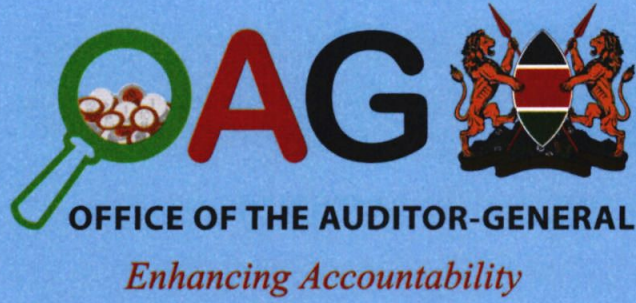


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

TRANS NZOIA COUNTY NAWIRI FUND

FOR THE YEAR ENDED

30 JUNE, 2024



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



TRANS NZOIA COUNTY NAWIRI FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

Trans Nzoia County Nawiri 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

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
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Trans Nzoia County Nawiri Fund
Annual Report and Financial Statements for the year ended June 30, 2024

2. Key Entity Information and Management

a) Background information

Trans Nzoia Nawiri Fund is established by and derives its authority and accountability from Trans Nzoia Nawiri Act, 2015 on May, 2015. The Fund is wholly owned by the County Government of Trans Nzoia and is domiciled in Kenya.

As part of its development functions and mandate of promoting a sound financial system in Trans Nzoia County, the department of Trade and Industrialization (TCI) prepared a bill on the Micro and Small Enterprises Development Fund (Nawiri) that was legislated by the County Assembly in May 2015. This was in recognition of the significant contributions of the MSE sector to the economy of the County

b) Principal Activities

The Fund's principal activity is to provide affordable and competitive credit to both formal and informal traders involved production and trade in goods and services within Trans Nzoia County

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Mr. Martin W. Waliaula	Chairperson
2	Mr. Isaac O. Ndiema	Secretary/Treasurer
3	Mr. Oscar A. Ombidi	Member
4	Mr. Hosea Serem	Member
5	Mr. Moses Kiptanui	Member
6	Mr. Eric Odhiambo	Member
7	Ms. Julia N. Kanyi	Member
8	Ms. Catherine O. Kerubo	Member
9	Ms. Cynthia Y. Nekesa	Member

d) Key Management team

Ref	Name	Position
1	Mr. Martin W. Waliaula	Chairperson
2	Mr. Isaac O. Ndiema	Secretary/Treasurer
3	Mr. Gilbert M.	Fund Manager/ Accountant

Trans Nzoia County Nawiri Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Office of the Auditor General	Director of Audit, Kakamega
2	Audit committee	Trans Nzoia County Audit Committee
3	Trans Nzoia County Assembly	PAIC Committee

f) Registered Offices

P.O. Box 4211-30200
Former Municipal Yard /County Fire Station
Behind County Police Headquarters
KITALE, KENYA

g) Fund Contacts

Telephone: (254) 740938440
E-mail: transzoianawiri@gmail.com
Website: www.transnzoia.go.ke

h) Fund Bankers

Equity Bank of Kenya
P.O. Box 4211-30200
Kitale-Kenya
AC NO. 0330263908695

i) Independent Auditors

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

Entity and Management (Continued)

j) Principal Legal Adviser





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

k) County Attorney

County Attorney
Trans Nzoia County
P.O. Box 4210-30200
Kitale, Kenya





**Trans Nzoia County Nawiri Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

3. Board of Trustees/ Fund Administration Committee

Name	Details of qualifications and experience
 <p>Mr. Martin W. Waliaula</p>	<p>Mr. Waliaula is the current chair of the Board serving in his second year. He is the immediate former chairperson of Kenya National Chamber of Commerce and Industry KNCCI Trans Nzoia Chapter. He also served as a member of Kitale Municipality board. He is currently steering as the Board chairperson of St. Joseph's Girls High School, Mr. Waliaula is a marketer by profession having been in the field for over 20 years. He holds a Bachelor's degree in Marketing from Kisii University</p>
 <p>Mr. Isaac O. Ndiema</p>	<p>Mr. Ndiema is the current Chief Officer for Trade and Industrialisation and the Fund Administrator of the Fund. He has previously served as the Chief Officer for Economic Planning in Trans Nzoia County. Prior to joining the public sector, he successfully managed a global logistics company with a foothold in over 50 Countries. He is a holder of Bachelor of Science and Master of Science in Clinical Psychology from University of Nairobi.</p>
 <p>Mr. Oscar Ombidi</p>	<p>Mr Ombidi is a career Civil Servant having worked as a Trade development expert for over 15 years. He is vastly experienced in Public Administration. He is a holder of Masters in Economics from University of Nairobi. He also serves in the Trans Nzoia Alcoholics Drinks Control Board.</p>
 <p>Ms. Julia N. Kanyi</p>	<p>Ms. Kanyi is the representative of Trade department at the Board. She has a vast knowledge in the field of Agribusiness having worked as a proprietor for 25 years. She is the founder of Trans Nzoia Kings and Queens Cooperative Society, the largest society in the County engaged in Poultry farming. She also serves as a board chairperson of Kijana Wamalwa Memorial Hospital. She is a holder of Bachelor of Commerce from Mount Kenya University.</p>
<p>Ms. Catherine Kerubo</p>	<p>Ms. Kerubo is tourism officer at the Department of Gender where she also serves as a board member in Trans Nzoia Tourism Board. She is a holder of of Master of Business Administration in Public Policy and Administration from Jomo Kenyatta University of Agriculture and Technology (JKUAT).</p>




Trans Nzoia County Nawiri Fund

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

	<p>Mr. Serem represents the Department of Cooperatives at the Board. He is a holder of Master of Business Administration- Finance from Jomo Kenyatta University of Agriculture and Technology. He serves as a member of Sacco Societies Regulatory Authority (SASRA). Prior to joining the Public Sector, he served as a regional manager at Kenya Commercial Bank.</p>
	<p>Mr.Kiptanui is a globally renowned athlete having been the former world record holder in the 3000m steeplechase. He is an astute businessman and a philanthropist. Among his other ventures, he serves as the chairperson of Cherangany Dairies Co-operative Sacco.</p>
	<p>Mr. Odhiambo represents the interest of the youth at the Board. He is a successful entrepreneur vastly knowledgeable in Marketing.</p>
	<p>Ms. Nekesa represent the informal business organisations at the Board. She is a sole proprietor who ventured into the groceries business. She holds a Bachelor's of Education from Moi University.</p>

**Trans Nzoia County Nawiri Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

4. Management Team

Name	Details of qualifications and experience
 <p>Mr. Martin W. Waliaula</p>	<p>Mr. Waliaula is the current chair of the Board serving in his second year. He is the immediate former chairperson of Kenya National Chamber of Commerce and Industry KNCCI Trans Nzoia Chapter. He also served as a member of Kitale Municipality board. He is currently steering as the Board chairperson of St. Joseph's Girls High School, Mr. Waliaula is a marketer by profession having been in the field for over 20 years. He holds a Bachelor's degree in Marketing from Kisii University</p>
 <p>Mr. Isaac O. Ndiema</p>	<p>Mr. Ndiema is the current Chief Officer for Trade and Industrialisation and the Fund Administrator of the Fund. He has previously served as the Chief Officer for Economic Planning in Trans Nzoia County. Prior to joining the public sector, he successfully managed a global logistics company with a foothold in over 50 Countries. He is a holder of Bachelor of Science and Master of Science in Clinical Psychology from University of Nairobi.</p>
 <p>Mr. Gilbert M.</p>	<p>Fund Accountant/Manager</p> <p>Mr. Mulembo is currently tasked with managing the affairs of the Fund, he also doubles up as the Accountant to the Fund. He is a Certified Public Accountant of Kenya with over five years' experience in the field of Accounting</p>

5. Board/Fund Chairperson's Report

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

As a Board, the oversight role that we play has largely been enriched by numerous lessons and interactions with various stakeholders. This interactions and lessons learnt have informed our continuous review of the guidelines and policies for improved management of the Fund. The review has mainly been informed by the feedback from the wards, interactions with stakeholders as well as guidance from the Department of Trade and industrialization. The Board has propagated Ukombozi Manifesto' agenda of prioritizing funding activities directly contribution into the manifesto.

I am proud of the achievements that were made during the 2023/2024. To this end I would like to recognize the role played by the Board Members in offering valuable guidance into the management of the Fund.

In the year under review, the fund was not allocated any additional funds for the purposes of loaning out. This had the effect of limiting the activities that could be undertaken regarding loan disbursements. Nevertheless, the Board was able to guide the operations of the Fund accordingly through its technical sub committees. The Financial Year 2023/2024 provided a new opportunity to address the challenges and lessons learnt from the initial years of the fund's operations.

The Board appreciates the guidance and support offered by the Department of Trade and Industrialisation in the implementation of the Fund. This enriched the Board's decision-making abilities as we endeavoured to deliver our mandate.

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

Finally, the efforts of the Management team would not go unmentioned, as they dedicated hours of hard work and diligence into realization of the Fund's mandate. It is the contribution of all team members that made the Fund realise the progress recorded in the FY 2023/2024.

Name..... Martin Watioula

Signature..... 

Date..... 19/11/2024

Chairperson of the Board/Fund

6. Report of The Fund Administrator

It is a great honour to present the Financial Report of Trans Nzoia Nawiri Fund. This report highlights the milestones achieved by the Fund during the Financial year 2023/2024.

One of the key mandates of the Fund is to expand access to finances for promoting of enterprises owned by the youth, Women and Persons with Disabilities for economic empowerment. Towards this end, the Fund has so far disbursed a total of Kshs 49 million to the 225 groups comprising of 105 youth groups, 112 women groups and 8 PWD groups in all the wards as loans, specifically extended for the purpose of tender financing.

To date, over 5,500 applications have been received across all the wards of the County. This is a clear indication of the insatiable demand of the funds across the wards. Irrefutably increased funding would indeed go a long way in bridging the funding gap that the demand for the fund has revealed.

In addition to funding, Nawiri Fund prioritises capacity building of the beneficiary groups across the county. This ensures that these groups enhance their entrepreneurial skills and prepares them to take advantage of Government initiatives such as Access to Government Procurement Opportunities (AGPO). Through the trainings, the fund has promoted the concept of table banking which has not only enhanced the savings culture among the beneficiary groups, but also played an important role in advancement of cohesion amongst groups.

To address the repayment challenge, the Fund did adopt the tender financing model of loaning out money to beneficiary groups with the respective Local Purchase or Local Service Orders as collateral. Moreover, the fund engaged in training and engagement of key stakeholders in the wards. This was mainly to develop and oversee the implementation of localized loan recovery strategies.

Despite the significant strides attained so far, the Fund has encountered challenges. The main challenge being the overwhelming number of applications received at ward levels vis-à-vis the Funds allocated to the Kitty. I believe that increase Funding would sufficiently address the challenges.

Nevertheless, I wish to recognize the efforts made by the staff deployed to the Fund from the Department of Trade and Industrialisation. It is their commitment to the mandate of the Fund that has steered hope amidst the challenges that have faced us in our endeavor to deliver.

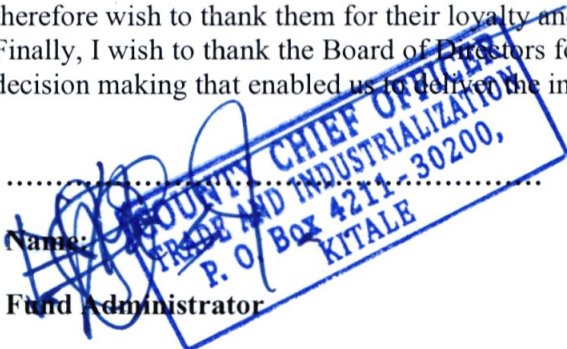
Similarly, I appreciate members of Ward Secretariat for the support they give to the Fund over and above their main duties in the ward. It is the selflessness of this team that has made the achievements aforementioned a reality.

The impressive performance of the 2023/2024 would not have been made possible without the continued commitment and dedication of the Secretariat team who are deployed to the Board. I therefore wish to thank them for their loyalty and hard work.

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

.....
Name:

Fund Administrator



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 entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity’s performance against predetermined objectives.

The key development objectives of the Fund are to:

- a) *Provide affordable business credit to entrepreneurs.*
- b) *Provide training and capacity building to MSE entrepreneurs*

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Provision of affordable business credit to 2,500 MSE Entrepreneurs.	To ensure that MSE entrepreneurs have access to affordable credit to expand their ventures	Number of loan applications received and successfully processed	Number of MSE beneficiaries applying for loans.	During the FY 2023/2024, a total of 4,800 MSE Entrepreneurs applied for Nawiri Fund. The entrepreneurs were composed of various registered groups as well as individual Entrepreneurs.
Facilitation of training for MSE entrepreneurs in the County	To ensure that MSE entrepreneurs are trained and capacity build to enhance their graduation to larger enterprises.	Groups trained and capacity build	Number of MSE groups trained	The board facilitated training of 377 groups identified as beneficiaries.

8. Corporate Governance Statement

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

The Board of Directors

Trans Nzoia Nawiri Fund is governed by a Board of Directors each of whom is appointed by the CECM trade and industrialization as is provided for in section 8 of the Trans Nzoia Nawiri Fund Act, 2015.

There were changes in the position of the board’s Secretary/ Treasurer with Mr. Isaac O. Ndiema replacing Mr. Etiang’ Kennedy on the 31st May 2024.

Board and Sub Committee Membership

The Board currently comprises of nine members, one of whom is the Chief Officer or representative. The Board’s size and composition is determined by Trans Nzoia Nawiri Fund Act, 2015 (2023 amendments), its subsequent regulations, Board Charter. Full details of the Board, their qualification, skills, experience and tenure are displayed in pages VII and VIII of the 2023 Reports and Financial Statements. The current Sub Committee Membership of the Board is as set out below:

Director	Board	Sub Committees		
		Vetting and Appraisal	Programmes, Publicity and Administration	Audit and Risk Management
1. Oscar Ombidi	✓	✓		✓
2. Hosea Serem	✓	✓		✓
3. Catherine Kerubo	✓	✓		✓
4. Eric Odhiambo	✓			
5. Cynthia Nekesa	✓		✓	
6. Julia Kanyi	✓	✓	✓	
7. Moses Kiptanui	✓		✓	✓
8. Eric Odhiambo	✓	✓		✓

The Board held 9 board meetings for the year under review.

Nawiri Ward Committees

Trans Nzoia Nawiri Regulations 2023 does provide for the Ward Committees to aid in the fund’s activities at ward level. The Fund intends to operationalise these ward committees in the foreseeable future.

Trans Nzoia County Nawiri Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Succession Planning

Succession planning is an integral part of the continuity of an organization. The Fund has achieved this by ensuring that there are various sub committees to enhance the fund's activities.

Induction and Training

The fund inducted and trained 373 groups on various issues including financial literacy training as well as the entrepreneurial training for the year under review.

9. Management Discussion and Analysis

Executive Summary

Trans Nzoia Nawiri Fund achieved significant progress in the Fiscal Year 2023/2024, reflecting a strong commitment to fostering economic growth and social development within the County. The fund focused on empowering formal organised groups and thus achieve the goal of enhancing financial inclusivity, and supporting entrepreneurial development. Despite challenges posed by overt political undertones salient in public funds, Trans Nzoia Nawiri Fund maintained a positive trajectory, showcasing resilience and adaptability.

2. Economic Environment

Trans Nzoia County, known as Kenya's breadbasket, is primarily known for its prowess in agriculture. In this regard, majority of economic activities in the County revolves around crop as well as livestock production. This majorly contributes to the aspect of a lack of diversification in the nature of businesses entities can engage in thereby leading to the lack of continuity in businesses. Against the backdrop in business diversification and continuity, the fund aims at enhancing entrepreneurial development with its loaning model.

3. Financial Performance

Revenue and Profitability: The fund anticipates a 3% increase in revenue, attributed to its expanded micro-lending programs and the successful implementation of tender financing model.

4. Strategic Developments

- **Digital Solutions:** The fund is in the process of planning to implement a mobile loan application platform for easy loan applications, improving the accessibility of financial services for remote populations.
- **Training Programs:** Conducted capacity building training on financial literacy as well as the procurement process.

5. Risk Analysis

Operational Risks: Being a public fund, the high risk of political interference is always inherent. As a way of alleviating the risk, the fund is relying on the banking arrangement it has with its banker for the management of the fund's kitty.

Market Risks: Potential challenges include the risk of default on the loans issued. The fund mitigated this through the adoption of tender financing with the respective orders used as collateral.

6. Outlook for 2024

The outlook remains positive, with plans to further scale up lending programs, expand digital financial tools, and deepen partnerships with local stakeholders. Trans Nzoia Nawiri Fund aims to achieve a 20% revolving fund increase and broaden its impact on the provision of affordable business credit in Trans Nzoia. Anticipated challenges include adapting to potential policy shifts and ensuring sustainability amid environmental changes.

10. Environmental and Sustainability Reporting

Corporate Social Responsibility / Community Engagements

The importance of good corporate governance across all corporate entities can no longer be ignored in our county. This has been informed by the need to address far reaching consequences that result from weaknesses in good governance practices in both public and private entities.

These consequences often impact negatively on the entity, the stakeholders, the public and by extension to the economy as a whole.

Trans Nzoia Nawiri Fund is charged with overseeing the management and administration of the Fund to ensure that promotion of women, youth and PWD businesses/enterprises thereby generating employment through provision of affordable and interest free credit within an environment of good corporate governance.

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

Trans Nzoia Nawiri Fund continues to fully adhere to its obligations as enacted through Trans Nzoia Nawiri Fund Regulations 2023 published on October 2023. In addition, the Fund abides by the tenets of the PFM act and the Constitution of Kenya and all other laws.

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

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

Trans Nzoia County Nawiri Fund
Annual Report and Financial Statements for the year ended June 30, 2024

11. Report of The Trustees

The Directors submit this report together with the financial statements for the year ended June 30, 2024 which show the state of Trans Nzoia County Nawiri Fund affairs.

Principal Activities

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

Results

The results of the entity for the year ended June 30, 2024 are set out on page 1 to 5 that includes the summary of the performance during the year.

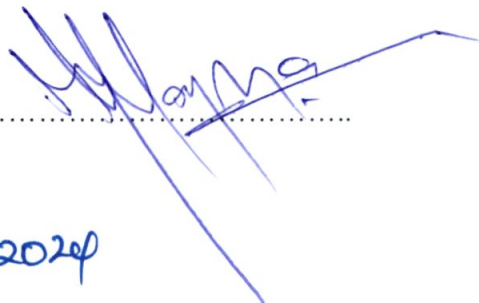
Directors

The members of the Board of Directors who served during the year are shown on pages VII and VIII in accordance with Section 8 of Trans Nzoia Nawiri Fund Act, 2015. Notably however, Mr Isaac O. Ndiema replaced Mr. Etiang' Kennedy as the Secretary/Treasurer of the board on 30 May 2024.

Auditors

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

By Order of the Board



.....
Chair of the Board

Date: 19/11/2024

Trans Nzoia County Nawiri Fund
Annual Report and Financial Statements for the year ended June 30, 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 Trans Nzoia County Nawiri Fund Act, 2015 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

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

The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Trans Nzoia County Nawiri Fund Act, 2015. The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2024, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

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

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

Approval of the financial statements

The Fund’s financial statements were approved by the Board on 19 Nov 2024 and signed on its behalf by:

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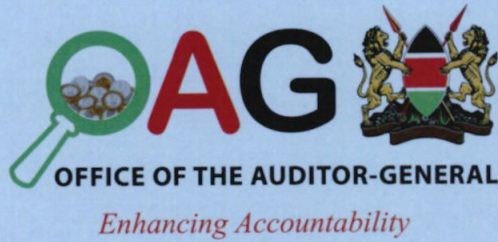
Administrator of the County Public Fund

[Handwritten signature]
20/11/2024

**COUNTY CHIEF OFFICER
TRADE AND INDUSTRIALIZATION
P. O. Box 4211 - 30200,
KITALE**

REPUBLIC OF KENYA

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

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

The Qualified Opinion on the report on the Financial Statements should be read together with the report on the Lawfulness and Effectiveness in the Use of Public Resources, and the report on the Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Trans Nzoia County Nawiri Fund set out on pages 1 to 31, 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, the financial position of the Trans Nzoia County Nawiri 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 Trans Nzoia County Nawiri Fund Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Depreciation and Amortization Expenses

The statement of financial performance reflects depreciation and amortization expense amount of Kshs.22,550 as disclosed in Note 5 to the financial statements. However, the Fund does not have an approved depreciation policy which sets the rates to be used in the provision of depreciation. Further, the policy and rates used have not been explained under the significant accounting policies under the explanatory notes.

In the circumstances, the accuracy and completeness of the depreciation and amortization expense amounting to Kshs.22,550 could not be confirmed.

2. Inaccuracies in the Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects a final revenue budget of Kshs.4,228,000 and final expenditure budget amount of Kshs.1,579,000 resulting into unbalanced budget by an amount of Kshs.2,649,000. Further, the statement reflects revenue performance difference of Kshs.1,132,500 instead of the recomputed amount of Kshs.467,500 resulting in an unreconciled variance of Kshs.665,000. Similarly, the statement reflects expenditure performance difference of Kshs.8,622,785 instead of the recomputed amount of Kshs.7,734,308 resulting in an unreconciled variance of Kshs.888,477.

In the circumstances, the accuracy and completeness of the statement of comparison of budget and actual amounts could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Trans Nzoia County Nawiri 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 qualified opinion.

Key Audit Matters

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

Other Information

The Management is responsible for the other information set out on page iv to xviii which comprise of key entity information and management, Board/Fund chairperson's statement, report of Fund Administrator, statement of performance against predetermined objectives, corporate governance statement, management discussion and analysis, environmental and sustainability reporting, report of the trustees and statement of management's responsibilities. 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 conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Lack of an Insurance Policy for the Loans Disbursed

The statement of financial position reflects current portion of long-term receivables from exchange transactions balance of Kshs.52,789,305. The balance includes an amount of Kshs.49,224,184 relating to loans disbursed on 17 May, 2024. However, Management did not secure an insurance policy for the loans. This was contrary to Section 10(1) of the Trans Nzoia County Nawiri Fund Act, 2015 which states that the Board shall have all the powers necessary for functions and the proper performance of its functions under this Act and subsection 2h further states that without prejudice to the generality of the provisions of sub-section (1), the Board shall have authority to take out insurance cover for risky loans such as death, incapacity or inability to pay, as the Board deems fit.

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

2. Unapproved Internal Borrowings

The statement of financial position reflects current assets balance of Kshs.52,789,305 which includes inter-departmental borrowings amounting to Kshs.3,319,000 out of which a total of Kshs.1,419,000 was not supported with Board approval. The entire amount borrowed had not been repaid at the time of audit. This was contrary to Section 142(3) of the Public Finance Management Act, 2012 which states that the County Government entity that has any such borrowings shall ensure that the money borrowed is repaid within a year from the date on which it was borrowed.

In the circumstances, Management was in breach of the law and the Fund may not meet its objectives effectively due non-refund of borrowed funds.

3. Long Outstanding Unaccounted Imprest

The statement of financial position reflects current portion of long-term receivables from exchange transactions balance of Kshs.3,984,646 as disclosed in Note 7 to the financial statements. The balance includes temporary imprest amounting to Kshs.2,900,000 issued on 8 July, 2015 to two (2) officers attached to Department of Finance in Trans Nzoia County Government. No explanation was provided for failure to recover the imprest eight (8) years since they were issued. This was contrary to Regulation 93(5) of the Public Finance Management (County Governments) Regulations, 2015 which stipulates that a holder of a temporary Imprest shall account or surrender the imprest within seven (7) working days after returning to duty station.

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

The audit was conducted in accordance with ISSAIs 3000 and 4000. The standards requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply, in all material respects, with the authorities that govern

them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON 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, except for the effect of the matters described in the Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Implementation of Oversight Bodies' Recommendations

The audit established that statutory audits of the fund for the years ended 30 June, 2022 and 2023 were concluded and Audit Reports issued to the Fund Management by the Auditor-General. However, no evidence to show that the financial statements have been discussed by an audit committee was provided or has been tabled in the County Assembly for discussion.

In the circumstances, the recommendations of the Auditor-General may not have been implemented.

2. Long Outstanding Receivables from Exchange Transactions

The statement of financial position reflects portion of long-term receivables from exchange transactions balance of Kshs.3,984,646 as disclosed in Note 7 to the financial statements. The balance includes an amount of Kshs.160,000 disbursed between 2016 and 2018 to three (3) youth and women group in the County. However, more than six (6) years after the loans were disbursed, the groups have not repaid any amount towards principal and interest. The management has not provided measures it has put in place to recover the outstanding loans.

In the circumstances, the effectiveness of the controls and management of the recovery of disbursed loans could not be confirmed.

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

Responsibilities of Management and the Board of Trustees

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue 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.

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

Auditor-General's Responsibilities for the Audit

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 IFPP 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

28 November, 2024

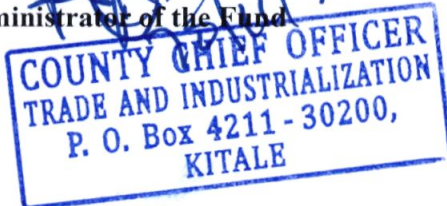
Trans Nzoia County Nawiri Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	300,000	20,000
Transfers From the County Government	2	-	2,400,000
		300,000	2,420,000
Revenue From Exchange Transactions			
Interest Income	3	3,460,500	-
Total Revenue		3,760,500	2,420,000
Expenses			
Administrative Costs	4	9,893,308	715,221
Depreciation and Amortization Expense	5	22,500	-
Bad Debt Written Off	4		8,000
Total Expenses		(9,915,808)	723,221
Surplus/(Deficit) for the Period		(6,155,308)	1,696,779

(The notes set out on pages 6 to 28 form an integral part of these Financial Statements)

Name: *[Signature]*
 Administrator of the Fund




Name: *[Signature]*
 Fund Accountant
 ICPAK Member Number: *26600*


Trans Nzoia County Nawiri Fund
Annual Report and Financial Statements for the year ended June 30, 2024

15. Statement of Financial Position As at 30 June 2024

Description	Note	2023/2024	2022/2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	6	20,442,394	79,637,532
Current Portion of Long- Term Receivables From Exchange Transactions	7	52,789,305	-
Total current assets		73,231,699	79,637,532
Non-Current Assets			
Property, Plant and Equipment	8	277,500	-
Long Term Receivables from Exchange Transactions	7	3,984,646	3,979,024
Total non- current assets		4,262,146	3,979,024
Net Assets		77,493,845	83,616,556
Liabilities			
Current Liabilities		-	-
Total current liabilities		-	-
Non-Current Liabilities		-	-
Total Liabilities		-	-
Net Assets		77,493,845	83,616,556
Represented By:			
Revolving Fund		82,600,000	82,600,000
Reserves			
Accumulated Surplus		(5,106,155)	1,049,153
Total Net Assets and Liabilities		77,493,845	83,649,153

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 19/11 2024 and signed by:

.....
 Name: 
 Administrator of the Fund

.....
 Name: 
 Fund Accountant **GILBERT NMENTI**
 ICPAK Member Number: **26604**



Trans Nzoia County Nawiri Fund
Annual Report and Financial Statements for the year ended June 30, 2024

16. Statement Of Changes in Net Assets for the year ended 30 June 2024

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2022	5,000,000		(647,626)	4,352,374
Differences on restatement				
Surplus/(Deficit) For the Period	-	-	1,696,779	1,696,779
Funds Received During the Year	77,600,000	-		77,600,000
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023	82,600,000	-	1,049,153	83,649,153
Balance As At 1 July 2023	82,600,000	-	1,049,153	83,649,153
Surplus/(Deficit) For the Period		-	(6,155,308)	(6,155,308)
Funds Received During the Year	-	-	-	-
Transfers	-		-	
Revaluation Gain			-	-
Balance As At 30 June 2024	82,600,000		(5,106,155)	77,493,845

Trans Nzoia County Nawiri 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	2023/2024	2022/2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations	1	300,000	20,000
Transfers from the county government		-	2,400,000
Receipts from Loan Repayments		-	17,500
Interest received	3	1,983,774	-
Total receipts		2,283,774	2,437,500
Payments			
Fund administration expenses	4	8,635,728	715,221
Bad Debts Written Off			8,000
Provision For Bad and Doubtful Debt			53,951
Total Payments		8,635,728	777,172
Net cash flows from operating activities		(6,351,954)	1,660,328
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets	8	(300,000)	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out	7	(52,543,184)	-
Net cash flows used in investing activities		(52,843,184)	-
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	77,600,000
Net cash flows used in financing activities		-	77,600,000
Net increase/(decrease) in cash & cash Equivalents		(59,195,138)	79,382,330
Cash and cash equivalents at 1 July		79,637,532	255,202
Cash and cash equivalents at 30 June	6	20,442,394	79,637,532

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

COUNTY CHIEF OFFICER
TRADE AND INDUSTRIALIZATION
P. O. Box 4211 - 30200,
KITALA

Trans Nzoia County Nawiri Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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	500,000	(200,000)	300,000	300,000	-	100%
Transfers From County Govt.	7,500,000	(5,900,000)	1,600,000	-	-	-
Interest Income	2,328,000	-	2,328,000	3,460,500	(1,132,500)	148.6%
Total Income	10,328,000	(6,100,000)	4,228,000	3,760,500	(1,132,500)	348.60%
Expenses						
Fund Administration Expenses	2,649,000	-	2,649,000	9,915,808	(7,490,285)	382.75%
Total Expenditure	2,649,000	-	2,649,000	9,915,808	(7,490,285)	382.75%
Surplus For the Period	7,679,000	(6,100,000)	1,579,000	(6,155,308)	8,622,785	302.64%
Capital expenditure	500,000	(200,000)	300,000	300,000	-	100%

Budget notes

1. *The fund did earn interest on bank deposit.*
2. *As the fund was in the process of laying out mechanisms to enhance its operations, expenditure spending was high at the initial stage as was evidenced by the legislation of the regulations. Subsequently, the expenditure spending is anticipated to be negligible. Moreover, as there was no budgetary allocation to the fund, no any other viable source of income could sustain the Fund's operation.*

19. Notes to the Financial Statements

1. General Information

Trans Nzoia Nawiri Fund is established by and derives its authority and accountability from Trans Nzoia Nawiri Act, 2015. The entity is wholly owned by the Trans Nzoia County Government and is domiciled in Kenya. The entity’s principal activity is Providing affordable business credit to residents of Trans Nzoia.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

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

Standard	Effective date and impact
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held;

Standard	Effective date and impact
	<ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.

Standard	Effective date and impact
	<p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

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

Standard	Effective date and impact:
<p>IPSAS 43</p>	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non-</p>	<p><i>Applicable 1st January 2025</i></p>

Trans Nzoia County Nawiri Fund

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

Standard	Effective date and impact:
Current Assets Held for Sale and Discontinued Operations	The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: 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.

(iii) Early adoption of standards

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

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 17 of these financial statements.

Summary of Significant Accounting Policies (Continued)

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful life, using the reducing balance method at the rate of 30% for Office electronic machinery and equipment. Moreover, the fund depreciates computer software telecommunication equipment at 20% for five years on a straight-line basis.

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

d) Intangible Assets

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

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

e) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 10-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Summary of Significant Accounting Policies (Continued)

f) Financial instruments

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

Financial assets

Classification of financial assets

The 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.

Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

g) Inventories

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

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

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

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

h) Provisions

Provisions are recognized when the 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.

i) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The 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)

j) 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.

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. General reserves are maintained with a view of building the revolving fund base.

l) 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.

m) 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)

n) 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.

o) 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.

p) 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.

q) 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.

r) 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.

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 lowered and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 4.

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. A general provision of 2.5% of the outstanding receivables is made for bad and doubtful debts.

6. Notes to the Financial Statements

1. Public contributions and donations

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Donation From Partners	300,000	-
Contributions From the Public	-	20,000
Total	300,000	20,000

2. Transfers from County Government

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Transfers From County Govt. –Operations	-	2,400,000
Total	-	2,400,000

3. Interest income

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Interest Income from Traders' Loans*	1,476,726	-
Interest Income on Bank Deposits	1,983,774	-
Total Interest Income	3,460,500	-

**3% of the loaned amount in the FY 2023/2024*

Notes to the Financial Statements Continued

4. Administrative Costs

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
General Office Expenses	5,000	20,000
Bank Charges	301,705	4,170
Committee Allowances	440,000	385,000
Hospitality Expenses	-	142,100
Training Expenses	850,000	110,000
Vetting Expenses	900,000	-
Provision For Doubtful Debts	1,257,580	53,951
Launching Expenses	2,300,000	-
Bad debts written off	-	8,000
Legislation Expenses	3,216,000	-
Other Expenses	623,023	
Total	9,893,308	723,221

5. Depreciation and Amortization Expense

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Property Plant and Equipment Depreciation	22,500	-
Total	22,500	-

6. Cash and cash equivalents

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Equity Bank Account 0330263908695	20,442,394	174
Family Bank Account 093000048968	-	79,637,361
Total Cash and Cash Equivalents	20,442,394	79,637,532

Notes to the Financial Statements (Continued)

7. Receivables from exchange transactions

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Current Receivables		
Interest Receivable	1,476,726	
Current Loan Repayments Due	49,224,184	-
Inter Entity Lending	3,319,000	
Less: Provision for bad and doubtful debts	(1,230,605)	-
Total Current Receivables	52,789,305	
Non-Current Receivables		
Long Term Loan Repayments Due	1,111,621	1,079,000
Other outstanding Amount Due	2,900,000	2,900,000
Less: Provision for bad and doubtful debts	(26,975)	(53,951)
Total Non- Current Receivables	3,984,646	3,925,049
Total Receivables from Exchange Transactions	55,297,225	3,925,049

Additional disclosure on interest receivable

Description	2023/2024	2022/2023
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	1,476,726	-
Current loan repayments due		
Current portion of long-term loans from previous years	1,111,621	1,079,000
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	52,543,184	-

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Notes to the Financial Statement (Continued)

8. 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 2022/2023	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30th June 2022/2023	-	-	-	-	-
At 1st July 2023/2024	-	-	-	-	-
Additions	-	-	125,000	175,000	300,000
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30th June 2023/2024	-	-	125,000	175,000	300,000
Depreciation And Impairment	-	-	-	-	-
At 1 st July 2022/2023	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2022/2023	-	-	-	-	-
At 1st July 2023/2024	-	-	-	-	-
Depreciation	-	-	(9,375)	(13,125)	(22,500)
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
Net Book Values	-	-	-	-	-
At 30th June 2022/2023	-	-	-	-	-
At 30th June 2023/2024	-	-	115,625	161,875	277,500

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9. Provisions

	Other provision
	Kshs
Balance b/f	53,951.00
Additional provisions	1,230,605.00
Provision utilised	(26,975.00)
Change due to discount and time value for money	-
Total provisions year end	1,257,581.00
Current Provisions	1,230,605.00
Non-Current Provisions	26,975.00

10. 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.

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b) Related party transactions

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	3,319,000	2,900,000

c) Key management remuneration

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Board Of Trustees	440,000	385,000
Total	440,000	385,000

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d) Due from related parties

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Due From Parent Department	4,319,000	2,900,000
Due From Other County Government Entity	1,900,000	-
Total	6,219,000	2,900,000

Trans Nzoia County Nawiri Fund

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Notes to the Financial Statements (Continued)

11. Financial risk management

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

a) Credit risk

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2024				
Receivables From Exchange Transactions	50,554,951	50,700,910	1,111,621	1,257,580
Receivables From Non-Exchange Transactions	6,219,000	3,319,000	2,900,000	-
Bank Balances	20,442,394	20,442,394	-	-
Total	77,216,345	74,462,304	4,011,621	1,257,580
At 30 June 2023				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	2,900,000	-	2,900,000	-
Bank Balances	79,637,532	79,637,532	-	-
Total	82,537,532	79,637,532	2,900,000	-

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Notes to the Financial Statement (Continued)

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

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

b) Liquidity risk management

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

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 Sub 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.

Trans Nzoia County Nawiri Fund
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Notes to the Financial Statement (Continued)

i. 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 endeavored to bank with institutions that offer favorable interest rates.

d) Capital risk management.

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

Description	2023/2024	2022/2023
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	82,600,000	82,600,000
Accumulated surplus	(5,106,155)	1,049,153
Total funds	77,493,845	83,649,153
Total borrowings	-	-
Less: cash and bank balances	20,442,394	79,637,532
Net debt/ (excess cash and cash equivalents)	(20,442,394)	(79,637,532)
Gearing	-2.6%	-9.5%

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12. Events after the reporting period

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

13. Ultimate and Holding Entity

The entity is a County Public Fund established by Trans Nzoia Nawiri Fund Act, 2015 under the Department of Trade and Industrialization. Its ultimate parent is the County Government of Trans Nzoia.

14. Currency

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

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Trans Nzoia County Nawiri Fund
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20. Annexes

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

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

Reference No. 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)
Inaccurate Statement of Financial Position	The statement of financial position reflects total assets of Kshs 83,616,556 which varies with net capital and liabilities of Kshs 83,649,153 by Kshs 32,597. No reconciliation was provided for the variance.	Since a statement of financial position relies on historical figures, inherent errors might be carried over to subsequent years’ statements if not addressed fully. In deed an error of omission was made in the statement of financial position whereby a budgetary line item of drawings of Kshs 32,597 ought to have been included in the statement of financial position. It is my submission that the statement of financial position shall be restated to correct the omission.	Not Resolved	
Unconfirmed Bad Debts	The statement of financial performance reflects bad debts written off of Kshs 8,000 while the fund administration expenses include	The board maintains a five (5) per centum of outstanding debtors a provision for	Resolved	

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	provision for bad and doubtful debts of Kshs 53,951 as shown in Note 2 to the financial statements. However, the Fund does not have an approved policy nor such policy been explained under the significant accounting policies in the financial statements.	bad and doubtful debts. Policy 15 under Summary of significant Accounting Policies of the Financial Report addresses the matter. (Page 29)		
Current Receivables- Unaccounted for Imprest	The statement of financial position and as disclosed in Note 4 to the financial statements reflects a balance of Kshs 3,979,024 as current receivables which include Kshs 2,900,000 outstanding imprests. As reported previously, the amount represents imprest issued from the Fund to two (2) County Executive Committee Members who travelled to the United States of America in 2015 on the understanding that the amount was to be refunded to the Fund when the County Executive received Exchequer. No explanation was provided for the failure to have the amount refunded to the Fund.	The Imprest has not yet been surrendered	Not Resolved	
Inaccurate Statement of Cash Flows	The statement of cash flows includes provision for bad and doubtful debts written off of Kshs 53,951 and Kshs 8,000 respectively which are	Generally accepted accounting practices requires that at initial recognition of provisions for bad and doubtful debts as well as bad debts	Resolved	

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	<p>not cash flow items.</p>	<p>being written off in financial reports the impact has to be on both the comprehensive income statement as well as statement of cashflow statement as a contra entry. As the fund was now adopting a policy of recognition of bad and doubtful debts for the first time, the entry had to be made in the cashflow statement.</p>		
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Date.....

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