

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

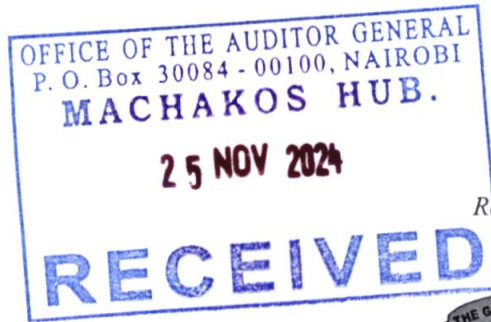
ON

**KITUI COUNTY
EMPOWERMENT FUND**

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



| PAPERS LAID | |
|--------------------|--------------|
| DATE | 6/3/2025 |
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| COMMITTEE | |
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Revised 30th June 2024



COUNTY GOVERNMENT OF KITUI

KITUI COUNTY EMPOWERMENT FUND (KCEF)

**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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Kitui County Empowerment Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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1. Acronyms and Glossary of Terms

a) Acronyms

| | |
|-------|--|
| BOM | Board of Management |
| ICPAK | Institute of Certified Public Accountants of Kenya |
| IPSAS | International Public Sector Accounting Standards |
| PFM | Public Finance Management |
| PSASB | Public Sector Accounting Standards Board |
| Kshs | Kenya Shillings |
| KCEF | Kitui County Empowerment Fund |
| MSMEs | Micro and Medium Small Enterprises |
| ECL | Expected credit loss |

b) Glossary of Terms

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

2. Key Entity Information and Management

a) Background information

Kitui County Empowerment Fund is established by and derives its authority and accountability from Public Finance Management Act (Kitui County Empowerment Fund) Regulations, 2021. The fund was gazetted in Kenya Gazette notice Supplementary No. 1 of 1st March 2021.

The Fund is wholly owned by the County Government of Kitui and is domiciled in the Ministry of Trade, Industry, MSMEs, Innovation and Co-operatives.

The fund's objective is to;

- Provide loans directly to affirmation action groups or any other group duly registered and qualifying for financing under these regulations for entrepreneurship development.
- Attract and facilitate investment-oriented infrastructure such as business, markets or business incubators that will be beneficial to youth, women, persons with disability groups and any other group duly registered and qualifying for financing under these regulations.
- Support capacity building of the beneficiaries of the Fund through training, incubation, mentorship, start-up support and promotion of innovation and development of products.
- Promote, develop and facilitate access to government procurement opportunities by women, youth and persons with disability groups and any other group duly registered and qualifying for financing under these regulations.

The principal activity/mission/ mandate of the Fund is to empower organized groups through loans.

b) Principal Activities

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

The Fund's principal activity/mission/ mandate empower organized groups within Kitui County by giving them affordable loans.

i) Eligibility Criteria for Loan Applicants

Regulation No. 18, sets the eligibility as follows;

An affirmative action group or any other qualified group shall be eligible to be granted a loan for business purposes from the Fund if-

- it is registered with the department of social services, Cooperatives or the Registrar of Societies; and
- the applicant is based within the County; and
- Has been in existence for at least three months prior to the application.
- Demonstrate ability to contribute at least 5% of the loan applied for either in cash or in kind; and
- the applicant has an operational bank account.

No applicant shall be granted a loan exceeding one million Kenya Shillings from the Fund at any given time.

The allocation of loans under these regulations shall be based on equitable distribution among the eight sub- counties in the county.

Affirmative action groups shall be given a preference while processing loans by the Fund.

ii) Application Requirements

This is guided by Regulation No. 19 which reads:

- An applicant shall borrow a loan from the Fund through an application in the prescribed form to the Fund Administrator.
- An applicant shall have to provide a certificate of registration, minutes of the group's meeting where the resolution to borrow from the Fund was made and copies of identification documents of all her members.
- A written resolution made by majority of the members of the group and signed by the authorised officials of the group shall also be required. This resolution shall state the amount of loan to be borrowed, the repayment amount, period as agreed by the members, the collateral to be offered as security and a confirmation of a guarantee from the members.

iii) Evaluation criteria

The Fund Administrator considers first in first out principle of loan processing, preference to affirmative action groups, compliance with the provisions of paragraph (2), ability to repay, a repayment undertaking by the beneficiary and multiple applications.

iv) Disbursement of loan

- The Administrator shall deduct a one-off deduction for loan insurance and processing costs upfront prior the release of the approved loan.
- The loan shall be paid in instalments for a maximum period not exceeding 12 months.
- The loan interest shall be as prescribed in regulation 5% per annum.

v) Affirmative Action Groups Loans

In case of affirmative cases which apply to Women and Youth Groups, the administrator considers whether the bank signatories, leadership and membership comprise more than 50% of the group members are women or youth or PWDs.

Kitui County Empowerment Fund**Annual Report and Financial Statements for the year ended June 30, 2024****c) Board of Trustees/Fund Administration Committee**

| Ref | Name | Position |
|-----|-------------------------|--|
| 1 | Ann Mutave Peter | Board Chairperson-Resigned on 4 th Sep 2023 |
| 2 | Canon Simon Muoko | Board Member – Vice Chairperson |
| 3 | Paul Ngei Monyi | Chief Officer, Cooperatives & Group Economic Empowerment Initiatives |
| 4 | CPA, John Makau Kimwele | Chief Officer, Revenue Management & Accounting |
| 5 | Peninah Musila | Board Member |
| 6 | Christopher Syengo | Board Member |
| 7 | Kirk Mbiti | Co-opted Member |
| 8 | Dorothy Mumangi | Fund Administrator |
| | | |

d) Key Management Team

| Ref | Name | Position |
|-----|---------------------|-------------------------|
| 1 | Dorothy Mumangi | Fund Administrator |
| 2 | Dorcas Musasu Mwova | Fund Accountant |
| 3 | Sharon Munyao | Principal Trade Officer |

e) Fiduciary Oversight Arrangements

| SN | Position | Name |
|----|----------------------------|---------------|
| 1 | Directorate Internal Audit | Samuel Mwangi |
| 2 | KCEF Advisory Committee | |
| 3 | | |

Kitui County Empowerment Fund

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

f) Registered Offices

Kitui County Empowerment Fund Office
County Commissioner Administration Block,
P.O BOX 58 – 90200
Kitui, KENYA

g) Fund Contacts

Telephone: (254) 734 343521
Contact: (0722 228617)
Website: www.kitui.go.ke

h) Fund Bankers

Bank: Equity Bank (Kenya) Limited
Branch: Kitui Branch
Account Name: Kitui County Empowerment Fund
Account Number: 0720279622526

2. Bank: Equity Bank (Kenya) Limited
Branch: Kitui Branch
Account Name: Kitui County Empowerment Fund – Collection Account
Account Number: 0720281086403

Key Entity and Management (Continued)

i) Independent Auditors


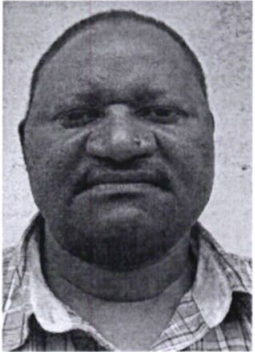

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya




j) Principal Legal Adviser

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

k) County Attorney

3. Board of Trustees/ Fund Administration Committee

| Name | Details of qualifications and experience |
|---|---|
| <p>1.</p>  | <p>Full Name: Dorothy Mumangi Date of Birth: 18th November 1976 Key Academic Qualifications: Bachelor Degree in Education Science Key Professional Qualifications:</p> <ul style="list-style-type: none"> • Senior Management <p>Work Experience:</p> <ul style="list-style-type: none"> • 3 years in Teaching <p>15 years in Banking-Standard Chartered Bank</p> |
| <p>2.</p>  | <p>Full Name: Canon Simon Muoko Date of Birth: 20th October 1968 Key Academic Qualifications: Masters of Arts in Sociology and Community Development Key Professional Qualifications:</p> <ul style="list-style-type: none"> • Priest with Anglican Church of Kenya (ACK), <p>Work Experience:</p> <ul style="list-style-type: none"> • Board Member for ACK for 29 years <p>Vicar General of Diocese of Nairobi</p> |
| <p>3.</p>  | <p>Full Name: Kirk Mutua Mbiti Date of Birth: 3rd March 1978 Key Academic Qualifications:</p> <ul style="list-style-type: none"> • Masters in Entrepreneurship • Bachelor of Commerce <p>Key Professional Qualifications:</p> <ul style="list-style-type: none"> • Branch Manager Kitui Teachers SACCO Society Limited • Marketing Manager Kitui Teachers SACCO Society Limited <p>Work Experience:</p> <p>11 years working with the Kitui Teachers SACCO Society Limited</p> |

| | |
|--|--|
|  <p>4.</p> | <p>Full Name: Peninah Ndinda Musila Date of Birth: 6th September 1962 Key Academic Qualifications:</p> <ul style="list-style-type: none"> • Bachelor of Degree in Education <p>Key Professional Qualifications:</p> <ul style="list-style-type: none"> • • Teacher <p>Work Experience: 25 years as a teacher</p> |
| <p>NB: PWD</p> <p>5.</p>  | <p>Full Name: Christopher Syengo Date of Birth: 1970 Key Academic Qualifications:</p> <ul style="list-style-type: none"> • National Youth Service Training • Secondary Educations <p>Key Professional Qualifications:</p> <ul style="list-style-type: none"> • Para-legal • Security consultant <p>Work Experience: 31 years in security issues and as a para legal activist</p> |
|  | <p>Full Name: Paul Ngei Monyi Date of Birth: 29th June 1973 Key Academic Qualifications:</p> <ul style="list-style-type: none"> • BCom Accounting <p>Key Professional Qualifications:</p> <ul style="list-style-type: none"> • CPA(K) <p>Work Experience: 22 years working experience</p> |
| | |



Full Name: John Makau Kimwele

Date of Birth: 5th December 1977

Key Academic Qualifications:

- MSC in Finance


Key Professional Qualifications:



- CPA K
- Certified Secretaries (CS)
- Certified Information System Auditor
- Performance Management

Work Experience:

Over 17 years working experience

4. Management Team

| Name | Details of qualifications and experience |
|---|--|
| <p>1. </p> | <p>Full Name: Dorothy Mumangi Date of Birth: 18th November 1976 Key Academic Qualifications: Bachelor of Degree in Education Science Key Professional Qualifications:</p> <ul style="list-style-type: none"> • Senior Management <p>Work Experience:</p> <ul style="list-style-type: none"> • 3 years in Teaching <p>15 years in Banking-Standard Chartered Bank</p> <p>Main Responsibilities</p> <ul style="list-style-type: none"> • Supervise and control the administration of the Fund • Cause to be kept books of accounts and other books and records in relation to the Fund of all undertakings financed from the Fund • Prepare, sign and transmit to the Auditor General, in respect of each financial year and within three months after end thereof, a statement of accounts relating to the Fund and showing the expenditure incurred from the Fund, and such details as the public sector Accounting Standards Board may prescribe from time to time, in accordance with the provisions of the public Finance Management Act, 2012 and Public Audit Act, 2015; • Prepare annual estimates and such other plans in consultation with the board and the county Executive Committee for the better administration of the Fund. |

| | |
|---|---|
|  | <p>Name: Dorcas Mwova Date of birth: 30/10/1990 Key academic qualification: Bachelor of commerce Accounting option key professional qualification: CPA-K Work experience: 7 years</p> <p>Main duties in the fund Preparation of bank reconciliation for Empowerment Fund account Preparation of periodic expenditure schedule for the county Maintaining updated Cashbook for the Empowerment Fund Preparation of Quarterly and Yearly Financial statements Responding to management letter on matters concerning Empowerment Fund Financial Statement.</p> |
|  | <p>Full Name: Sharon Munyao Date of Birth: 1980 Key Academic Qualifications: Bachelor of Arts Key Professional Qualifications:</p> <ul style="list-style-type: none">• CPA Section II• Project Management• Monitoring and Evaluation <p>Work Experience:</p> <ul style="list-style-type: none">• 10 years in project management <p>Main Responsibilities</p> <ul style="list-style-type: none">• Assist the Fund Administrator as may be instructed• Appraisal of loan applications <p>Data capture</p> |

5. Board/Fund Chairperson's Report

The establishment of Kitui County Empowerment Fund (KCEF) is provided in Section 116 of the Public Finance Management Act, 2012. The fund was gazetted in Kenya Gazette notice Supplementary No. 1 of 1st March 2021.

During the reported Financial Year 2023/2024, KCEF Board was able to hold one meeting. In the meeting, the board deliberated on critical matters making important decisions on Fund activities and affairs. During the meeting, collection of outstanding loans was a matter of importance and so the Board agreed that demand letters be written to beneficiary groups as a reminder to pay. The letters were to be delivered by the secretariat as they met Beneficiary groups in a bid to discuss payment of outstanding loans.

The fund did not issue any loan in the FY 2023/2024 as the main focus was on recovery of the outstanding loans. KCEF team has begun visits to beneficiary groups in the sub-counties in a bid to find out how the borrowed funds were utilised and also remind the groups to repay the outstanding loans. It is worth noting that the fund has an operational loan collection account for repayment purposes which so far has received Ksh. 3,838,638.00 as at the end of the reporting period..

In conclusion, the Board is confident that the Kitui County Empowerment Fund will continue to benefit residents of Kitui especially if the collection of outstanding loans is well supported for continuity of the Fund.

Name Simon Muoko Signature  Date 12/09/2024
Chairperson of the Board

6. Report of The Fund Administrator

Kitui County Empowerment Fund (KCEF) is managed by a board dully appointed in line with its regulations. In the FY2023/2024, KCEF board held one meeting which made important decisions on management of the fund.

Cumulatively the Fund has received a total of Kshs. 160,000,000 since its establishment against the budgetary allocation of Kshs. 180,000,000. During this financial year, the Fund did not receive any credit from the County Ministry of Finance, Economics Planning, and Revenue Management. A remainder of Kshs. 20,000,000 is expected to be credited to the Fund account so that more groups can benefit from the loans hence uplifting live hoods of more Kitui residents.

It is worth noting that the Fund has an operational loan collection account for repayment purposes which so far has received Kshs. 3,838,638.00 as at the end of the reporting period. KCEF team has begun visits to beneficiary groups in the sub-counties in a bid to find out how the borrowed funds were utilised and also remind the groups to repay the outstanding loans. Much focus is on loan recovery as opposed to loan disbursements.

There is positive response coming from the beneficiary groups once reminded to pay their outstanding loan and so if all these groups can be reached with consistency, continuity of the Fund can be guaranteed.

| S/No. | Activity | Objective | Outcome | Way Forward |
|-------|---------------------------------------|--|---|---|
| 1. | Disbursement of funds to KCEF Account | To have funds for KCEF operations | Cumulatively seed capital amount of Kshs 160,000,000 is received | The fund is yet to receive the remaining Kshs 20,000,000 to make the total seed capital of Kshs 180,000,000 that was passed/allocated by the County assembly. |
| 2. | Issuance of loans to eligible groups | To demonstrate that eligible groups would get KCEF loans | Cumulatively 2795 groups were issued with loans. | Recovery of outstanding loans is of focus so that more groups can benefit |
| 3. | Training of groups | To empower the groups on KCEF and financial management | Representatives of each group were trained prior to the issuance of the loans | Need for more training of the beneficiaries to capacity build them on financial management to better manage the activities undertaken |

Kitui County Empowerment Fund**Annual Report and Financial Statements for the year ended June 30, 2024**

| S/No. | Activity | Objective | Outcome | Way Forward |
|-------|---------------------------------------|---|---|---|
| 4. | Loan repayment monitoring | Repayment of the loans | A collection account is in place; however, repayment is very slow. MPESA pay Bill has been established for the convenience of paying by the groups. In addition, each group has been assigned a special number that reflects upon paying for ease of identification of the group on the bank statement for reconciliation purposes. The bank balance as of the end of the financial year was Ksh 3,838,638.00 | Collection has not been as effective due to lack of administrative Funds. The Fund needs to be allocated resources to facilitate loan collection. |
| 5. | Acquisition of loan management system | To manage the issued loans effectively. | Loan management system to be in place | The loan management system needs to be acquired for efficiency |

Challenges faced

- a) Limited and inconsistent data due to lack of loan information management system
- b) Lack of facilitation/Financial support for the secretariat to carry out activities of the Fund
- c) Reluctance in repayment of the loans by groups
- d) Proper filling of the loan application forms has not been achieved. These forms are piled in boxes on the floor.

Key Risk Management strategies

- i. Official KCEF communication mobile line -phone number 0734 343521 was acquired for official communication to the groups
- ii. Demand letters are being issued to loan beneficiary groups with arrears as a reminder to pay
- iii. Proposed Review of KCEF 2021 Regulations to strengthen the regulatory framework of the Fund.

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 as per the strategic plan for (*Indicate period of the strategic plan*) are to:

- Provide loans directly to affirmation action groups or any other group duly registered and qualifying for financing under these regulations for entrepreneurship development.
- Attract and facilitate investment-oriented infrastructure such as business, markets or business incubators that will be beneficial to youth, women, persons with disability groups, and any other group duly registered and qualifying for financing under these regulations.
- Support capacity building of the beneficiaries of the Fund through training, incubation, mentorship, start-up support and promotion of innovation and development of products.
- Promote, develop and facilitate access to government procurement opportunities by women, youth and persons with disability groups and any other group duly registered and qualifying for financing under these regulations

Kitui County Empowerment Fund**Annual Report and Financial Statements for the year ended June 30, 2024**

| Program | Objective | Outcome | Indicator | Performance |
|----------------------------|---|---|---|--|
| Group economic empowerment | Provide loans directly to affirmation action groups or any other organised group | Enhanced capital | % of budgeted loan amount issued | Cumulatively total loans disbursed since inception translates to 94% of the total budget allocation |
| | Attract and facilitate investment-oriented infrastructure such as business, markets etc | Increased investment opportunities to youth, women and persons with disability groups | % of youth, women and persons with disability groups with increased investment opportunities | 42.5 % of the group loans issued were for youth, women and persons with disability |
| | Support capacity building of the beneficiaries of the Fund | Enhanced skills and knowledge on business start-up and business management | Number of beneficiaries trained | Not achieved due to lack of administrative budget |
| | Promote, develop and facilitate access to government procurement opportunities | Increased access to government procurement opportunities | Number of women, youth and persons with disability groups accessing to government procurement opportunities | Cumulatively a total of 1192 women, youth and persons with disability groups were awarded loans giving them capital to access procurement opportunities. |

8. Corporate Governance Statement

Number of Fund Administration Committee meetings held and the attendance to those meetings by members,

The Kitui County Empowerment Fund Board held one meeting in the reported Year as below;

| S/No. | Meeting Date | No. of Members Present | No. of Members Absent with Apology | Other persons with attendance | key in |
|-------|----------------------------------|------------------------|------------------------------------|-------------------------------|--------|
| 1. | 28 th September, 2023 | 6 | 1 | 0 | |

Succession plan,

The succession plan of the Fund is well elaborated in the Regulations.

Existence of a board /trustee charter

There is no trustee charter at the moment

Process of appointment and removal of trustees,

KCEF regulation No. 38 paragraph 2 provides that, “Any Board Member appointed under Legal Notice Number 6 of 2018 shall be presumed to have been appointed under these regulations and shall serve for a term of three years from the date of such appointment after which any reappointment shall be done in line with these Regulations.”

Regulation No. 10 paragraph 1 outlines the establishment and appointment of the KCEF board. The section reads as follows;

(1) There shall be a Board to be known as the Kitui County Empowerment Fund Board which shall consist of—

(a) A non-executive chairperson, not being a public officer appointed by the Governor.

(b) The Fund Administrator who shall be the secretary to the Board and an ex-officio member.

(c) The Chief Officer for the time being responsible for finance or their representative appointed in writing.

(d) The Chief Officer for the time being responsible for Trade or their representative appointed in writing.

(e) One person with expertise in business enterprise development or finance management competitively appointed by the County Executive Committee Member.

(f) One youth nominated by the National Youth Council and appointed by the County Executive Committee Member.

(g) One person representing persons with disability nominated by National Council for persons with Disabilities and appointed by the County Executive Committee Member; and

(h) One person of the female gender competitively appointed by the County Executive Committee Member.

KCEF regulation number 14 entails the process for vacation of office of the board members. The regulation reads:

(1) The office of the Chairperson or a member of the Board shall become vacant where the chairperson or member of the Board: -

- (a) is absent from at least five consecutive meetings without a justifiable reason or without prior authority from the Governor or the County Executive Committee Member respectively; or
- (b) is adjudged bankrupt; or
- (c) resigns in writing to the Governor or the County Executive Committee Member respectively; or
- (d) is convicted of a crime punishable in law by imprisonment of not less than six months; or
- (e) is removed from office by the Governor or the County Executive Committee member respectively for;
 - (i) being unable to perform the functions of the office held by reasons of infirmity or prolonged sickness;
 - (ii) failing to declare interest held in any matter before the Board;
- (f) dies.

Roles and functions of the board /trustees

The roles and functions of the KCEF board are outlined in regulation 12 as follows:

The Board shall—

- (a) oversee the administration of the Fund;
- (b) advise the County Executive Committee Member generally on the operations of the Fund;
- (c) receive and consider all loan applications;
- (d) receive reports on the performance of the Fund;
- (e) develop policy guidelines relating to disbursements by the Fund;
- (f) review the estimates of annual revenue and expenditure of the Fund and recommend them to the County Executive Committee Member for approval and submission to the County Executive Committee Member for the time being responsible for finance;
- (g) review guidelines on the Fund priorities and criteria for allocation and disbursement of funds to beneficiaries in furtherance of the objects of the Fund;
- (h) monitor and evaluate the programmes and activities under the Fund;
- (i) review the performance of the Fund and make recommendations on the operations of the Fund to the administrator of the Fund;

- (j) review and approve the financial statements of the Fund before submission to the Auditor General;
- (k) review policy on the management of assets, equipment and all properties under the Fund;
- (l) prescribe other guidelines for use by the Fund;
- (m) mobilize resources for the Fund to be paid into the Fund;
- (n) ensure recovery of all loans paid out of the Fund;
- (o) ensure that all loans paid out of the Fund are secured and the collateral is registered in the name of the Government or in the alternative is held by the Fund Administrator; and
- (p) Undertake any other activity that in the opinion of the Board, will promote and facilitate realization of the objects and purposes of the Fund.

Induction and training,

Not undertaken

Conflict of interest,

Regulation 34 on Conduct of business by the Board has outlined handling of conflict of interest.

The section reads:

- (1) The Board may have at most two meetings every month.
- (2) Board meetings shall be convened by the Chairperson and held at a place and time as shall be determined by the Chairperson provided no Board meeting shall be held outside the County unless approved by the County Executive Committee Member.
- (3) A period of two months shall not lapse with the Board having held any meeting.
- (4) Unless the majority of the members of the Board otherwise agree, at least seven days' notice in writing of a meeting shall be given to every member by the Fund Administrator.
- (5) The chairperson may, on his own discretion or at the written request made by the majority of the members of the Board convene a special Board meeting;
- (6) a notice of not more than five calendar days for the special meeting shall be issued by the Fund Administrator with the authority of the Chairperson to the members;
- (7) meetings shall be presided over by the chairperson or the vice-chairperson in the absence of the chairperson;
- (8) Where the chairperson or vice-chairperson is absent, the members shall appoint from among themselves, a person to chair the meeting of the Board;
- (9) the Board may invite any person to attend any of its meetings and to participate in its deliberations, but such person shall not have a vote in any decision of the Board;
- (10) If any person has a personal or fiduciary interest in a project, proposed contract or any matter before the Board, and is present at a meeting of the Board at which any matter is the subject of consideration, that person shall as soon as is

practicable after the commencement of the meeting, declare such interest and shall not take part in any consideration or discussion of, or vote on any question touching such matter.

(11) A disclosure of interest made under paragraph 10 shall be recorded in the minutes of the meeting at which it is made.

(12) The quorum of a Board meeting shall be at least more than half of all members of the Board present and voting.

(13) Where the meeting does not form a quorum or where, by reason of exclusion of a member from a meeting, the number of members present falls below a quorum, the Board shall postpone the subject meeting until such other time as shall be appointed by the chairperson.

14) A question before the Board shall be decided by a simple majority of the members present and voting and in case of a tie in a vote, the chairperson shall have a casting

vote.

Board /trustee remuneration,

The board remuneration is regulated by regulation No. 13 that, “The chairperson and the members of the Board shall be paid out of the Fund such allowances as shall be approved by the Salaries and Remuneration Commission.”

Ethics and conduct as well as governance audit undertaken if any

Regulation 34 on Conduct of business outlines the ethics and conduct of the board. This section is herein above quoted.

The fund administrator is required to prepare, sign and transmit to the Auditor-General, in respect of each financial year and within three months after the end thereof, a statement of accounts relating to the Fund and showing the expenditure incurred from the Fund, and such details as the Public Sector Accounting Standards Board may prescribe from time to time, in accordance with the provisions of the Public Finance Management Act, 2012 and Public Audit Act, 2015;

9. Management Discussion and Analysis

Key Management Resolutions

- Procurement of financial intermediary
- Outstanding Loans recovery

a. entity's key projects or investments decision implemented or ongoing,

| S/No. | Decision | Status |
|--------------|--|------------------------|
| 1. | Use of KCEF secretariat in loan recovery | ongoing |
| 2. | Procurement of a financial intermediary in line with regulation 29 of KCEF | Discussion is Underway |
| | | |

b. Fund's compliance with statutory requirements,

The Fund has been operating in full compliance with all statutory requirements.

c. Major risks facing the Fund, material arrears in statutory and other financial obligations

- Default repayment of disbursed loans
- Absence of a loan management system for managing the entire budget for loans (Kshs 180,000,000)
- Lack of administration cost budget for managing the entire budget of loan allocation of Kshs 180,000,000

10. Environmental and Sustainability Reporting

1. Sustainability strategy and profile -

The Fund has proposed to the county management a new organizational structure that includes a credit officer who will perform the function of loan recovery across the County. This strategy will ensure loans are followed up for prompt repayment without delay to ensure that the Fund has a revolving cash flow for continuous lending to the public.

The Fund has proposed review of existing KCEF regulations to eliminate grey areas and also include better strategies for sustainability.

2. Environmental performance

Currently there is no policy in place

3. Employee welfare

Staff at the Fund are employees of the County Government of Kitui hence the process of hiring of staff is managed by Kitui Public County Service. The County does not have an independent policy on Occupational Health and safety but follows Occupational safety and Health Act of 2007.

4. Market place practices

To have responsible Supply chain and supplier relations, the Fund maintains the highest standards of integrity and professionalism when handling the suppliers by complying both with the letter and spirit of the law applicable to the public procurement system.

5. Community Engagements

No CSR carried out during the year.

11. Report of The Trustees

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

Principal activities

The principal activity of the Fund is to empower organized groups through loans.

Results

The results of the Fund for the year ended June 30, 2024 are set out on page xvi.

Trustees

The members of the Loans Management Committee who served during the year are shown on page v. The changes in the Board during the financial year are as shown below:

| Moved out | Came in |
|---------------------------------|----------------|
| Ms Anne Mutave Peter (Resigned) | None |

Auditors

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

By Order of the Board


.....
Chair of the Fund Administration Committee

Date:12/09/2024.....

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 the Public Finance Management (Kitui County Empowerment Fund) Regulations, 2021 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Public Finance Management (Kitui County Empowerment Fund) Regulations, 2021. The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2023, and of the Fund’s financial position as at that date. The Administrator further confirms the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund’s ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement

Approval of the financial statements

The Fund’s financial statements were approved by the Board on 12/09/ 2024 and signed on its behalf by:

.....


Dorothy Mumangi
Administrator of the Fund

REPUBLIC OF KENYA



Enhancing Accountability

Telephone: +254-(20) 3214000
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 KITUI COUNTY EMPOWERMENT FUND (KCEF) FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kitui County Empowerment Fund set out on pages 1 to 39 which comprise of the statement of financial position as at

30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kitui County Empowerment Fund as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management (Kitui County Empowerment Fund) Regulations, 2021 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kitui County Empowerment 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

Pending Accounts Payables

The statement of financial position and as disclosed in Note 20 to the financial statements reflect trade and other payables from exchange transactions balance of Kshs.1,264,618 that were not settled as at 30 June 2024. However, no explanation was given for failure to settle the bills.

Failure to settle bills during the year to which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form the first charge.

My opinion is unmodified 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. I have determined that there are no key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several paragraphs were raised. However, Management has not resolved all the prior year matters as prescribed in the reporting requirements set by the Public Sector Accounting Standards Board.

Other Information

The Management is responsible for the other information set out on pages iii to xxiv which comprise of Key Entity Information and Management, Fund Chairperson's Report, Report of the Fund Administrator, Statement of Corporate Governance, Management Discussion and Analysis, Environmental and Sustainability Reporting, Statement of Management Responsibilities, Report of the Trustees and Statement of Performance Against Predetermined Objectives. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the 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.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Other Non-Compliance

Failure to Prepare Budget Estimates

The statement of comparison of budget and actual amounts reflects Nil amounts for both receipts and payments implying that the Fund Management did not prepare an annual budget estimate for the year under review. This is contrary to Regulation 9 (2) of the

Public Finance Management (Kitui County Empowerment Fund) Regulations ,2021 which stipulates that the expenditure incurred on the Fund shall be on the basis of and limited to annual budget estimates prepared by the Fund Administrator and recommended by the Board to the County Executive Committee for approval and submission to the County Executive Committee Member for the time being responsible for finance, 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 and based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The 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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, the 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

20 December, 2024

Kitui County Empowerment Fund

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

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

| Description | Note | FY2023/2024 | FY2022/2023 |
|---|------|---------------------|---------------------|
| | | Kshs | Kshs |
| Revenue From Non-Exchange Transactions | | | |
| Public Contributions and Donations | 1 | 0.00 | 0.00 |
| Transfers From the County Government | 2 | 0.00 | 0.00 |
| Fines, Penalties and Other Levies | 3 | 0.00 | 0.00 |
| | | 0.00 | 0.00 |
| Revenue From Exchange Transactions | | | |
| Interest Income | 4 | 7,904,741.02 | 6,912,187.00 |
| Other Income | 5 | 0.00 | 399,705.00 |
| | | 7,904,741.02 | 7,311,892.00 |
| Total Revenue | | 7,904,741.02 | 7,311,892.00 |
| | | | |
| Expenses | | | |
| Employee Costs | 6 | 0.00 | 0.00 |
| Use of goods and services | 7 | 0.00 | 81,451.00 |
| Depreciation and Amortization Expense | 8 | 0.00 | 0.00 |
| Finance Costs | 9 | 0.00 | 0.00 |
| Total Expenses | | 0.00 | 81,451.00 |
| Other Gains/Losses | | | |
| Gain/Loss on Disposal of Assets | 10 | 0.00 | 0.00 |
| Gain /Loss on fair value of investments | 11 | 0.00 | 0.00 |
| Surplus/(Deficit) for the Period | | 7,904,741.02 | 7,230,441.00 |

(The notes set out on pages 7 to 38 form an integral part of these Financial Statements)

.....
Dorothy Mumangi
Fund Administrator

.....
Dorcas Mwova
Fund Accountant
ICPAK Member Number:24954

Kitui County Empowerment Fund**Annual Report and Financial Statements for the year ended June 30, 2024****15. Statement of Financial Position As at 30 June 2024**

| | Note | FY2023-2024 | FY2022-2023 |
|--|------|-----------------------|-----------------------|
| | | KShs | KShs |
| Assets | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 12 | 11,160,910.90 | 10,238,310.00 |
| Current Portion of Long- Term Receivables From Exchange Transactions | 13 | 164,298,370.99 | 157,316,231.00 |
| Prepayments | 14 | 0.00 | 0.00 |
| Inventories | 15 | 0.00 | 0.00 |
| Investments in financial assets | 16 | 0.00 | 0.00 |
| Total current assets | | 175,459,281.89 | 167,554,541.00 |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 17 | 0.00 | 0.00 |
| Intangible Assets | 18 | 0.00 | 0.00 |
| Long Term Receivables from Exchange Transactions | 13 | 0.00 | 0.00 |
| Investment Property | 19 | 0.00 | 0.00 |
| Total non- current assets | | 0.00 | 0.00 |
| Total Assets | | 175,459,281.89 | 167,554,541.00 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and Other Payables from Exchange Transactions | 20 | 1,264,618.00 | 1,264,618.00 |
| Current Provisions | 21 | 0.00 | 0.00 |
| Current Portion of Borrowings | 22 | 0.00 | 0.00 |
| Employee Benefit Obligations | 23 | 0.00 | 0.00 |
| Social benefit liabilities | 24 | 0.00 | 0.00 |
| Total current liabilities | | 1,264,618.00 | 1,264,618.00 |
| Non-Current Liabilities | | | |
| Non-Current Provisions | 21 | 0.00 | 0.00 |
| Long Term Portion of Borrowings | 22 | 0.00 | 0.00 |
| Non-Current Employee Benefit Obligation | 23 | 0.00 | 0.00 |
| Social benefit liabilities | 24 | 0.00 | 0.00 |
| Total Liabilities | | 1,264,618.00 | 1,264,618.00 |
| Net Assets | | 174,194,663.88 | 166,289,923.00 |
| Revolving Fund | | 160,000,000.00 | 160,000,000.00 |
| Reserves | | 0.00 | 0.00 |
| Accumulated Surplus | | 14,194,663.88 | 6,289,923.00 |
| Net Assets | | 174,194,663.88 | 166,289,923.00 |

Kitui County Empowerment Fund

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

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 _____ 2024 and signed by:

.....
Dorothy Mumangi
Fund Administrator

.....
Dorcas Mwova
Fund Accountant
ICPAK Member Number:24954

Kitui County Empowerment Fund**Annual Report and Financial Statements for the year ended June 30, 2024****16. Statement of Changes in Net Assets for the year ended 30th June 2024**

| Description | Revolving Fund | Revaluation Reserve | Accumulated surplus | Total |
|-----------------------------------|-----------------------|---------------------|----------------------|-----------------------|
| | | Kshs | Kshs | Kshs |
| Balance As At 1 July 2022 | 120,000,000.00 | 0.00 | (940,518.63) | 119,059,481.37 |
| Surplus/(Deficit) For the Period | 0.00 | 0.00 | 7,230,441.49 | 7,230,441.49 |
| Funds Received During the Year | 40,000,000.00 | 0.00 | 0.00 | 40,000,000.00 |
| Transfers | 0.00 | 0.00 | 0.00 | 0.00 |
| Revaluation Gain | 0.00 | 0.00 | 0.00 | 0.00 |
| Balance As At 30 June 2023 | 160,000,000.00 | 0.00 | 6,289,922.86 | 166,289,922.86 |
| | | | | |
| Balance As At 1 July 2023 | 160,000,000.00 | 0.00 | 6,289,922.86 | 166,289,922.86 |
| Surplus/(Deficit) For the Period | 0.00 | 0.00 | 7,904,741.02 | 7,904,741.02 |
| Funds Received During the Year | 0.00 | 0.00 | 0.00 | 0.00 |
| Transfers | 0.00 | 0.00 | 0.00 | 0.00 |
| Revaluation Gain | 0.00 | 0.00 | 0.00 | 0.00 |
| Balance As At 30 June 2024 | 160,000,000.00 | 0.00 | 14,194,663.88 | 174,194,663.88 |

The fund does not maintain any reserves

Kitui County Empowerment Fund**Annual Report and Financial Statements for the year ended June 30, 2024****17. Statement of Cash Flows for The Year Ended 30 June 2024**

| Description | Note | FY2023-2024 | FY2022-2023 |
|---|------|----------------------|------------------------|
| | | KShs | KShs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Public contributions and donations | | 0.00 | 0.00 |
| Transfers from the county government | | 0.00 | 0.00 |
| Interest received | | 922,601.00 | 6,912,187.00 |
| Receipts from other operating activities | | 0.00 | 399,705.00 |
| Total receipts | | 922,601.00 | 7,311,892.00 |
| Payments | | | |
| Fund administration expenses | | 0.00 | 0.00 |
| General expenses | | 0.00 | 81,451.00 |
| Finance cost | | 0.00 | 0.00 |
| Other payments | | 0.00 | 0.00 |
| Total Payments | | 0.00 | 81,451.00 |
| Net cash flows from operating activities | 24 | 922,601.00 | (35,983,483.00) |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment and Intangible assets | | 0.00 | 0.00 |
| Proceeds from sale of property, plant & equipment | | 0.00 | 0.00 |
| Proceeds from loan principal repayments | | 0.00 | 0.00 |
| Loan disbursements paid out | | 0.00 | 0.00 |
| Net cash flows used in investing activities | | 0.00 | 0.00 |
| Cash flows from financing activities | | | |
| Proceeds from revolving fund receipts | | 0.00 | 40,000,000.00 |
| Additional borrowings | | 0.00 | 0.00 |
| Repayment of borrowings | | 0.00 | 0.00 |
| Net cash flows used in financing activities | | 0.0 | 40,000,000.00 |
| Net increase/(decrease) in cash & cash Equivalents | | 922,601.00 | 4,016,517.00 |
| Cash and cash equivalents at 1 July 2023 | | 10,238,310.00 | 6,221,793.00 |
| Cash and cash equivalents at 30 June 2024 | | 11,160,910.90 | 10,238,310.00 |

(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 2024

| 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 |
| Revenue | | | | | | |
| Public Contributions and Donations | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0 |
| Transfers From County Govt. | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0 |
| Interest Income | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| Other Income | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| Total Income | | | | | | |
| Expenses | | | | | | |
| Fund Administration Expenses | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| General Expenses | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Finance Cost | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Expenditure | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Surplus For the Period | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Capital expenditure | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

Note. There was no budget during the financial year therefore no activity which took place.

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Kitui County Empowerment Fund is established by and derives its authority and accountability from the Public Finance Management Act. The entity is wholly owned by the Kitui County Government and is domiciled in Kenya. The entity's principal activity is empower organized groups through loans..

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

There were no new and amended standards issued in the financial year.

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

| Standard | Effective date and impact: |
|--|--|
| IPSAS 43 | <i>Applicable 1st January 2025</i> 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 cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. |
| IPSAS 44: Non- Current Assets Held | <i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the |

Kitui County Empowerment Fund**Annual Report and Financial Statements for the year ended June 30, 2024**

| | |
|--|--|
| for Sale and Discontinued Operations | lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. |
| IPSAS 45- Property Plant and Equipment | <i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. |
| IPSAS 46 Measurement | <i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: <ul style="list-style-type: none">i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value. |
| IPSAS 47- Revenue | <i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. |
| IPSAS 48- Transfer Expenses | <i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such |

Kitui County Empowerment Fund

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

| | |
|--|---|
| | transfers. |
| IPSAS 49- Retirement Benefit Plans | <i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. |

(i) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year.

1. Summary of 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 Entity'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 2024 was approved by the County Assembly on 14th June 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded NIL additional appropriations of on the FY 2024 budget following the governing body's approval.

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

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 5 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.

a) 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.

b) 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. *The find did not have investments in property during the year under review.* Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Summary of Significant Accounting Policies (Continued)

c) 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 entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* 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 entity 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 entity'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 cashflows 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 18.

Summary of 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.

d) 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.

e) Provisions

Provisions are recognized when the Entity 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 Entity 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.

f) 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 entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

Summary of Significant Accounting Policies (Continued)

g) Contingent liabilities

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

Contingent assets

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

h) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. *Kitui County Empowerment Fund did not maintain any reserves.*

i) Changes in accounting policies and estimates

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

j) Employee benefits – Retirement benefit plans

The Entity 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.

Summary of Significant Accounting Policies (Continued)

k) 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.

l) 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.

m) Related parties

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

n) 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.

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

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 Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

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 Entity
- 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 xxx.

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.

The fund did not make any provisions during the year under review.

Kitui County Empowerment Fund**Annual Report and Financial Statements for the year ended June 30, 2024****6. Notes To The Financial Statements Continued****1. Public contributions and donations**

| Description | FY2023-2024 | FY2022-2023 |
|------------------------------------|-------------|-------------|
| | Kshs | Kshs |
| Donation From Development Partners | 0.00 | 0.00 |
| Contributions From The Public | 0.00 | 0.00 |
| Total | 0.00 | 0.00 |

2. Transfers from County Government

| Description | FY2023-2024 | FY2022-2023 |
|--|-------------|-------------|
| | Kshs | Kshs |
| Transfers From County Govt. –Operations | 0.00 | 0.00 |
| Payments By County On Behalf Of The Entity | 0.00 | 0.00 |
| Unconditional Development grants | 0.00 | 0.00 |
| Total | 0.00 | 0.00 |

3. Fines, penalties and other levies

| Description | FY2023-2024 | FY2022-2023 |
|------------------------|-------------|-------------|
| | Kshs | Kshs |
| Late Payment Penalties | 0.00 | 0.00 |
| Fines | 0.00 | 0.00 |
| Total | 0.00 | 0.00 |

4. Interest income

| Description | FY2023-2024 | FY2022-2023 |
|--|---------------------|---------------------|
| | Kshs | Kshs |
| Interest Income from Loans | 7,904,741.02 | 6,912,187.00 |
| Interest Income From Car Loans | 0.00 | 0.00 |
| Interest Income From Investments in financial assets | 0.00 | 0.00 |
| Interest Income On Bank Deposits | 0.00 | 0.00 |
| Total Interest Income | 7,904,741.02 | 6,912,187.00 |

Kitui County Empowerment Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements Continued

5. Other income

| Description | FY2023-2024 | FY2022-2023 |
|--------------------------------------|-------------|-------------------|
| | Kshs | Kshs |
| Insurance Recoveries | 0.00 | 0.00 |
| Income from Sale of Tender Documents | 0.00 | 0.00 |
| Bad debts recovered | 0.00 | 0.00 |
| Miscellaneous Income | 0.00 | 399,705.00 |
| Total Other Income | 0.00 | 399,705.00 |

6. Employee Costs

| Description | FY2023-2024 | FY2022-2023 |
|------------------------------|-------------|-------------|
| | Kshs | Kshs |
| Salaries And Wages | 0.00 | 0.00 |
| Staff Gratuity | 0.00 | 0.00 |
| Staff Training Expenses | 0.00 | 0.00 |
| Social Security Contribution | 0.00 | 0.00 |
| Other (<i>Specify</i>) | 0.00 | 0.00 |
| Total | 0.00 | 0.00 |

7. Use of Goods and Services

| Description | FY2023-2024 | FY2022-2023 |
|--------------------------------|-------------|-------------|
| | Kshs. | Kshs. |
| General Office Expenses | 0.00 | 0.00 |
| Loan Processing Costs | 0.00 | 0.00 |
| Professional Services Costs | 0.00 | 0.00 |
| Administration Fees | 0.00 | 0.00 |
| Committee Allowances | 0.00 | 0.00 |
| Bank Charges | 0.00 | 81,451.00 |
| Electricity And Water Expenses | 0.00 | 0.00 |
| Fuel And Oil Costs | 0.00 | 0.00 |
| Insurance Costs | 0.00 | 0.00 |
| Postage And Courier | 0.00 | 0.00 |
| Printing And Stationery | 0.00 | 0.00 |

Kitui County Empowerment Fund**Annual Report and Financial Statements for the year ended June 30, 2024**

| Description | FY2023-2024 | FY2022-2023 |
|--------------------------------------|-------------|------------------|
| | Kshs. | Kshs. |
| Rental Costs | 0.00 | 0.00 |
| Security Costs | 0.00 | 0.00 |
| Telephone And Communication Expenses | 0.00 | 0.00 |
| Bank Charges | 0.00 | 0.00 |
| Audit Fees | 0.00 | 0.00 |
| Provision For Doubtful Debts | 0.00 | 0.00 |
| Other (<i>Specify</i>) | 0.00 | 0.00 |
| Social benefit expenses* | 0.00 | 0.00 |
| Total | 0.00 | 81,451.00 |

8. Depreciation and Amortization Expense

| Description | FY2023-2024 | FY2022-2023 |
|------------------------------|-------------|-------------|
| | Kshs. | Kshs. |
| Property Plant and Equipment | 0.00 | 0.00 |
| Intangible Assets | 0.00 | 0.00 |
| Total | 0.00 | 0.00 |

9. Finance costs

| Description | FY2023-2024 | FY2022-2023 |
|------------------------------|-------------|-------------|
| | Kshs | Kshs |
| Interest On Bank Overdrafts | 0.00 | 0.00 |
| Interest On Loans From Banks | 0.00 | 0.00 |
| Total | 0.00 | 0.00 |

Kitui County Empowerment Fund
Annual Report and Financial Statements for the year ended June 30, 2024

10. Gain/(loss) on disposal of assets

| Description | FY2023-2024 | FY2022-2023 |
|-------------------------------|-------------|-------------|
| | Kshs | Kshs |
| Property, Plant and Equipment | 0.00 | 0.00 |
| Intangible Assets | 0.00 | 0.00 |
| Total | 0.00 | 0.00 |

11. Gain/ (loss) on Fair Value Investments

| Description | FY2023-2024 | FY2022-2023 |
|---|-------------|-------------|
| | Kshs | Kshs |
| Investments at Fair Value- Equity investments | 0.00 | 0.00 |
| Fair value – Investment property | 0.00 | 0.00 |
| Fair value- other financial assets (specify) | 0.00 | 0.00 |
| Total Gain | 0.00 | 0.00 |

12. Cash and cash equivalents

| Description | FY2023-2024 | FY2022-2023 |
|--|----------------------|----------------------|
| | Kshs | Kshs |
| Kitui County Empowerment Fund | 0.00 | 0.00 |
| Kitui County Empowerment Fund | 11,160,910.90 | 10,238,310.00 |
| Fixed Deposits Account | 0.00 | 0.00 |
| On – Call Deposits | 0.00 | 0.00 |
| Current Account | 0.00 | 0.00 |
| Others (<i>Specify</i>) | 0.00 | 0.00 |
| Total Cash And Cash Equivalents | 11,160,910.90 | 10,238,310.00 |

Kitui County Empowerment Fund**Annual Report and Financial Statements for the year ended June 30, 2024****Notes to the Financial Statements Continued**

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

| Financial Institution | Account number | FY2023-2024 | FY2022-2023 |
|---------------------------------------|----------------|----------------------|----------------------|
| | | Kshs | Kshs |
| a) Fixed Deposits Account | | | |
| Kenya Commercial Bank | | 0.00 | 0.00 |
| Equity Bank, Etc. | | 0.00 | 0.00 |
| Sub- Total | | 0.00 | 0.00 |
| b) On - Call Deposits | | | |
| Kenya Commercial Bank | | 0.00 | 0.00 |
| Equity Bank - Etc. | | 0.00 | 0.00 |
| Sub- Total | | 0.00 | 0.00 |
| c) Current Account | | | |
| KCEF - Equity Bank Main A/c | 0720279622526 | 7,322,273.00 | 7,322,273.00 |
| KCEF - Equity Bank collection account | 0720281086403 | 3,838,638.00 | 2,916,037.00 |
| Sub- Total | | 11,160,910.90 | 10,238,310.00 |
| d) Others(Specify) | | | |
| Cash In Transit | | 0.00 | 0.00 |
| Cash In Hand | | 0.00 | 0.00 |
| Sub- Total | | 0.00 | 0.00 |
| Grand Total | | 11,160,910.90 | 10,238,310.00 |

13. Receivables from exchange transactions

| Description | FY2023-2024 | FY2022-2023 |
|---|-----------------------|-----------------------|
| | Kshs | Kshs |
| Current Receivables | | |
| Interest Receivable | 0.00 | 0.00 |
| Current Loan Repayments Due | 164,298,370.99 | 157,316,231.00 |
| Other Exchange Debtors | 0.00 | 0.00 |
| Less: Impairment Allowance | (0.00) | (0.00) |
| Total Current Receivables | 164,298,370.99 | 157,316,231.00 |
| Non-Current Receivables | | |
| Long Term Loan Repayments Due | 0.00 | 0.00 |
| Total Non- Current Receivables | 0.00 | 0.00 |
| Total Receivables From Exchange Transactions | 164,298,370.99 | 157,316,231.00 |

Kitui County Empowerment Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements Continued

Additional disclosure on interest receivable

| Description | FY2023-2024 | FY2022-2023 |
|--|-------------|-------------|
| | Kshs | Kshs |
| Interest Receivable | | |
| Interest receivable from current portion of long-term loans of previous years | 0.00 | 0.00 |
| Accrued interest receivable from of long-term loans of previous years | 0.00 | 0.00 |
| Interest receivable from current portion of long-term loans issued in the current year | 0.00 | 0.00 |
| Current loan repayments due | 0.00 | 0.00 |
| Current portion of long-term loans from previous years | 0.00 | 0.00 |
| Accrued principal from long-terms loans from previous periods | 0.00 | 0.00 |
| Current portion of long-term loans issued in the current year | 0.00 | 0.00 |

14. Prepayments

| Description | FY2023-2024 | FY2022-2023 |
|--------------------------------------|-------------|-------------|
| | Kshs | Kshs |
| Prepaid Rent | 0.00 | 0.00 |
| Prepaid Insurance | 0.00 | 0.00 |
| Prepaid Electricity Costs | 0.00 | 0.00 |
| Other Prepayments (<i>Specify</i>) | 0.00 | 0.00 |
| Total | 0.00 | 0.00 |

15. Inventories

| Description | FY2023-2024 | FY2022-2023 |
|--|-------------|-------------|
| | Kshs | Kshs |
| Consumable Stores | 0.00 | 0.00 |
| Spare Parts And Meters | 0.00 | 0.00 |
| Catering | 0.00 | 0.00 |
| Other Inventories (<i>Specify</i>) | 0.00 | 0.00 |
| Total Inventories at The Lower of Cost and Net Realizable Value | 0.00 | 0.00 |

Notes to the Financial Statements Continued

16. Investments in financial assets

| Description | FY2023-2024 | FY2022-2023 |
|---|-------------|-------------|
| | Kshs | Kshs |
| a. Investment in Treasury bills and bonds | | |
| Financial institution | | |
| CBK | 0.00 | 0.00 |
| CBK | 0.00 | 0.00 |
| Sub- total | 0.00 | 0.00 |
| b. Investment with Financial Institutions/ Banks | | |
| Bank x | 0.00 | 0.00 |
| Bank y | 0.00 | 0.00 |
| Sub- total | 0.00 | 0.00 |
| c. Equity investments (specify) | | |
| Equity/ shares in Entity xxx | 0.00 | 0.00 |
| Sub- total | 0.00 | 0.00 |
| Grand total | 0.00 | 0.00 |

Movement of Equity Investments

| Impairment allowance/ provision | FY2023-2024 | FY2022-2023 |
|---|-------------|-------------|
| | Kshs | Kshs |
| At the beginning of the year | 0.00 | 0.00 |
| Purchase of investments in the year | 0.00 | 0.00 |
| Sale of investments during the year | (0.00) | (0.00) |
| Gain/(loss) in fair value of investments through surplus or deficit | 0.00 | 0.00 |
| At the end of the year | 0.00 | 0.00 |

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 held | No of shares | | | Nominal value of shares | Fair value of shares | Fair value of shares |
|---|---------------------|-----------------------|------------------------|-------------------------|----------------------|----------------------|
| | Direct shareholding | Indirect shareholding | Effective shareholding | | Current year | Prior year |
| | % | % | % | Kshs | Kshs | Kshs |
| Entity A | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Entity B | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Entity C | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

Kitui County Empowerment Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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 1st July 2023 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Additions | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Disposals | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Transfers/Adjustments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| At 30th June 2023 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| At 1st July 2024 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Additions | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Disposals | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Transfer/Adjustments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| At 30th June 2024 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Depreciation And Impairment | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| At 1 st July 2023 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Depreciation | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Impairment | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| At 30th June 2023 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| At 1st July 2024 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Depreciation | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Disposals | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Impairment | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Transfer/Adjustment | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| At 30th June 2024 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Net Book Values | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| At 30th June 2022 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| At 30th June 2024 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

**Kitui County Empowerment Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Notes To The Financial Statements (Continued)

18. Intangible assets

| Description | FY2023-2024 | FY2022-2023 |
|------------------------------------|-------------|-------------|
| | Kshs | Kshs |
| Cost | | |
| At Beginning of The Year | 0.00 | 0.00 |
| Additions | 0.00 | 0.00 |
| At End of The Year | 0.00 | 0.00 |
| Amortization And Impairment | 0.00 | 0.00 |
| At Beginning of The Year | 0.00 | 0.00 |
| Amortization | 0.00 | 0.00 |
| At End of The Year | 0.00 | 0.00 |
| Impairment Loss | 0.00 | 0.00 |
| At End of The Year | 0.00 | 0.00 |
| NBV | 0.00 | 0.00 |

19. Investment Property

| Description | FY2023-2024 | FY2022-2023 |
|--|-------------|-------------|
| | Kshs | Kshs |
| At beginning of the year | 0.00 | 0.00 |
| Additions | 0.00 | 0.00 |
| Disposal during the year | 0.00 | 0.00 |
| Depreciation | 0.00 | 0.00 |
| Impairment | 0.00 | 0.00 |
| Gain/(loss) in fair value (if fair value is elected) | 0.00 | 0.00 |
| At end of the year | 0.00 | 0.00 |

**Kitui County Empowerment Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Notes To The Financial Statements (Continued)

20. Trade and other payables from exchange transactions

| Description | FY2023-2024 | | FY2022-2023 | |
|---|---------------------|-----------------------|-----------------------|-----------------------|
| | Kshs | | Kshs | |
| Trade Payables | 0.00 | | 0.00 | |
| Refundable Deposits | 0.00 | | 0.00 | |
| Accrued Expenses | 0.00 | | 0.00 | |
| Other Payables | 1,264,618.00 | | 1,264,618.00 | |
| Total Trade and Other Payables | 1,264,618.00 | | 1,264,618.00 | |
| | | | | |
| Ageing analysis (Trade and other payables) | Current FY | % of the Total | Comparative FY | % of the Total |
| Under one year | 0.00 | 0.00% | 0.00 | 0.00% |
| 1-2 years | 0.00 | 0.00% | 0.00 | 0.00% |
| 2-3 years | 0.00 | 0.00% | 0.00 | 0.00% |
| Over 3 years | 0.00 | 0.00% | 0.00 | 0.00% |
| Total (tie to above total) | 0.00 | 0.00% | 0.00 | 0.00% |

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

21. Provisions

| Description | Leave provision | Gratuity Provision | Other provision | Total |
|---|-----------------|--------------------|-----------------|-------------|
| | Kshs | Kshs | Kshs | Kshs |
| Balance b/f | 0.00 | 0.00 | 0.00 | 0.00 |
| Additional provisions | 0.00 | 0.00 | 0.00 | 0.00 |
| Provision utilised | 0.00 | 0.00 | 0.00 | 0.00 |
| Change due to discount and time value for money | 0.00 | 0.00 | 0.00 | 0.00 |
| Total provisions year end | 0.00 | 0.00 | 0.00 | 0.00 |
| Current Provisions | 0.00 | 0.00 | 0.00 | 0.00 |
| Non-Current Provisions | 0.00 | 0.00 | 0.00 | 0.00 |

Kitui County Empowerment Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

22. Borrowings

| Description | FY2023-2024 | FY2022-2023 |
|---|-------------|-------------|
| | Kshs | Kshs |
| Balance At Beginning of The Period | 0.00 | 0.00 |
| External Borrowings During the Year | 0.00 | 0.00 |
| Domestic Borrowings During the Year | 0.00 | 0.00 |
| Repayments of External Borrowings During the Period | 0.00 | 0.00 |
| Repayments of Domestic Borrowings During the Period | 0.00 | 0.00 |
| Balance At End of The Period | 0.00 | 0.00 |

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

| Description | FY2023-2024 | FY2022-2023 |
|---|-------------|-------------|
| | Kshs | Kshs |
| External Borrowings | 0.00 | 0.00 |
| Dollar Denominated Loan From 'X Organization' | 0.00 | 0.00 |
| Sterling Pound Denominated Loan From 'Y Organization' | 0.00 | 0.00 |
| Euro Denominated Loan from Z Organization' | 0.00 | 0.00 |
| Domestic Borrowings | 0.00 | 0.00 |
| Kenya Shilling Loan From KCB | 0.00 | 0.00 |
| Kenya Shilling Loan from Barclays Bank | 0.00 | 0.00 |
| Kenya Shilling Loan from Consolidated Bank | 0.00 | 0.00 |
| Borrowings From Other Government Institutions | 0.00 | 0.00 |
| Total Balance at End of The Year | 0.00 | 0.00 |

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

| Description | FY2023-2024 | FY2022-2023 |
|---|-------------|-------------|
| | Kshs | Kshs |
| Short Term Borrowings (Current Portion) | 0.00 | 0.00 |
| Long Term Borrowings | 0.00 | 0.00 |
| Total | 0.00 | 0.00 |

**Kitui County Empowerment Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Notes To The Financial Statements (Continued)

23. Employee benefit obligations

| Description | Defined benefit plan | Post employment medical benefits | Other Provisions | Insert Current FY | Insert Comparative FY |
|--------------------------------|----------------------|----------------------------------|------------------|-------------------|-----------------------|
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Current Benefit Obligation | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Non-Current Benefit Obligation | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

24. Social Benefit Liabilities

| Description | FY2023-2024 | FY2022-2023 |
|--|-------------|-------------|
| | Kshs | Kshs |
| Health social benefit scheme | 0.00 | 0.00 |
| Unemployment social benefit scheme | 0.00 | 0.00 |
| Orphaned and vulnerable benefit scheme | 0.00 | 0.00 |
| Elderly social benefit scheme | 0.00 | 0.00 |
| Bursary social benefits | 0.00 | 0.00 |
| Total | 0.00 | 0.00 |
| | 0.00 | 0.00 |
| Current social benefits | 0.00 | 0.00 |
| Non- current social benefits | 0.00 | 0.00 |
| Total (tie to totals above) | 0.00 | 0.00 |

**Kitui County Empowerment Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Notes To The Financial Statements (Continued)

25. Cash generated from operations.

| Description | FY2023-2024 | FY2022-2023 |
|---|---------------------|------------------------|
| | Kshs | Kshs |
| Surplus/ (Deficit) For the Year Before Tax | 7,904,741.02 | 7,230,441.00 |
| Adjusted For: | | |
| Depreciation | 0.00 | 0.00 |
| Amortisation | 0.00 | 0.00 |
| Gains/ Losses On Disposal Of Assets | 0.00 | 0.00 |
| Interest Income | 0.00 | 0.00 |
| Finance Cost | 0.00 | 0.00 |
| Working Capital Adjustments | | |
| Increase In Inventory | 0.00 | 0.00 |
| Increase In Receivables | (6,982,140.02) | (43,906,952.00) |
| Increase In Payables | 0.00 | 693,028.00 |
| Net Cash Flow From Operating Activities | 922,601 | (35,983,483.00) |

Kitui County Empowerment Fund*Annual Report and Financial Statements For the year ended 30th June 2024***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 | FY2023-2024 | FY2022-2023 |
|---------------------------------|-------------|-------------|
| | Kshs | Kshs |
| Transfers From Related Parties' | 0.00 | 0.00 |
| Transfers To Related Parties | 0.00 | 0.00 |

c) Key management remuneration

| Description | FY2023-2024 | FY2022-2023 |
|-----------------------------|-------------|-------------|
| | Kshs | Kshs |
| Board Of Trustees | 0.00 | 0.00 |
| Key Management Compensation | 0.00 | 0.00 |
| Total | 0.00 | 0.00 |

d) Due from related parties

| Description | FY2023-2024 | FY2022-2023 |
|----------------------------|-------------|-------------|
| | Kshs | Kshs |
| Due From Parent Ministry | 0.00 | 0.00 |
| Due From County Government | 0.00 | 0.00 |
| Total | 0.00 | 0.00 |

Kitui County Empowerment Fund*Annual Report and Financial Statements For the year ended 30th June 2024***Other Disclosures Continued****e) Due to related parties**

| Description | FY2023-2024 | FY2022-2023 |
|---------------------------------|-------------|-------------|
| | Kshs | Kshs |
| Due To Parent Ministry | 0.00 | 0.00 |
| Due To County Government | 0.00 | 0.00 |
| Due To Key Management Personnel | 0.00 | 0.00 |
| Total | 0.00 | 0.00 |

27. Contingent assets and contingent liabilities

| Contingent Liabilities | FY2023-2024 | FY2022-2023 |
|---------------------------------|-------------|-------------|
| | Kshs | Kshs |
| Court Case Xxx Against the Fund | 0.00 | 0.00 |
| Bank Guarantees | 0.00 | 0.00 |
| Total | 0.00 | 0.00 |

Kitui County Empowerment Fund*Annual Report and Financial Statements For the year ended 30th June 2024***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:

| Description | Total amount Kshs | Fully performing Kshs |
|--|------------------------------|--------------------------------------|
| At 30 June 2024 | | |
| Receivables From Exchange Transactions | 164,298,370.99 | 164,298,370.99 |
| Receivables From Non-Exchange Transactions | 0.00 | 0.00 |
| Bank Balances | 11,160,910.90 | 11,160,910.90 |
| Total | 175,459,281.89 | 175,459,281.89 |
| At 30 June 2023 | | |
| Receivables From Exchange Transactions | 157,316,231.00 | 157,316,231.00 |
| Receivables From Non-Exchange Transactions | 0.00 | 0.00 |
| Bank Balances | 10,238,310.00 | 10,238,310.00 |
| Total | 167,554,541.00 | 167,554,541.00 |

Kitui County Empowerment Fund

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

Notes To The Financial Statements (Continued)

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

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

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

b) Liquidity risk management

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

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

| Description | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|-------------------------------|-------------------|--------------------|---------------------|-------------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June 2024 | | | | |
| Trade Payables | 0.00 | 0.00 | 1,264,618.00 | 0.00 |
| Current Portion Of Borrowings | 0.00 | 0.00 | 0.00 | 0.00 |
| Provisions | 0.00 | 0.00 | 0.00 | 0.00 |
| Employee Benefit Obligation | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 0.00 | 0.00 | 1,264,618.00 | 0.00 |
| At 30 June 2023 | | | | |
| Trade Payables | 0.00 | 0.00 | 1,264,618.00 | 0.00 |
| Current Portion Of Borrowings | 0.00 | 0.00 | 0.00 | 0.00 |
| Provisions | 0.00 | 0.00 | 0.00 | 0.00 |
| Employee Benefit Obligation | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 0.00 | 0.00 | 1,264,618.00 | 0.00 |

Kitui County Empowerment Fund

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

Notes To The Financial Statements (Continued)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

| Description | | Other currencies | Total |
|---|-------------|------------------|-------------|
| | Kshs | Kshs | Kshs |
| At 30 June 2024 | | | |
| Financial Assets | 0.00 | 0.00 | 0.00 |
| Investments | 0.00 | 0.00 | 0.00 |
| Cash | 0.00 | 0.00 | 0.00 |
| Debtors/ Receivables | 0.00 | 0.00 | 0.00 |
| Liabilities | 0.00 | 0.00 | 0.00 |
| Trade And Other Payables | 0.00 | 0.00 | 0.00 |
| Borrowings | 0.00 | 0.00 | 0.00 |
| Net Foreign Currency Asset/(Liability) | 0.00 | 0.00 | 0.00 |

Kitui County Empowerment Fund*Annual Report and Financial Statements For the year ended 30th June 2024***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 |
| (Current FY) | | | |
| Euro | 10% | 0.00 | 0.00 |
| USD | 10% | 0.00 | 0.00 |
| (Comparative FY) | | | |
| Euro | 10% | 0.00 | 0.00 |
| USD | 10% | 0.00 | 0.00 |

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 69,122.00 (2022: Kshs 26,861.00). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 361,522.00 (2021 – Kshs 13,414.00).

Kitui County Empowerment Fund*Annual Report and Financial Statements For the year ended 30th June 2024***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 | FY2023-2024 | FY2022-2023 |
|---|-----------------------|-----------------------|
| | Kshs | Kshs |
| Revaluation reserve | 0.00 | 0.00 |
| Revolving fund | 160,000,000.00 | 160,000,000.00 |
| Accumulated surplus | 14,194,663.88 | 6,289,923.00 |
| Total funds | 174,194,663.88 | 166,289,923.00 |
| Total borrowings | 0.00 | 0.00 |
| Less: cash and bank balances | (11,160,910.90) | (10,238,310.00) |
| Net debt/(excess cash and cash equivalents) | 163,033,752.98 | 156,051,613.00 |
| Gearing | 94% | 94% |

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 the Public Finance Management (Kitui County Empowerment Fund) Regulations, 2021. The fund's authority and accountability are derived from the Public Finance Management (PFM) Act 2012. Its ultimate parent is the County Government of Kitui.

31. Currency

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

Kitui County Empowerment Fund

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

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. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|--|--|-----------------------------------|--|
| Audit issue 1 | Errors in the presentation of financial statements | <i>The Q4 2021/2022 and Q4 2020/2021 in the financial statement was a typing error and was supposed to be F/Y 2021/2022 and F/Y 2020/2021</i> | Resolved | |
| Audit issue 2 | Unsupported receivables from Exchange transactions | <i>The Schedule supporting the figure of Kshs.113,409,279 for receivables from exchange transactions was not provided to the auditors at the time of audit. However, the schedule was later provided</i> | Resolved | |
| Annex 2.1 | Inaccuracies in the statement of comparison of budget and Actual amounts | <i>The correct figures are as reflected in the statements of financial performance of Kshs.4,900,798 and Kshs.5,169,076</i> | Resolved | |
| Annex 2.3 | Misstated Fund Administration expenses | <i>The fund administration cost of Kshs.5,169,075.80 as reflected in the financial performance comprise of Fund Administration Expense and General Expenses of Ksh. 4,281,630 and</i> | Resolved | |

Kitui County Empowerment Fund

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

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|---|---|---|--|---|
| | | <i>887,445.80 respectively.</i> | | |
| Annex 2.4 | Unsupported Interest Income from Loans and other Income | Other incomes comprise of processing fee of 1% ,and insurance charge 2% (the county charged 2% as insurance cost and negotiated with insurer at a rate of 1% giving county a revenue of 1% from insurance cost. | Resolved | |

Signature:.....*Mwangi*.....

Dorothy Mumangi

Fund Administrator

Date.....*12/09/2024*.....

Kitui County Empowerment Fund

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

Annex II: Inter-Fund Confirmation Letter

Kitui County Empowerment Fund

The *Kitui County Empowerment* wishes to confirm the amounts disbursed to you as at 30th 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 [Insert name of beneficiary Fund] as at 30 th June 2024 | | | | | | | |
|--|----------------|---|-----------------|-----------------------|-------------------|---|------------------------------|
| Reference Number | Date Disbursed | Amounts Disbursed by Kitui County Government as at 30 th June 2024 | | | | Amount Received by Kitui County Empowerment Fund] (KShs) as at 30 th June 2024 (E) | Differences (KShs) (F)=(D-E) |
| | | Recurrent (A) | Development (B) | Inter-Ministerial (C) | Total (D)=(A+B+C) | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| Total | | | | | | | |

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

Head of Accountants department of beneficiary Fund:

Name Dorcas Mwangi Sign  Date 12/09/2024

Kitui County Empowerment Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Annex III: Reporting of Climate Relevant Expenditures

| Project Name | Project Description | Project Objectives | Project Activities | | | | | Source Of Funds | Implementing Partners |
|--------------|---------------------|--------------------|--------------------|----|----|----|----|-----------------|-----------------------|
| | | | | Q1 | Q2 | Q3 | Q4 | | |
| | | | | | | | | | |
| | | | | | | | | | |
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Kitui County Empowerment Fund

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

Annex IV: Reporting on Disaster Management Expenditure

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