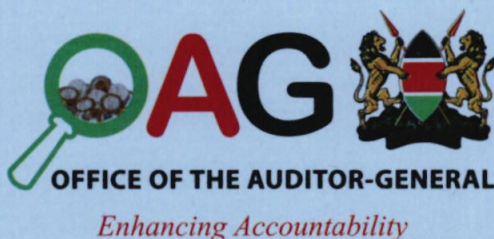
The Fund's financial statements were approved by the Board on 30/07 2024 and signed on its behalf by:

  
.....

**Administrator of the County Public Fund**

# REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## **REPORT OF THE AUDITOR-GENERAL ON TANA RIVER COUNTY INUKA FUND FOR THE YEAR ENDED 30 JUNE, 2024**

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### PREAMBLE

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

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

A qualified opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

## REPORT ON THE FINANCIAL STATEMENTS

### Qualified Opinion

I have audited the accompanying financial statements of Tana River County Inuka Fund set out on pages 1 to 45 which comprise the statement of financial position as at 30 June, 2024 and the statement of financial performance statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 Tana River County Inuka Fund as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Tana River County Inuka Fund Act, 2016 and the Public Finance Management Act, 2012.

### Basis for Qualified Opinion

#### 1. Inaccuracies in the Annual Report and Financial Statements

Review of the annual report and financial statements revealed the following:

- i. The statement of cashflows reflects total receipts from operating activities of Kshs.21,395 while the statement of financial performance reflects a total of Kshs.1,186,855 resulting to unexplained variance of Kshs.1,165,460. In addition, the total receipts in the statement of financial performance includes income from fines, penalties and other levies totalling Kshs.1,171,855 that is not supported by a ledger.
- ii. The statement of financial position reflects an opening revolving fund balance of Kshs.76,049,582 while the opening balance in the statement of changes in net assets is Kshs.75,129,872 resulting to unexplained variance of Kshs.919,710.
- iii. The statement of performance against the county fund's predetermined objectives indicates that the fund disbursed loans to two hundred and forty-five (245) beneficiaries. However, records indicate that the fund disbursed an amount of Kshs.500,000 to one beneficiary in the year under review.

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

#### 2. Receivables from Exchange Transactions

The statement of financial position and Note 13 to the financial statements reflects receivables from exchange transactions balance of Kshs.63,132,341 out of which a

balance of Kshs.62,632,341 relate to current portion while a balance of Kshs.500,000 relate to long-term receivables. Review of records revealed the following:

**i. Unsupported Receivables from Exchange Transactions Balance**

The current portion balance includes other exchange debtors (TRCG Treasury debt) of Kshs.34,121,791. The amount relates to garnishee order payments made from the Fund bank account held in a local bank in three (3) instalments of Kshs.26,634,767 on 29 July, 2022, Kshs.1,355,000 on 21 September, 2022 and Kshs.6,132,024 on 25 October, 2023. However, the supporting documentation for other exchange debtors (TRCG Treasury debt) balance was not provided.

In the circumstances, the accuracy and completeness of receivables from exchange transactions balance of Kshs.63,132,341 could not be confirmed.

**ii. Doubtful Recovery of Outstanding Loans**

Included in the balance of receivables from exchange transactions is a balance of Kshs.28,510,550 in respect of current loan repayments due out of which loans balance of Kshs.22,935,300 was disbursed to two hundred and fourteen (214) beneficiaries in November, 2022 and whose repayment was to commence in May, 2023 after expiry of the six (6) month grace period. However, none of the beneficiaries had made any loan repayment and loans were in arrears by Kshs.13,222,529 as at 30 June, 2024. In addition, the Board did not prepare quarterly defaulters reports as required by law and had also not demonstrated any steps taken to ensure recovery of overdue loans while no provision for bad and doubtful debts has been made in the financial statements.

In the circumstances, the accuracy, completeness and recoverability of receivables from exchange transactions balance of Kshs.63,132,341 could not be confirmed.

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

**Emphasis of Matter**

**Budget Control and Performance**

The statement of comparison of budget and actual amounts reflects budgeted revenue and actual on comparable amounts of Kshs.155,166,286 and Kshs.1,186,855 resulting in a shortfall in revenue of Kshs.153,979,431 or 99% of the budget. Similarly, the Fund spent Kshs.5,167,351 against actual receipts of Kshs.1,186,855 resulting to over-utilization of Kshs.3,980,496.

The underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

### **Other Matter**

#### **Unresolved Prior Year Matters**

Various prior year audit issues remained unresolved as at 30 June, 2024. Management has indicated the issues as resolved but has not provided support of the resolution.

### **Other Information**

The Management is responsible for the other information set out on page ii to xx which comprise of Key Entity Information and Management, The Key Management Team, Chairman's Report, Report of the Fund Administrator, Statement of Performance Against Predetermined Objectives, Statement of Corporate Governance, Management Discussion and Analysis, Report of the Trustees/Committee and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Tana River County Inuka Fund's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES**

### **Conclusion**

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

## **Basis for Conclusion**

### **1. Inadequate Capital Fund**

Review of bank statements of the Fund main account revealed that a total of Kshs.77,319,588 was appropriated to the fund as initial capital in two (2) tranches of Kshs.51,546,392 and Kshs.25,773,196 on 24 June, 2020 and 7 July, 2021 respectively instead of Kshs.200,000,000 required by the law, resulting in a shortfall by Kshs.122,680,412. This is contrary to Section 8 of the Tana River County Inuka Fund Act, 2016 which provides that the initial capital of the Inuka Fund shall be two hundred million shillings as shall be appropriated by County Assembly.

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

### **2. Failure to Provide Loan Discharge Certificates**

Review of the loan repayment schedules, cash book and bank statement indicate that one (1) loanee had fully settled the loan issued of Kshs.100,000 in the year under review. However, the fund did not issue a loan discharge certificate contrary to section 15(3) of Tana River County Inuka Fund Act, 2016 which states that upon verifiable proof of loan repayment of all loan proceeds the committee shall issue a discharge certificate to the recipient/group with respect to the loan repayment.

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

### **3. Failure to Submit Quarterly Reports to the County Assembly**

Review of records revealed that the Fund administrator did not submit quarterly reports to the county Executive committee member for gazettelement and onward transmission to the County Assembly contrary to Section 12 of Tana River County Inuka Fund Act, 2016 which provides that the Fund administrator prepare a quarterly report on the receipts into and issues out of the Inuka Fund and submit it to the county Executive committee member for gazettelement by the 21 of every fourth month and that the County Executive Committee member shall within thirty (30) days after receipts, submit the reports to the County Assembly.

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

### **4. Unsupported Loan Disbursement**

During the year under review, Management disbursed a loan of Kshs.500,000 to one beneficiary on 28 December, 2023. However, the loan disbursed was not supported by application, assessment and subsequent approval contrary to Regulation 4(1) (c) (i) of Tana River County Inuka Fund Regulations, 2021 which states that for administration of the Fund the access by eligible groups or individuals to the Fund, shall be on a first come first serve basis, subject to assessment and approval of the application, provided that the Board shall ensure equitable distribution of funds in the wards.

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

## **5. Failure to Prepare Annual Work Plan and Budget**

The statement of financial performance and Note 7 to the financial statements reflects expenses totalling Kshs.5,167,351 in respect of use of goods and services. However, the expenditure incurred in the year was not supported with an annual work plan and cost estimates contrary to section 9(1) of the Tana River County Inuka Fund Act, 2016 which states that the expenditure incurred on the Inuka Fund shall be on the basis of and limited to annual work programmes and cost estimates which shall be prepared by the administrator of the Inuka Fund and approved by the Board at the beginning of the financial year to which they relate.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

#### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter 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 governance were not effective.

#### **Basis for Conclusion**

##### **1. Failure to Receipt Loan Repayments**

Review of the cash book and bank statement revealed that the Fund received loan repayments totalling Kshs.1,254,250 during the year under review. However, the Fund administrator did not issue receipts to the beneficiaries contrary to section 15 (2) of Tana River County Inuka Fund Act, 2016 which states that loan recipients shall deposit by cash or cheque their monthly repayments for loan proceeds into the Inuka Fund Repayment Account and submit a copy of the deposit slip to the committee who shall issue and acknowledge receipt to the recipient group.

In the circumstances, the effectiveness of internal controls on management of loan 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 those Charged with Governance**

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

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a

material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**31 December, 2024**

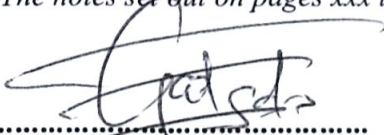
*Tana River County Inuka Fund*

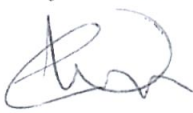
**Annual Report and Financial Statements For the year ended 30th June 2024**

**14. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2024**

Description	Note	2023– 2024	2022 – 2023
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	0	-
Fines, Penalties and Other Levies	3	1,171,855	-
		<b>1,171,855</b>	<b>100,000</b>
<b>Revenue From Exchange Transactions</b>			
Interest Income	4	-	-
Other Income	5	15,000	-
		<b>15,000</b>	-
<b>Total Revenue</b>		<b>1,186,855</b>	<b>100,000</b>
<b>Expenses</b>			
Employee Costs	6	-	-
Use of Goods and Services	7	5,167,351	1,827,443
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
<b>Total Expenses</b>		<b>5,167,351</b>	<b>1,827,443</b>
<b>Other Gains/Losses</b>			
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on Fair Value of Investments	11	-	-
<b>Surplus/(Deficit) for the Period</b>		<b>(3,980,496)</b>	<b>(1,727,443)</b>

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

  
.....  
Name: Galgalo Jarso Jillo  
Administrator of the Fund


  
.....  
Name: CORNELIA O. WAMUKOTA  
Fund Accountant  
ICPAK Member Number:


**Tana River County Inuka Fund**  
**Annual Report and Financial Statements For the year ended 30th June 2024**

**15. Statement of Financial Position as at 30<sup>th</sup> June 2024**

Description	Note	2023 – 2024	2022 - 2023
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	12	8,017,035	46,530,532
Current Portion of Long-Term Receivables from Exchange Transactions	13	62,632,341	14,907,000
Prepayments	14		-
<b>Total Current Assets</b>		<b>70,649,376</b>	<b>61,437,532</b>
<b>Non-Current Assets</b>			
Long Term Receivables from Exchange Transactions	13	500,000	14,612,050
Investment Property	19	-	-
<b>Total Non-Current assets</b>		<b>500,000</b>	<b>14,612,050</b>
<b>Total Assets</b>		<b>71,149,376</b>	<b>76,049,582</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Long Term Portion of Borrowings	21	-	-
<b>Total Liabilities</b>		<b>-</b>	<b>-</b>
<b>Net Assets</b>			
Revolving Fund		51,535,376	76,049,582
Reserves		-	-
Accumulated Surplus		19,614,000	-
<b>Total Net Assets and Liabilities</b>		<b>71,149,376</b>	<b>76,049,582</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30/07 2024 and signed by:

  
 Name: Galgalo Jarso Jillo  
 Administrator of the Fund

  
 Name: CORNELIUS O. WAMUKA  
 Fund Accountant  
 ICPAK Member Number:

*Tana River County Inuka Fund*

**Annual Report and Financial Statements For the year ended 30th June 2024**

**16. Statement of Changes in Net Assets for the Year Ended 30<sup>th</sup> June 2024**

Description	Revolving Fund	Revaluation Reserve	Accumulated Surplus	Total
		Kshs	Kshs	Kshs
<b>Balance As At 1 July 2022</b>	51,535,376	-	25,321,939	76,857,315
Surplus/(Deficit) For the Period		-	(1,727,443)	(1,727,443)
Funds Received During the Year	-	-	-	-
Transfers	(-)	(-)	(-)	(-)
Revaluation Gain	-	-	-	-
<b>Balance As At 30 June 2023</b>	<b>51,535,376</b>	<b>-</b>	<b>23,594,496</b>	<b>75,129,872</b>
<b>Balance As At 1 July 2023</b>	<b>51,535,376</b>	<b>-</b>	<b>23,594,496</b>	<b>75,129,872</b>
Surplus/(Deficit) For the Period		-	(3,980,496)	(3,980,496)
Funds Received During the Year	-	-	-	-
Transfers		(-)	(-)	
Revaluation Gain	-	-	-	-
<b>Balance As At 30 June 2024</b>	<b>51,535,376</b>	<b>-</b>	<b>19,614,000</b>	<b>71,149,376</b>

**Tana River County Inuka Fund**  
**Annual Report and Financial Statements For the year ended 30th June 2024**

**17. Statement of Cash Flows for The Year Ended 30<sup>th</sup> June 2024**

Description	Note	2023 – 2024	2022 - 2023
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public Contributions and Donations		-	-
Transfers from the County Government			100,000
Interest Received		-	-
Receipts from other Operating Activities		21,395	-
<b>Total receipts</b>		<b>21,395</b>	<b>100,000</b>
<b>Payments</b>			
Employee Costs		-	-
Use of Goods and Services		(5,167,351)	1,827,443
Depreciation and Amortization Expense		-	-
Finance Costs		-	-
<b>Total Payments</b>		<b>(5,167,351)</b>	<b>1,827,443</b>
<b>Net Cash flows from Operating Activities</b>	24	<b>(5,145,956)</b>	<b>(1,727,443)</b>
<b>Cash flows from Investing Activities</b>			
Purchase of Property, Plant, Equipment and Intangible Assets		-	-
Proceeds from Sale of Property, Plant & Equipment		-	-
Proceeds from Loan Principal Repayments		1,254,250	1,137,950
Loan Disbursements Paid Out		(500,000)	(29,737,290)
<b>Net Cash flows Used in Investing Activities</b>		<b>754,250</b>	<b>(28,599,340)</b>
<b>Cash flows from Financing Activities</b>			
Proceeds from Revolving Fund Receipts		-	-
TRCG Treasury Fund (Garnishee Orders)		(34,121,791)	-
Repayment of Borrowings		(-)	(-)
<b>Net Cash flows Used in Financing Activities</b>		<b>(34,121,791)</b>	<b>(-)</b>
<b>Net increase/(decrease) in Cash &amp; Cash Equivalents</b>		<b>(38,513,497)</b>	<b>(30,326,783)</b>
Cash and Cash Equivalents at 1 July 2023		<b>46,530,532</b>	76,857,315
<b>Cash and Cash Equivalents at 30 June 2024</b>		<b>8,017,035</b>	<b>46,530,532</b>

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

18. Statement of Comparison of Budget and Actual Amounts for the Period

Description	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance Difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
<b>Revenue</b>						
Loan application fees	3,166,286	0	3,166,286	15,000	3,151,286	0%
Transfers from County Govt.	150,000,000	0	150,000,000	0	150,000,000	0%
Interest Income	0	0	0	0	0	
Penalties for defaulted loans	2,000,000	0	2,000,000	1,171,855	828,145	142%
<b>Total Income</b>	<b>155,166,286</b>	<b>0</b>	<b>155,166,286</b>	<b>1,186,855</b>	<b>153,979,431</b>	<b>1%</b>
<b>Expenses</b>						
Travel and Accommodation	3,198,700		3,198,700	3,198,700	0	
Board Committees and Conferences	475,000		475,000	475,000	0	
Advertisement	70,000		70,000	70,000	0	
Office Supplies	1,013,280		1,013,280	1,013,280	0	
Training Expenses	400,000		400,000	400,000	0	
Bank charges and Commissions	10,371		10,371	10,371	0	
Catering Services	0		0	0	0	
<b>Total Expenditure</b>	<b>5,167,351</b>	<b>0</b>	<b>5,167,351</b>	<b>5,167,351</b>	<b>0</b>	
<b>Surplus for the Period</b>	<b>149,998,935</b>	<b>0</b>	<b>149,998,935</b>	<b>-3,980,496</b>	<b>153,979,431</b>	<b>-3%</b>
<b>Capital Expenditure</b>	<b>150,000,000</b>	<b>-</b>	<b>150,000,000</b>	<b>500,000</b>	<b>149,500,000</b>	<b>0%</b>

*Tana River County Inuka Fund  
Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2024*

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**19. Notes to the Financial Statements**

**1. General Information**

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

**2. Statement of compliance and basis of preparation**

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

**3. Adoption of new and revised standards**

(i) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024*

<b>Standard</b>	<b>Effective date and impact</b>
<b>IPSAS 41:</b> Financial Instruments	<b>Applicable: 1<sup>st</sup> January 2023</b> 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. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

Standard	Effective date and impact
	<ul style="list-style-type: none"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul> <p>The standard does not apply to this fund.</p>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></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"> <li>(a) The nature of such social benefits provided by the Entity;</li> <li>(b) The key features of the operation of those social</li> </ul>

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Standard	Effective date and impact
	<p>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> <p>The standard does not apply to this fund.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p>The standard does not apply to this fund.</p>
<p>Other improvements to IPSAS</p>	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul>

Standard	Effective date and impact
	<p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p> <p>The standard does not apply to this fund.</p>

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

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

*Tana River County Inuka Fund*

*Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2024*

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

**(iii) Early adoption of standards**

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

**1. Significant Accounting Policies**

**a) Revenue recognition**

**i. Revenue from non-exchange transactions**

**Transfers from other government entities**

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

**ii. Revenue from exchange transactions**

**Interest income**

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

**Dividends**

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

**Rental income**

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

**b) Budget information**

The original budget for FY 2023/2024 was approved by the County Assembly on Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of on the FY 2023/2024 budget following the governing body's approval.

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

***Tana River County Inuka Fund***  
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prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

**Summary of Significant Accounting Policies (Continued)**

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

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

**c) Property, Plant and Equipment**

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

**d) Intangible Assets**

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

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

**e) Investment property**

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

***Tana River County Inuka Fund***  
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net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

**Summary of Significant Accounting Policies (Continued)**

**f) Financial instruments**

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

**Financial assets**

**Classification of financial assets**

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

**Subsequent measurement**

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

**Summary of Significant Accounting Policies (Continued)**

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

**Significant Accounting Policies (Continued)**

**Financial liabilities**

**Classification**

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

**g) Inventories**

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

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

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

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

**h) Provisions**

Provisions are recognized when the Tana River County Inuka Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Tana River County Inuka Fund expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**i) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The Tana River County Inuka Fund recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social

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benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

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**Summary of Significant Accounting Policies (Continued)**

**j) Contingent liabilities**

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

**k) Contingent assets**

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

**l) Nature and purpose of reserves**

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

**m) Changes in accounting policies and estimates**

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

**n) Employee benefits – Retirement benefit plans**

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

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

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**Summary of Significant Accounting Policies (Continued)**

**o) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**p) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**q) Related parties**

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

**r) Cash and cash equivalents**

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

**s) Comparative figures**

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

**Summary of Significant Accounting Policies (Continued)**

**5. Significant judgments and sources of estimation uncertainty**

The preparation of the Tana River County Inuka Fund's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

State all judgements, estimates and assumptions made e.g.

**a) Estimates and assumptions –**

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

**b) Useful lives and residual values**

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

- The condition of the asset based on the assessment of experts employed by the Tana River Inuka Fund
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

**c) Provisions**

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

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Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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**6. Notes to The Financial Statements**

**1. Public Contributions and Donations**

Description	2023 - 2024	2022 - 2023
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
<b>Total</b>	-	-

**2. Transfers from County Government**

Description	2023 - 2024	2022 - 2023
	Kshs	Kshs
Transfers from County Govt. – Operations	00.00	100,000
Payments by County on Behalf of The Entity	-	-
Unconditional Development Grants	-	-
<b>Total</b>	<b>00.00</b>	<b>100,000</b>

**3. Fines, Penalties and Other Levies**

Description	2023 – 2024	2022 – 2023
	Kshs	Kshs
Late Payment Penalties	1,171,855	-
Fines	-	-
<b>Total</b>	<b>1,171,855</b>	-

**4. Interest Income**

Description	2023– 2024	2022 – 2023
	Kshs	Kshs
Interest Income from Loans	-	-
Interest Income from Investments in Financial Assets	-	-
Interest Income on Bank Deposits	-	-
<b>Total Interest Income</b>	-	<b>00.00-</b>

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**Notes to the Financial Statements Continued**

**5. Other Income**

Description	2023 – 2024	2022 – 2023
	Kshs	Kshs
Insurance Recoveries	-	-
Income from loan application fees	15,000	-
Bad Debts Recovered	-	-
Miscellaneous Income	-	-
<b>Total Other Income</b>	<b>15,000</b>	<b>-</b>

**6. Employee Costs**

Description	2023 – 2024	2022 – 2023
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**7. Use of Goods and Services**

Description	2023 – 2024	2022 – 2023
	Kshs	Kshs
General Office Expenses		242,887
Professional Services Costs	-	-
Administration Fees		-
Travel and Accommodation	2,438,700	1,056,400
Bank Charges	10,371	12,096
Electricity And Water Expenses	-	-
Fuel And Oil Costs		47,000
Domestic Travel Costs	760,000	194,000

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Description	2023 – 2024	2022 – 2023
	Kshs	Kshs
Printing And Stationery	1,013,280	5,060
Board Sitting Allowance	475,000	270,000
Advertising Expenses	70,000	-
Training Expenses	400,000	-
<b>Total</b>	<b>5,167,351</b>	<b>1,827,443</b>

**8. Depreciation and Amortization Expense**

Description	2023 – 2024	2022 – 2023
	Kshs	Kshs
Property Plant And Equipment	-	-
Intangible Assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**9. Finance Costs**

Description	2023 – 2024	2022 – 2023
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**10. Gain/(Loss) on Disposal of Assets**

Description	2023 – 2024	2022 – 2023
	Kshs	Kshs
Property, Plant And Equipment	-	-
Intangible Assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**11. Gain/(Loss) on Fair Value Investments**

Description	2023 – 2024	2022 – 2023
	Kshs	Kshs

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Investments at Fair Value-Equity Investments	-	-
Fair value – Investment Property	-	-
Fair value – Other Financial Assets	-	-
<b>Total Gain</b>	-	-

**Notes to the Financial Statements Continued**

**12. Cash and Cash Equivalents**

Description	2023 – 2024	2022 – 2023
	Kshs	Kshs
Tana River County Inuka Fund Main Account	5,555,642	45,361,272
Tana River County Inuka Fund Admin Account	97,758	34,222
Tana River County Inuka Fund Loan Account	2,363,635	1,135,038
On – Call Deposits	-	-
Current Account	-	-
Others	-	-
<b>Total Cash And Cash Equivalents</b>	<b>8,017,035</b>	<b>46,530,532</b>

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**Notes to the Financial Statements Continued**

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

Financial Institution	Account Number	2023 – 2024	2022 – 2023
		Kshs	Kshs
<b>a) Fixed Deposits Account</b>			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
<b>Sub- Total</b>		-	-
<b>b) On - Call Deposits</b>			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
<b>Sub - Total</b>		-	-
<b>c) Current Account</b>			
Tana River County Inuka Fund Main	127298119 3	5,555,642	45,361,272
Tana River County Inuka Fund Admin	127298122 3	97,758	34,222
Tana River County Inuka Fund Loan	127298108 8	2,363,635	1,135,038
<b>Sub - Total</b>		<b>8,017,035</b>	<b>46,530,532</b>
<b>d) Others</b>			
Cash In Transit		-	-
Cash In Hand		-	-
<b>Sub - Total</b>		-	-
<b>Grand Total</b>		<b>8,017,035</b>	<b>46,530,532</b>

**13. Receivables from Exchange Transactions**

Description	2023 – 2024	2022 – 2023
	Kshs	Kshs
<b>Current Receivables</b>		
Interest Receivable	-	-
Current Loan Repayments Due	28,510,550	14,907,000
Other Exchange Debtors (TRCG Treasury Debt)	34,121,791	-
Less: Impairment Allowance	(-)	(-)
<b>Total Current Receivables</b>	<b>62,632,341</b>	

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		14,907,000
<b>Non-Current Receivables</b>		
Long Term Loan Repayments Due	500,000	14,612,050
<b>Total Non-Current Receivables</b>	<b>500,000</b>	<b>14,612,050</b>
<b>Total Receivables From Exchange Transactions</b>	<b>63,132,341</b>	<b>29,519,050</b>

**Notes to the Financial Statements Continued**

**Additional Disclosure on Interest Receivable**

Description	2023 – 2024	2022 – 2023
	Kshs	Kshs
<b>Interest Receivable</b>		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
<b>Current Loan Repayments Due</b>		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year		14,907,000

**14. Prepayments**

Description	2023 – 2024	2022 – 2023
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments –Loan repayment suspense Account	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**15. Inventories**

Description	2023 – 2024	2022 – 2023
	Kshs	Kshs

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Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (Specify)	-	-
<b>Total Inventories at the Lower of Cost and Net Realizable Value</b>	<b>-</b>	<b>-</b>

**Notes to the Financial Statements Continued**

**16. Investments in Financial Assets**

Description	2023– 2024	2022 – 2023
	Kshs	Kshs
<b>a. Investment in Treasury bills and bonds</b>		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
<b>b. Investment with Financial Institutions/ Banks</b>		
Bank x	-	-
Bank y	-	-
Sub- total	-	-
<b>c. Equity investments</b>		
Equity/ shares in Entity	-	-
Sub- total	-	-
<b>Grand total</b>	<b>-</b>	<b>-</b>

**Movement of Equity Investments**

Impairment Allowance/ Provision	2023 – 2024	2022 – 2023
	Kshs	Kshs
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	(-)	(-)
Gain/(loss) in fair value of investments through surplus or deficit	-	-
<b>At the end of the year</b>	<b>-</b>	<b>-</b>

**e) Shareholding in other Entities**

For investments in equity share listed above, list down the equity investments under the following categories:

Name of Entity where investment is	No of shares	Nominal value of shares	Fair value of shares	Fair value of shares

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<b>held</b>	<b>Direct shareholding</b>	<b>Indirect shareholding</b>	<b>Effective shareholding</b>		<b>Current year</b>	<b>Prior year</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

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Notes to The Financial Statements (Continued)

17. Property, Plant and Equipment

	Land and Buildings	Motor Vehicles	Furniture and Fittings	Computers and Office Equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 <sup>st</sup> July 2022	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	(-)	(-)	-	-	(-)
Transfers/Adjustments	-	(-)	-	(-)	(-)
At 30 <sup>th</sup> June 2023	-	-	-	-	-
At 1 <sup>st</sup> July 2023					
Additions	-	-	-	-	-
Disposals	(-)	-	-	-	(-)
Transfer/Adjustments	(-)	-	-	(-)	(-)
At 30 <sup>th</sup> June 2024	-	-	-	-	-
<b>Depreciation And Impairment</b>					
At 1 <sup>st</sup> July 2022	(-)	(-)	(-)	(-)	(-)
Depreciation	(-)	(-)	(-)	(-)	(-)
Impairment	(-)	-	-	-	(-)
At 30 <sup>th</sup> June 2023	-	-	-	-	-
At 1 <sup>st</sup> July 2023					
Depreciation	(-)	(-)	(-)	-	(-)
Disposals	-	-	-	-	-
Impairment	(-)	(-)	-	-	(-)
Transfer/Adjustment	-	(-)	(-)	-	-
At 30 <sup>th</sup> June 2024	-	-	-	-	-
<b>Net Book Values</b>					
At 30 <sup>th</sup> June 2023	-	-	-	-	-
At 30 <sup>th</sup> June 2024	-	-	-	-	-

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Notes to The Financial Statements (Continued)

18. Intangible Assets

Description	2023 – 2024	2022 – 2023
	Kshs	Kshs
<b>Cost</b>		
<b>At Beginning of The Year</b>	-	-
Additions	-	-
<b>At End of The Year</b>	-	-
<b>Amortization And Impairment</b>		
<b>At Beginning of The Year</b>	-	-
Amortization	-	-
<b>At End of The Year</b>	-	-
Impairment Loss	-	-
<b>At End of the Year</b>	-	-
<b>NBV</b>	-	-

19. Investment Property

Description	2023 – 2024	2022 – 2023
	Kshs	Kshs
<b>At beginning of the year</b>	-	-
Additions	-	-
Disposal during the year	(-)	(-)
Depreciation	(-)	(-)
Impairment	(-)	(-)
Gain/(loss) in fair value (if fair value is elected)	-	-
<b>At End of the Year</b>	-	-

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Notes to The Financial Statements (Continued)

20. Trade and Other Payables from Exchange Transactions

Description	2023 – 2024		2022 – 2023	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
<b>Total Trade and Other Payables</b>	-		-	
Ageing analysis (Trade and other payables)	2023 - 2024	% of the Total	2022 - 2023	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (tie to above total)</b>	-		-	

(NB: Amount under deposits and retentions should tie to cash held in deposit account)

21. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At the Beginning of The Year	-	-	-	-
Additional Provisions	-	-	-	-
Provision Utilised	(-)	(-)	(-)	(-)
Change Due to Discount and Time Value For Money	(-)	(-)	(-)	(-)
Transfers From Non-Current Provisions	-	-	-	-
<b>Balance at the End of the Year</b>	-	-	-	-

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**Notes to The Financial Statements (Continued)**

**22. Borrowings**

Description	2023 – 2024	2022 – 2023
	Kshs	Kshs
<b>Balance At Beginning of The Period</b>	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments of External Borrowings During the Period	(-)	(-)
Repayments of Domestic Borrowings During the Period	(-)	(-)
<b>Balance at End of the Period</b>	-	-

The table below shows the classification of borrowings into external and domestic borrowings:

Description	2023 – 2024	2022 – 2023
	Kshs	Kshs
<b>External Borrowings</b>		
Dollar Denominated Loan From 'X Organization'	-	-
Sterling Pound Denominated Loan From 'Y Organization'	-	-
Euro Denominated Loan from Z Organization'	-	-
<b>Domestic Borrowings</b>		
Kenya Shilling Loan from KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Borrowings From Other Government Institutions	-	-
<b>Total Balance at End of the Year</b>	-	-

The table below shows the classification of borrowings long-term and current borrowings:

Description	2023 – 2024	2022 – 2023
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
<b>Total</b>	-	-

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**Notes to The Financial Statements (Continued)**

**23. Employee Benefit Obligations**

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2023 – 2024	2022 – 2023
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**24. Social Benefit Liabilities**

Description	2023 – 2024	2022 – 2023
	Kshs	Kshs
Health Social Benefit Scheme	-	-
Unemployment Social Benefit Scheme	-	-
Orphaned and Vulnerable Benefit Scheme	-	-
Elderly Social Benefit Scheme	-	-
Bursary Social Benefits	-	-
<b>Total</b>	-	-
Current Social Benefits	-	-
Non-Current Social Benefits	-	-
<b>Total (tie to totals above)</b>	-	-

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**Notes to The Financial Statements (Continued)**

**25. Cash Generated from Operations**

<b>Description</b>	<b>2023 – 2024</b>	<b>2022 – 2023</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Surplus/(Deficit) For the Year Before Tax</b>	-	-
<b>Adjusted For:</b>		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	(-)	(-)
Interest Income	(-)	(-)
Finance Cost	-	-
<b>Working Capital Adjustments</b>		
Increase In Inventory	(-)	(-)
Increase In Receivables	(-)	(-)
Increase In Payables	-	-
<b>Net Cash Flow From Operating Activities</b>	-	-

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**Notes to The Financial Statements (Continued)**

**26. Related Party Balances**

**a) Nature of Related Party Relationships**

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

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

**b) Related Party Transactions**

Description	2023 – 2024	2022 – 2023
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

**c) Key Management Remuneration**

Description	2023 – 2024	2022 – 2023
	Kshs	Kshs
Board of Trustees	-	-
Key Management Compensation	-	-
<b>Total</b>	-	-

**d) Due from Related Parties**

Description	2023 – 2024	2022 – 2023
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government		27,990,007
<b>Total</b>		<b>27,990,007</b>

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

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**Other Disclosures Continued**

**e) Due to Related Parties**

Description	2023 – 2024	2022 – 2023
	Kshs	Kshs
Due to Parent Ministry	-	-
Due to County Government	-	-
Due to Key Management Personnel	-	-
<b>Total</b>	-	-

**27. Contingent Assets and Contingent Liabilities**

Contingent Liabilities	2023 – 2024	2022 – 2023
	Kshs	Kshs
Court Case... Against the Fund	-	-
Bank Guarantees	-	-
<b>Total</b>	-	-

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**Notes to The Financial Statements (Continued)**

**28. Financial Risk Management**

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

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

**a) Credit Risk**

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

<b>Description</b>	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 June 2024</b>				
Receivables From Exchange Transactions	63,132,341	63,132,341	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	8,017,035	8,017,035	-	-
<b>Total</b>	<b>71,149,376</b>	<b>71,149,376</b>	<b>-</b>	<b>-</b>
<b>At 30 June 2023</b>				
Receivables From Exchange Transactions	29,519,050	29,519,050	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	46,530,532	46,530,532	-	-
<b>Total</b>	<b>76,049,582</b>	<b>76,049,582</b>	<b>-</b>	<b>-</b>

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

**Tana River County Inuka Fund**

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**Notes to The Financial Statements (Continued)**

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

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

**b) Liquidity Risk Management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30<sup>th</sup> June 2024</b>				
Trade Payables	-	-	-	-
Current Portion of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30<sup>th</sup> June 2023</b>				
Trade Payables	-	-	-	-
Current Portion of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	-	-

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**Notes to The Financial Statements (Continued)**

**c) Market Risk**

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

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

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

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

**i. Foreign Currency Risk**

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

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

Description		Other Currencies	Total
	Kshs	Kshs	Kshs
<b>At 30<sup>th</sup> June 2024</b>			
Financial Assets	-	-	-
Investments	-	-	-
Cash	8,017,035	-	-
Debtors/ Receivables	63,132,341	-	-
<b>Liabilities</b>			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
<b>Net Foreign Currency Asset/(Liability)</b>	-	-	-

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**Notes to The Financial Statements (Continued)**

**Foreign Currency Sensitivity Analysis**

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

Description	Change in Currency Rate	Effect on Surplus/ Deficit	Effect on Equity
	Kshs	Kshs	Kshs
<b>2023 - 2024</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2022 - 2023</b>			
Euro	10%	-	-
USD	10%	-	-

**ii. Interest Rate Risk**

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

***Management of Interest Rate Risk***

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

***Sensitivity Analysis***

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

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**Notes to The Financial Statements (Continued)**

**d) Capital Risk Management.**

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

Description	2023 – 2024	2022 – 2023
	Kshs	Kshs
Revaluation Reserve	-	-
Revolving Fund	51,535,376	75,000,000
Accumulated Surplus	19,614,000	-
<b>Total Funds</b>	<b>71,149,376</b>	<b>-</b>
Total Borrowings	-	-
Less: Cash and Bank Balances	(8,017,035)	(-)
Net debt/(Excess Cash and Cash Equivalents)	63,132,341	-
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

**29. Events after the Reporting Period**

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

**30. Ultimate and Holding Entity**

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

**31. Currency**

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

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**20. Annexes**

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

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

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

Tana River County Inuka Fund Administrator

Date..... 25/07/2024

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

*[Insert name of beneficiary Fund]*  
*[Insert Address]*

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2024 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by <i>[Insert name of beneficiary Fund]</i> as at 30 <sup>th</sup> June 2024							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (Kshs) as at 30 <sup>th</sup> June 2024				Amount Received by <i>[beneficiary Fund]</i> (KShs) as at 30 <sup>th</sup> June 2024 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
<b>Total</b>							

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

**Head of Accountants department of beneficiary Fund:**

Name ..... *Godwin J. Juma* Sign ..... *[Signature]* Date ..... *30/06/2024*

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**Annex III: Reporting of Climate Relevant Expenditures**

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

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

**Annex IV: Reporting on Disaster Management Expenditure**

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

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