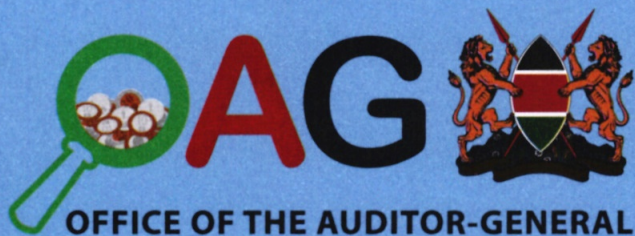


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

KIAMBU COUNTY JIINUE FUND

**FOR THE YEAR ENDED
30 JUNE, 2023**

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COUNTY GOVERNMENT OF KIAMBU
(KIAMBU COUNTY JIINUE FUND)

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2023**

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

KIAMBU COUNTY (JIINUE FUND)

Annual Report and Financial Statements for the year ended June 30, 2023

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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
DOB	Date of Birth
CECM	County Executive Committee Member
KCB	Kenya Commercial Bank
CRB	Credit Reference Bureau
MSMEs	Micro, Small and Medium Enterprises
SRC	Salaries and Remuneration Commission
ETR	Electronic Tax Register

b) Glossary of Terms

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

2. Key Entity Information and Management**a) Background information**

Kiambu Jiinue Fund is established by and derives its authority and accountability from the PFM Act and The Public Finance Management (Kiambu County Jiinue Fund) Regulations, 2021. The Fund is wholly owned by the County Government of Kiambu and is domiciled in Kiambu County headquarters, Kenya.

The fund's objective is to facilitate access of affordable credit to micro, small and medium enterprises within the county by providing solutions which include negotiated financial subsidies and loan guarantees.

b) Principal Activities

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

- Alleviation of the negative effects felt during the covid pandemic, and significant economic contraction (recession) on businesses within the County after the covid pandemic;
- Establishment of a framework for investing in and facilitating growth of micro and small enterprises to spur economic growth in the County;
- Facilitation of access to affordable credit to micro and small enterprises within the County from financial institutions by providing solutions which include negotiated financial subsidies;
- Negotiation by the County Government on an economic stimulus package scheme with financial facilities.

c) Board of Trustees Committee

Ref	Name	Position
1	ALI OSMAN KORAR	CHAIRPERSON
2	JOHN G. MWANGI	SECRETARY
3	KENNETH KARANJA	MEMBER
4	DANIEL KIRATHE	MEMBER
5	WILLIAM KIMANI	MEMBER
6	CAROLINE MWANGI	MEMBER
7	DANIEL MIANO	MEMBER

d) Key Management Team

Ref	Name	Position
1	KENNETH KARANJA	CHIEF OFFICER YOUTH AFFAIRS, SPORTS & COMMUNICATION
2	WILLIAM KIMANI	CHIEF OFFICER FINANCE, ICT & ECONOMIC PLANNING
3	JOHN G. MWANGI	FUND ADMINISTRATOR
4	MAUREEN K. GITONGA	FUND ACCOUNTANT

KIAMBU COUNTY (JIINUE FUND)

Annual Report and Financial Statements for the year ended June 30, 2023

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	DIRECTORATE INTERNAL AUDIT	COUNTY GOVERNMENT OF KIAMBU
2	COUNTY PUBLIC ACCOUNTS COMMITTEE	COUNTY ASSEMBLY OF KIAMBU
3	COUNTY PUBLIC INVESTMENT COMMITTEE	COUNTY ASSEMBLY OF KIAMBU

f) Registered Offices

Kiambu County Government Headquarters
Kiambu Town
P.O. Box 2344-00900
Kiambu, KENYA

g) Fund Contacts

Telephone:(254)
0709877000
Email:info@kiambu.go.ke
Website: www.kiambu.go.ke

h) Fund Bankers

1. Kenya Commercial Bank
Kiambu Branch
Accounts:
 1. 1285258592
 2. 1285264037
 3. 1285264185

Key Entity and Management (Continued)

i) Independent Auditors

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



j) Principal Legal Adviser

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

k) County Attorney

The County Attorney
Kiambu County Government
Kiambu Town
P.O. Box 2344-00900
Kiambu, Kenya

3. Board of Trustees Committee

Name	Details of qualifications and experience
 <p>ALI OSMAN KORAR</p>	<p>County Executive Committee Member Youth Affairs and Sports D.O.B: 02/04/1994 BCOM – Finance Work Experience:</p> <ul style="list-style-type: none">➤ 2016 – Accountant at Helping Hands➤ 2017– Accountant Thika Water➤ 2018– Secretary General Mount Kenya University➤ 2022 to Date – CECM Youth Affairs and Sports <p>Jiinue Fund Board Chairman</p>
 <p>JOHN G. MWANGI</p>	<p>Jiinue Fund Administrator D.O.B: 23/04/1976 MBA – Strategic Management CPA – K Work Experience:</p> <ul style="list-style-type: none">➤ 2012 to 2013 – Head of County Treasury➤ 2014 to 2019 – Fund Manager (Kiambu County Youth, Women and Persons with Disabilities Enterprise Development Fund)➤ 2020 to 2021 – Ag. Director (Jijenge Fund)➤ 2022 to Date – Fund Administrator (Jiinue Fund) <p>Jiinue Fund Board Secretary</p>



KENNETH KARANJA

Chief Officer Youth Affairs, Sports & Communication

D.O.B: 18/04/1983

Bachelor of Urban and Regional Planning

Work Experience:

- February 2018 to November 2020- Chief Officer Department of Infrastructure, Lands, Housing and Urban development, County Government of Laikipia
- November 2020 to March 2021- Chief Officer Department of Lands, Housing and Physical Planning, County Government of Kiambu
- March 2021 to February 2022- Chief Officer Department of education, Culture and Social Services, County Government of Kiambu
- February 2022 to April 2023 – Intergovernmental Relations, County Government of Kiambu
- April 2023 to Date- Chief Officer Department of Youth Affairs, Sports and Communication, County Government of Kiambu

Jiinue Fund Board Member



WILLIAM KIMANI

Chief Officer Finance, ICT and Economic Planning

D.O.B: 25/08/1977

BBA – Finance and Accounting

MBA - Finance

CPA – K

Work Experience:

- 2017 - Director Administration Kiambu County
- 2018 to 2019 – Chief Officer Administration
- 2019 to Date - Chief Officer Finance Economic planning and ICT

Jiinue Fund Board Member



DANIEL KIRATHE

County Solicitor

D.O.B: 07/07/1985

Bachelor of Law

Post Graduate Diploma (Legal Practice)

Work Experience:

- January 2011 to June 2013 – Pupillage at the State Law Office
- June 2013 to 2015– Partner at Mongeri, Kinyanjui and Co-Advocates
- January 2015 to Date – Managing Partner Kirathe and Co-Advocates.
- August 2020 to Date – County Solicitor County Government of Kiambu

Jiinue Fund Board Member



CAROLINE MWANGI

Business Community Representative

D.O.B: 21/06/1990

Diploma in Human Resource Management

BCOM- Entrepreneurship and Innovation
CPA – K

Work Experience:

- February 2011 to March 2013 – Konoike Construction Company LTD (Junior Administrator & Accounts Clerk)
- March 2013 to April 2014 - Konoike Construction Company LTD (Senior Accountant)
- April 2014 to July 2016 - Konoike Construction Company Ltd (Administrator)
- 2021 to Date – Founder and Trustee at Carol Kimplanter Foundation
- 2013 to Date – Founder and C.E.O at Kimplanter Seedlings and Nurseries Ltd

Jiinue Fund Board Member



DANIEL MIANO

Business Community Representative

D.O.B: 11/10/1982

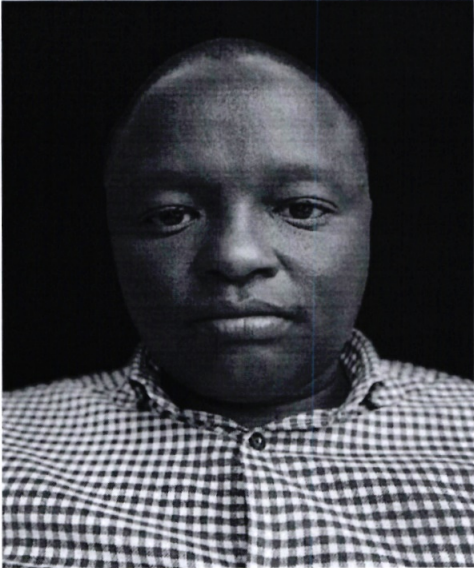

BSC – International Business Administration

Work Experience:

- Banking – 5 years
- Business Marketing and Health Sector – 8 years(Ansell Pharmaceuticals and Dynamics Marketing Ltd)
- KNCCI CEO Kiambu County – 1 year
- Current: KNCCI Central Region CEO – 3 years

Jiinue Fund Board Member

4. Management Team

Name	Details of qualifications and experience
 <p>KENNETH KARANJA</p>	<p>Chief Officer Youth Affairs, Sports & Communication D.O.B: 18/04/1983 Bachelor of Urban and Regional Planning Work Experience:</p> <ul style="list-style-type: none"> ➤ February 2018 to November 2020- Chief Officer Department of Infrastructure, Lands, Housing and Urban development, County Government of Laikipia ➤ November 2020 to March 2021- Chief Officer Department of Lands, Housing and Physical Planning, County Government of Kiambu ➤ March 2021 to February 2022- Chief Officer Department of education, Culture and Social Services, County Government of Kiambu ➤ February 2022 to April 2023 – Intergovernmental Relations, County Government of Kiambu ➤ April 2023 to Date- Chief Officer Department of Youth Affairs, Sports and Communication, County Government of Kiambu <p>Jiinue Fund Board Member</p>
 <p>WILLIAM KIMANI</p>	<p>Chief Officer Finance, ICT and Economic Planning D.O.B: 25/08/1977 BBA – Finance and Accounting MBA - Finance CPA – K Work Experience:</p> <ul style="list-style-type: none"> ➤ 2017 - Director Administration Kiambu County ➤ 2018 to 2019 – Chief Officer Administration ➤ 2019 to Date - Chief Officer Finance Economic planning and ICT <p>Responsibility - Jiinue Fund Account Signatory</p>



JOHN G. MWANGI

Jiinue Fund Administrator

D.O.B: 23/04/1976

MBA – Strategic Management

CPA – K

Work Experience:

- 2012 to 2013 – Head of County Treasury
- 2014 to 2019 – Fund Manager (Kiambu County Youth, Women and Persons with Disabilities Enterprise Development Fund)
- 2020 to 2021 – Ag. Director (Jijenge Fund)

2022 to current – Fund Administrator (Jiinue Fund)

Responsibility - Jiinue Fund Account Signatory



MAUREEN K. GITONGA

Jiinue Fund Accountant

D.OB: 10/04/1993

BA – Economics and Finance

MA – Economics (International Trade and Finance)

CPA – 2

Work Experience:

- 2015 to Nov 2016 – Procurement Officer
- 2016 to April 2018 – Finance Officer (Education, Culture and Social Services)
- April 2018 to February 2020 – Finance Officer Kenya Urban Support Program
- February 2020 to 2021 – Fund Accountant (Jijenge Fund)
- 2022 to current – Fund Accountant (Jiinue Fund)

Responsibility - Jiinue Fund Accountant

5. Board Chairperson’s Report

The *Kiambu County Jiinue Fund* was established through the Public Finance Management (Kiambu County Jiinue Fund) Regulations, 2021. The Fund is domiciled in the department of Youth affairs and sports since the biggest target are the youths. The fund was officially launched by H.E. the Governor on Friday 10th June 2022 with members of County Assembly, stakeholders and members of the public invited to witness these great and auspicious occasion. The fund’s objective is to facilitate access of affordable credit to micro, small and medium enterprises within the county by providing solutions which include negotiated financial subsidies and loan guarantees.


Being its second year of operation, only the Chief Officer Youth Affairs, Sports and Communication under which the fund is domiciled changed in the board and the key management team. The board is comprised of seven members of which two are from the private sector. The Board has not to satisfy the gender equality rule by only having one lady with a non-renewable tenure of three years.

The bank has been receiving many applications and enquiries soon after the launch and by the end of financial year ending 30th June 2023, the Fund has aided the bank to disburse Ksh 227,043,971 to 632 applicants spread throughout the County through an interest subsidy of Ksh 18.5 Million which was exhausted in the first quarter of this financial year and a guarantee fund of Ksh 30 Million to encourage business with minimal security to access the fund.

This being a Ksh 1.3 Billion Fund from KCB we would like to appreciate the entire Kiambu County Government leadership in coming up with innovative solutions more so to the youth led businesses to create jobs and spur economic growth in the County. We cannot forget our competent partner KCB Bank, in turning this aspiration into a reality.

The funds set aside by KCB Bank is Ksh 1.3 Billion while the County Government appropriating Ksh 138 Million for interest sharing and credit guarantee.

The greatest desire is to see the whole Ksh 1.3 Billion fund being disbursed to the residents of Kiambu.

Name.....Osnae Kara.....Signature..........Date.....12/09/2023.....

Chairperson of the Board

6. Report of The Fund Administrator

The *Kiambu County Jiinue Fund* was established through the Public Finance Management (Kiambu County Jiinue Fund) Regulations, 2021 and subsequently we entered into a memorandum of understanding with KCB Bank Ltd after an engaging and fair procurement process to identify a financial institution to partner with. The fund was officially launched by H.E. the Governor on Friday 10th June 2022 with Board members, members of County Assembly, key stakeholders partners like KCB Bank Ltd and Zetech University and members of the public invited to witness this great and auspicious occasion.

The Fund launch was timely taking into consideration the post covid effects is still being felt by MSMEs and now the global economic recession occasioned by global currency depreciation, adverse weather conditions and the Ukraine -Russia war which has a trickle-down effect affecting the survival of small businesses.

Being its second year of operation, only the Chief Officer Youth Affairs, Sports and Communication under which the fund is domiciled changed in the board and the key management team. The board is comprised of seven members of which two are from the private sector. The Board has not to satisfy the gender equality rule by only having one lady with a non-renewable tenure of three years.

KCB Bank has 11 branches within Kiambu County with only Lari and Gatundu North Sub County not having a branch but the residents are served at Limuru or Githunguri branches and Gatundu south and Thika branches respectively. Thika has two branches the Town Branch and Makongeni Branch. The bank has been receiving many applications and enquiries soon after the launch and by the end of the financial year ending 30th June 2023, the bank had disbursed Ksh 227,043,971 to 632 applicants spread throughout the County.

The biggest problem currently is applicants being listed with CRB and are not willing to clear their other loan obligations in order to access Jiinue Fund and also those who thinks it's a grant from inception, these are mostly the youth and KCB Bank through KCB foundation is willing to offer financial literacy trainings to encourage this group of youths.

Affordable loans, low interest rates and provision of guarantee have been the biggest impediment accessing loans especially to the youth who might not have any asset to offer as security. Kiambu County has come in to fill the gap to offer interest subsidy plus guarantee for loans of upto Ksh

KIAMBU COUNTY (JIINUE FUND)

Annual Report and Financial Statements for the year ended June 30, 2023

150,000 and also offer an interest subsidy to MSMEs for loans of upto Ksh 1 Million to unleash their business potential and grow their incomes and thereby spur the county economic growth. Within the 3years lifespan of the Fund we are looking forward to have disbursed ksh 1.3 Billion to about 200 micro and small enterprises per ward, we are optimistic that there will be a significant reduction in poverty, jobs creation through a corresponding increase in the number or expansion of businesses in Kiambu County in addition to attracting more investments in the county.

Our partnership with KCB Bank is to leverage on the financial institution best practices in micro lending and in addition offer Business Development trainings, mentorship and linkages to the MSMEs. We will also partner with the Bank in providing monitoring and evaluations to the businesses and in case of challenges address them through professional assistance.

We appreciate the Kiambu County Government leadership a hand up in their endeavor to uplift MSMEs, create wealth and jobs and spur economic growth in the county by establishing one of a kind fund in the county. We look forward to achieving this by working with a competent partner, KCB Bank, to turn this aspiration into a reality.

Despite the Fund being launched during the campaign season, enough measures have been put in place to make sure that only eligible business with ability to repay back the loan access the fund. KCB Bank have also put measures to ensure they conduct due diligence and good credit scoring to lend to eligible applicants and we are looking forward that the uptake will go up after the elections.

With the County government allocating Ksh 138 Million to establish the fund which in turn has translated to a Ksh 1.3 Billion fund from KCB Bank available to lend out, this is a big opportunity to spur our economic growth, encourage the entrepreneur's, bring out the innovativeness in our youths, increase the savings elements of our women and in addition the men who happen to be in business bring more food to their table.



.....
Name: JOHN G. MWANGI

Fund Administrator

7. Statement of Performance Against the County Fund’s Predetermined Objectives

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

The key development objectives of the Fund as per the strategic plan for are to:

- a) Alleviate of the negative effects felt during the covid pandemic, and significant economic contraction (recession) on businesses within the County after the covid pandemic;
- b) Establish of a framework for investing in and facilitating growth of micro and small enterprises to spur economic growth in the County;
- c) Facilitate access to affordable credit to micro and small enterprises within the County from financial institutions by providing solutions which include negotiated financial subsidies;
- d) Negotiation by the County Government on an economic stimulus package scheme with financial facilities.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Jiinue Fund	Facilitate access of affordable credit to micro, small and medium enterprises within the county by providing solutions which include negotiated financial subsidies and loan guarantees	Increased growth of SMSEs, job creations and reduction of poverty	632 beneficiaries who have accessed the fund	Second year of operation

8. Corporate Governance Statement

The fund has so far held four board meetings in the FY 2022/2023 of which three of them were also working retreat and there was 100% attendance by the board members.

The board is comprised of both county and two non-county members from the private sector representative appointed by the Governor on a three years non-renewable tenure to ensure there's no vacuum in the advisory board.

The Board has already developed a draft Fund policy and is in the process of developing a board charter in the First quarter of the FY 2022/2023

The board was established using the following criteria:

- the Executive Member who shall be the chairperson;
- the Chief Officer;
- the Officer Administering the Fund who shall be the Secretary to the Board;
- the Chief Officer responsible for Finance or designate;
- the County Solicitor or designate;
- two persons representing the Kiambu business community;

The two persons representing the Kiambu Business Community shall be appointed by the Governor and shall serve for a non-renewable term of three years.

Roles and Functions of the Board/Trustee

- continually review the policy framework of the Fund for purposes of advising the Executive Member on the policy needs of the Fund;
- consider and recommend the estimates of revenue to and expenditure from the Fund;
- approve the Fund's budget;
- approve the opening and closing of bank accounts in line with the Act;
- approve disbursements from the Fund;
- approve the financial statements of the Fund prepared in accordance with the Act;
- analyse reports submitted to it by financial institutions to ensure that beneficiaries of the fund are persons or businesses domiciled in Kiambu County;
- advise and report to the County Executive Committee on matters relating to the operation of the Fund;
- receive, review and approve reports on the performance of the Fund;
- receive and address complaints and take any appropriate action;

- oversee the efficient management and operation of the Fund and other matters that may arise in relation to the Fund; and
- Perform such other function as may be necessary for the proper discharge of its mandate.

The board has not been properly inducted and has received very little training on their roles and functions.

The Board has established a draft Fund policy and measures to address conflict of interest where it may arise.

The Board remuneration is as per the SRC circulation on board remunerations

9. Management Discussion and Analysis

Kiambu Jiinue Fund has cumulatively disbursed approximately Ksh 227M since its inception in the FY 2021/2022 to 632 successful applicants.

The Kiambu County Jiinue Fund regulations were approved by the County Assembly of Kiambu and the county was given an approval from the Controller of Budget on the establishment of the fund before money was appropriated to the fund. Due to budgetary constraints the Fund received only Ksh 50 Million against a budgetary allocation for the financial year 2021/2022 of Ksh 142 Million and there was no appropriation in the financial 2022/2023 despite a budgetary allocation of Ksh 50 Million.

For KCB Bank to partner with the county it emerged the top in a vigorous tender process among the financial institution that had shown interest and applied. The County Attorney was involved in drafting the Memorandum of understanding with the bank to ensure it complies with all the legal requirements.

In the financial year 2022/2023, the fund was allocated Ksh 50 Million leaving it with a deficit of Ksh 42 Million to enable it to fully execute its mandate. However, it was not appropriated as well.

The major risk facing the fund is Loan default where there is uncertainty caused by the depreciation of the dollar and the global economic crisis resulting to high cost of productions and rise in prices. This unpredictability is hurting the survival of MSMEs since their profit margins are being squeezed every day.

The new requirements of the Value Added Tax (Electronic Tax Invoice) Regulations, 2020 of upgrading your Electronic Tax Register (ETR) means that some of the successful applicants of the Fund will spend a portion of the loan to acquire the new ETR machines which is a foregone cost.

The Fund will be partnering with KCB Bank and other partners to ensure continuous monitoring and evaluation and offer trainings on business management skills, financial literacy skills and other life skills for business continuity program.

10. Environmental and Sustainability Reporting

The fund did not participate in any CSR activities

11. Report of The Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2022 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund is to:

- Alleviation of the negative effects of a declared pandemic, or significant economic contraction (recession) on businesses within the County;
- Establishment of a framework for investing in and facilitating growth of micro and small enterprises to spur economic growth in the County;
- Facilitation of access to affordable credit to micro and small enterprises within the County from financial institutions by providing solutions which include negotiated financial subsidies;
- Negotiation by the County Government on an economic stimulus package scheme with financial facilities.

Results

The results of the Fund for the year ended June 30, 2023 are set out on page xiii to xv that talks about the total amount disbursed and the number of beneficiaries for the year ended 30 June, 2023.

Trustees

The members of the Board of Trustees who served during the year are shown on page iii. The changes in the Board during the financial year are as shown below:

1. The Chief Officer Youth Affairs, Sports and Communications

Auditors

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

By Order of the Board



.....

Chair of the Board Committee

Date: 12/09/2023

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 Kiambu County Jiinue Fund Regulations shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

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

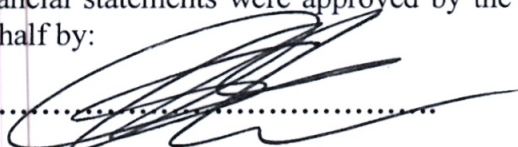
The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Kiambu Jiinue fund. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2023, and of the Fund's financial position as at that date. The Administrator further 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.

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

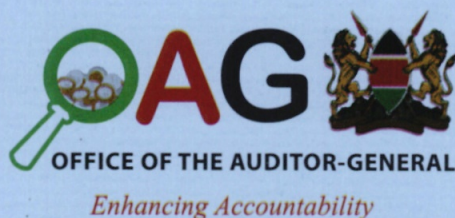
The Fund's financial statements were approved by the Board on 6th September 2023 and signed on its behalf by:



.....
Administrator of the County Public Fund

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 KIAMBU COUNTY JIINUE FUND FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kiambu County Jiinue Fund set out on pages 1 to 41, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kiambu County Jiinue Fund as at 30 June, 2023, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Public Finance Management (Kiambu County Jiinue Fund) Regulations, 2021.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

Review of Kiambu County Jiinue Fund financial statements revealed the following anomalies: -

- i. The statement of cash flows reflects negative net cash flows from operating activities amounting to Kshs.17,591,963. However, re-computation of the statement revealed negative net cash flows from operating activities amounting to Kshs.17,583,379 resulting to an unreconciled variance of Kshs.8,584.
- ii. Note 25 to the financial statements reflects net cash flows from operating activities of negative Kshs.17,591,963 and Kshs.47,887,873 for 2022/2023 and 2021/2022 financial years respectively. However, re-computation of the Note revealed nil net cash flows from operating activities for both years.
- iii. Further, Note 25 to the financial statements reflects finance cost amount of negative Kshs.17,591,963 and Kshs.47,887,873 for 2022/2023 and 2021/2022 financial years respectively. However, the statement of cash flows reflects finance cost amounting to Kshs.16,387,873 and Kshs.2,112,127 respectively resulting to an unexplained variance of negative Kshs.33,979,836 and Kshs.45,775,746, respectively.
- iv. Section 28(d) to the financial statements on capital risk management reflects nil balance for cash and bank balances for both financial years. However, the bank balances of Kshs.30,295,910 and Kshs.47,887,873 for 2022/2023 and 2021/2022 financial years respectively were not disclosed.
- v. The statement of comparison of budget and actual amounts reflects total income under performance difference column amounting to negative Kshs.50,000,000. However, re-computation of the statement revealed total income of Kshs.50,000,000 under performance difference column.
- vi. The statement of comparison of budget and actual amounts reflects total expenditure under actual on comparable basis and performance difference columns

amounting to Kshs.17,571,963 and negative Kshs.17,571,963 respectively. However, re-computation of the statement reflects total expenditure of Kshs.17,591,963 and Kshs.32,408,037 resulting to an unexplained variance of Kshs.20,000 and Kshs.49,980,000, respectively.

- vii. The statement of financial position reflects nil net assets balance. However, re-computation of the statement revealed net assets balance of Kshs.30,295,910 resulting to an unreconciled variance of Kshs.30,295,910.

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

2. Unsupported Expenditure

2.1 Use of Goods and Services

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects use of goods and services expenditure amounting to Kshs.1,204,090 which includes other (loan default guarantee) of Kshs.359,262. However, the loan default guarantee amounts of Kshs.359,262 were not supported by payment vouchers, minutes of meetings for loan committee and loan movement schedules.

2.2 Finance Costs

The statement of financial performance and as disclosed in Note 9 to the financial statements reflects finance costs amounting to Kshs.16,387,873. The finance costs relate to interest subsidy paid by the Fund for the beneficiaries to access the loans. However, the finance cost was not supported by payment vouchers, assessment reports for the loan beneficiaries, Board minutes approving the interest subsidy and the list of loan beneficiaries.

In the circumstances, the accuracy and completeness of use of goods and services expenditure and finance costs amounting to Kshs.1,204,090 and Kshs.16,387,873, respectively could not be confirmed.

3. Understated Employee Costs

The statement of financial performance and as disclosed in Note 6 to the financial statements reflects nil employee cost. Review of the bank statement for a local bank revealed payments toward salary amounting to Kshs.540,300 which were not recorded in the financial statements.

In the circumstances, the accuracy and completeness of the nil employee cost could not be confirmed.

4. Irregular Payment for Office Stationeries

The statement of financial performance reflects use of goods and services expenditure amounting to Kshs.1,204,090 as disclosed in Note 7 to the financial statements which includes printing and stationery payment of Kshs.100,000. Review of the payment voucher revealed that the printing and stationery payment was supported with cash sale receipt of Kshs.100,000 with narration of surrender of imprest. However, the payment

voucher was not supported by imprest warrant, store counter receipt vouchers, inspection and acceptance report and market survey.

In the circumstances, the regularity and completeness of the printing and stationery payment of Kshs.100,000 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management had not resolved the issues nor given any explanation for the failure to implement the recommendations.

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 matters described in the Basis for Conclusion on 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 Approved Budget for Kiambu County Jiinue Fund

The statement of comparison of budget and actual amounts reflects budgeted transfers from County Government amount of Kshs.50,000,000. However, the amount was not supported by approved budget and work plan. This was contrary to Regulation 30(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the budget preparation process for the following financial year shall start not later than the 30 August of the current financial year with the issuance of the annual budget circular by the County Executive Committee Member and in compliance with formats and

recommendations contained in the annual budget preparation circular or guidelines, instructions and the financial manual.

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

2. Overdrawn Bank Account

The statement of financial position reflects cash and cash equivalents balance of Kshs.30,295,910. Review of one of the local bank accounts revealed that on 15 September, 2022, the account was overdrawn by an amount of Kshs.8,584 without authorization and approval. This was contrary to Section 119(4) of the Public Finance Management Act, 2012 which requires an Accounting Officer for a County Government entity not to cause a bank account of the entity to be overdrawn beyond the limit authorised by the County Treasury or a Board of a County Government entity, if any.

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

3. Irregularities on Management of the Fund

The County Government of Kiambu transferred an amount of Kshs.50,000,000 to the Fund during 2021/2022 financial year for the purpose of subsidizing loan interest of beneficiaries, guarantee of loan beneficiaries and operations of the Fund. However, review of the records provided for audit revealed that there was no evidence of identification of the beneficiaries, applications, vetting and monitoring of the beneficiaries by Fund Committee yet there was transfer of funds amounting to Kshs.16,387,873 from the Fund for repayment of interest subsidies on loans. Further, recommendations to the Board by the Financial Institution on the outcome of vetting process were not submitted for audit verification. This was contrary to Regulation 11(2) of the Kiambu County Jiinue Fund Regulations, 2021 which require that the financial institution shall receive, register, vet and appraise applicants regarding their credit worthiness and the extent thereof and recommend to the Board the credit worthiness of the prospective borrowers.

In addition, the Fund has retained an amount of Kshs.30,000,000 in a local bank for payment of loan defaults (principal and interest) by the beneficiaries. However, during the year under review, loan default payments of Kshs.359,263 was paid without effort to recover from guaranteed loan beneficiaries. Further, Regulation 12 requires that the Board shall in partnership with the financial institution organize for a sensitization of prospective applicants in order to create awareness and identify the likely number of prospective applicants and actual needs for credit and other financial services for planning purposes. However, evidence was not provided to confirm that the Board and the financial institution organized and conducted sensitization programs as required.

As a result, Management was in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of Policies and Manuals

During the year under review, the Fund Management made payments for guaranteed interest on loans and default on loan guarantee to a financial institution for disbursements of loans to the beneficiaries amount of Kshs.16,387,873 and Kshs.359,262, respectively. Review of the records revealed that Management did not prepare risk management policy, risk assessment report, operational policy and manual to guide the Fund. This was contrary to Regulation 42(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that an Accounting Officer shall - (d) manage, control, and ensure that policies are carried out efficiently and wastage of public funds is eliminated.

In the circumstances, it was not possible to confirm the effectiveness of the operations of the Fund during the year under review.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become

inadequate because of changes in conditions, or that the degree of compliance with the Fund's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

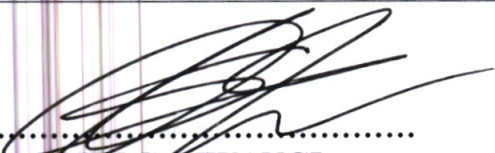
16 April, 2024

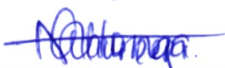
KIAMBU COUNTY (JIINUE FUND)

Annual Report and Financial Statements for the year ended June 30, 2023

14. Statement of Financial Performance for the Year Ended 30th June 2023

Description	Note	2022/2023 FY	2021/2022 FY
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	0	0
Transfers From the County Government	2	0	50,000,000
Fines, Penalties and Other Levies	3	0	0
		0	50,000,000
Revenue From Exchange Transactions			
Interest Income	4	0	0
Other Income	5	0	0
		0	0
Total Revenue		0	50,000,000
Expenses			
Employee Costs	6	0	0
Use of goods and services	7	1,204,090	0
Depreciation and Amortization Expense	8	0	0
Finance Costs	9	16,387,873	2,112,127
Total Expenses		17,591,963	2,112,127
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	0	0
Gain /Loss on fair value of investments	11	0	0
Surplus/(Deficit) for the Period		(17,591,963)	47,887,873


.....
Name: JOHN G. MWANGI
Administrator of the Fund
ICPAK Member Number: 3368


.....
Name: MAUREEN K. GITONGA
Fund Accountant

KIAMBU COUNTY (JIINUE FUND)**Annual Report and Financial Statements for the year ended June 30, 2023****15. Statement of Financial Position As at 30 June 2023**

Description	Note	2022/2023FY	2021/2022 FY
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	12	30,295,910	47,887,873
Current Portion of Long- Term Receivables From Exchange Transactions	13	0	0
Prepayments	14	0	0
Inventories	15	0	0
Investments in financial assets	16	0	0
Total current assets		30,295,910	47,887,873
Non-Current Assets			
Property, Plant and Equipment	17	0	0
Intangible Assets	18	0	0
Long Term Receivables from Exchange Transactions	13	0	0
Investment Property	19	0	0
Total non- current assets		0	0
Total Assets		30,295,910	47,887,873
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	0	0
Current Portion of Borrowings	21	0	0
Employee Benefit Obligations	22	0	0
Social benefit liabilities	23	0	0
Total current liabilities		0	0
Non-Current Liabilities			
Long Term Portion of Borrowings	21	0	0
Non-Current Employee Benefit Obligation	22	0	0
Social benefit liabilities	23	0	0
Total Liabilities		0	0
Net Assets			

KIAMBU COUNTY (JIINUE FUND)

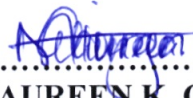
Annual Report and Financial Statements for the year ended June 30, 2023

Description	Note	2022/2023FY	2021/2022 FY
		Kshs	Kshs
Revolving Fund		0	0
Reserves		0	0
Accumulated Surplus		30,295,910	47,887,873
Total Net Assets and Liabilities		30,295,910	47,887,873

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 6th Sept 2023 and signed by:



.....
Name: JOHN G. MWANGI
Administrator of the Fund
ICPAK Member Number: 3368



.....
Name: MAUREEN K. GITONGA
Fund Accountant

KIAMBU COUNTY (JIINUE FUND)**Annual Report and Financial Statements for the year ended June 30, 2023****16. Statement of Changes in Net Assets for the year ended 30th June 2023**

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July (2021)	0	0	0	0
Surplus/(Deficit) For the Period	-	-	47,887,873	47,887,873
Funds Received During the Year	0	-		0
Transfers	0		(0)	
Revaluation Gain	-	0	-	0
Balance As At 30 June (2022)	0	0	47,887,873	47,887,873
Balance As At 1 July (2022)	0	0	47,887,873	47,887,873
Surplus/(Deficit) For the Period		-	(17,591,963)	(17,591,963)
Funds Received During the Year	0	-	-	0
Transfers	0		(0)	
Revaluation Gain	-	0	-	0
Balance As At 30 June (2023)	0	0	30,295,910	30,295,910

17. Statement of Cash Flows for The Year Ended 30 June 2023

Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		0	0
Transfers from the county government		0	50,000,000
Interest received		0	0
Receipts from other operating activities		0	0
Total receipts		0	50,000,000
Payments			
Fund administration expenses (<i>committee allowances & stationeries</i>)		805,700	0
General expenses (<i>bank charges</i>)		7,210	0
Finance cost		16,387,873	2,112,127
Other payments (<i>loan default losses/guarantee</i>)		391,180	0
Net cash flows from operating activities	25	(17,591,963)	47,887,873
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		(0)	(0)
Proceeds from sale of property, plant & equipment		0	0
Proceeds from loan principal repayments		0	0
Loan disbursements paid out		(0)	(0)
Net cash flows used in investing activities		(0)	(0)
Cash flows from financing activities			
Proceeds from revolving fund receipts		0	0
Additional borrowings		0	0
Repayment of borrowings		(0)	(0)
Net cash flows used in financing activities		(0)	(0)
Net increase/(decrease) in cash & cash Equivalents		(17,591,963)	47,887,873
Cash and cash equivalents at 1 July		47,887,873	0
Cash and cash equivalents at 30 June		30,295,910	47,887,873

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

18. Statement Of Comparison Of Budget And Actual Amounts For The Period

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Public Contributions and Donations	0	(0)	0	0	(0)	
Transfers From County Govt.	50,000,000	0	50,000,000	0	50,000,000	0
Interest Income	0	-	0	0	(0)	0
Other Income	0	-	0	0	0	0
Total Income	0	(0)	0	0	(0)	0
Expenses						
Fund Administration Expenses	0	-	0	0	(0)	0
General Expenses	0	(0)	0	0	(0)	0
Finance Cost	0	(0)	0	0	(0)	0
Total Expenditure	0	(0)	0	0	(0)	0
Surplus For the Period	0	0	0	0	0	0
Capital expenditure	0	0	0	0	0	0

19. Notes to the Financial Statements

1. General Information

Jiinue Fund entity is established by and derives its authority and accountability from Public Finance Management (Kiambu County Jiinue Fund) Regulations, 2021. The entity is wholly owned by the Kiambu County Government and is domiciled in Kenya. The entity's principal activity is

- Alleviation of the negative effects of a declared pandemic, or significant economic contraction (recession) on businesses within the County;
- Establishment of a framework for investing in and facilitating growth of micro and small enterprises to spur economic growth in the County;
- Facilitation of access to affordable credit to micro and small enterprises within the County from financial institutions by providing solutions which include negotiated financial subsidies;

Negotiation by the County Government on an economic stimulus package scheme with financial facilities

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
IPSAS 41: Financial Instruments	Applicable: 1st January 2023 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

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

KIAMBU COUNTY (JIINUE FUND)**Annual Report and Financial Statements for the year ended June 30, 2023**

Standard	Effective date and impact
	<p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</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:
IPSAS 43	<p>Applicable 1st January 2025</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>

KIAMBU COUNTY (JIINUE FUND)

Annual Report and Financial Statements for the year ended June 30, 2023

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

1. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

Rental income

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

b) Budget information

The original budget for FY 2022/2023 was approved by the County Assembly on June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of 0 on the FY 2022/2023 budget following the governing body's approval.

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

Summary of Significant Accounting Policies (Continued)

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 14 of these financial statements.

c) Property, plant and equipment

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

d) Intangible Assets

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

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

e) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. 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. *Jiinue Fund does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are not set out.

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.

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.

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

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

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

KIAMBU COUNTY (JIINUE FUND)**Annual Report and Financial Statements for the year ended June 30, 2023****6. Notes To The Financial Statements****1. Public contributions and donations**

Description	2022/2023 FY	2021/2022 FY
	Kshs	Kshs
Donation From Development Partners	0	0
Contributions From The Public	0	0
Total	0	0

2. Transfers from County Government

Description	2022/2023 FY	2021/2022 FY
	Kshs	Kshs
Transfers From County Govt. –Operations	0	50,000,000
Payments By County On Behalf Of The Entity	0	0
Unconditional Development grants	0	0
Total	0	50,000,000

3. Fines, penalties and other levies

Description	2022/2023 FY	2021/2022 FY
	Kshs	Kshs
Late Payment Penalties	0	0
Fines	0	0
Total	0	0

4. Interest income

Description	2022/2023 FY	2021/2022 FY
	Kshs	Kshs
Interest Income from Mortgage Loans	0	0
Interest Income From Car Loans	0	0
Interest Income From Investments in financial assets	0	0
Interest Income On Bank Deposits	0	0
Total Interest Income	0	0

KIAMBU COUNTY (JIINUE FUND)**Annual Report and Financial Statements for the year ended June 30, 2023****Notes To The Financial Statements (Continued)****5. Other income**

Description	2022/2023 FY	2021/2022 FY
	Kshs	Kshs
Insurance Recoveries	0	0
Income from Sale of Tender Documents	0	0
Bad debts recovered	0	0
Miscellaneous Income	0	0
Total Other Income	0	0

6. Employee Costs

Description	2022/2023 FY	2021/2022 FY
	Kshs	Kshs
Salaries And Wages	0	0
Staff Gratuity	0	0
Staff Training Expenses	0	0
Social Security Contribution	0	0
Other (<i>Specify</i>)	0	0
Total	0	0

7. Use of Goods and Services

Description	2022/2023 FY	2021/2022 FY
	Kshs.	Kshs.
General Office Expenses	0	0
Loan Processing Costs	0	0
Professional Services Costs	0	0
Administration Fees	0	0
Committee Allowances	705,700	0
Bank Charges	7,210	0
Electricity And Water Expenses	0	0
Fuel And Oil Costs	0	0
Insurance Costs	0	0
Postage And Courier	0	0
Printing And Stationery	100,000	0

KIAMBU COUNTY (JIINUE FUND)**Annual Report and Financial Statements for the year ended June 30, 2023**

Description	2022/2023 FY	2021/2022 FY
	Kshs.	Kshs.
Rental Costs	0	0
Security Costs	0	0
Telephone And Communication Expenses	0	0
Bank Charges	0	0
Audit Fees	0	0
Provision For Doubtful Debts	0	0
Other (<i>loan default losses/guarantee</i>)	391,180	0
Social benefit expenses*	0	0
Total	1,204,090	0

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42

8. Depreciation and Amortization Expense

Description	2022/2023 FY	2021/2022 FY
	Kshs.	Kshs.
Property Plant and Equipment	0	0
Intangible Assets	0	0
Total	0	0

9. Finance costs

Description	2022/2023 FY	2021/2022 FY
	Kshs	Kshs
Interest On Bank Overdrafts	0	0
Interest On Loans From Banks	16,387,873	2,112,127
Total	16,387,873	2,112,127

10. Gain/(loss) on disposal of assets

Description	2022/2023 FY	2021/2022 FY
	Kshs	Kshs
Property, Plant and Equipment	0	0
Intangible Assets	0	0
Total	0	0

KIAMBU COUNTY (JIINUE FUND)**Annual Report and Financial Statements for the year ended June 30, 2023****Notes To The Financial Statements (Continued)****11. Gain/ (loss) on Fair Value Investments**

Description	2022/2023 FY	2021/2022 FY
	Kshs	Kshs
Investments at Fair Value- Equity investments	0	0
Fair value – Investment property	0	0
Fair value- other financial assets (specify)	0	0
Total Gain	0	0

12. Cash and cash equivalents

Description	2022/2023 FY	2021/2022 FY
	Kshs	Kshs
Car Loan Account	0	0
County Mortgage Account	0	0
Fixed Deposits Account	0	0
On – Call Deposits	0	0
Current Account	30,295,910	47,887,873
Others (<i>Specify</i>)	0	0
Total Cash And Cash Equivalents	30,295,910	47,887,873

KIAMBU COUNTY (JIINUE FUND)**Annual Report and Financial Statements for the year ended June 30, 2023****Notes To The Financial Statements (Continued)**

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

Financial Institution	Account number	2022/2023 FY	2021/2022 FY
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		0	0
Equity Bank, Etc.		0	0
Sub- Total		0	0
b) On - Call Deposits			
Kenya Commercial Bank		0	0
Equity Bank - Etc.		0	0
Sub- Total		0	0
c) Current Account			
Kenya Commercial Bank	1285258592	29,617,404	30,000,000
Kenya Commercial Bank	1285264037	10	16,387,873
Kenya Commercial Bank	1285264185	678,516	1,500,000
Sub- total		30,295,910	47,887,873
d) Others(Specify)			
Cash In Transit		0	0
Cash In Hand		0	0
Sub- Total		0	0
Grand Total		30,295,910	47,887,873

13. Receivables from exchange transactions

Description	2022/2023 FY	2021/2022 FY
	Kshs	Kshs
Current Receivables		
Interest Receivable	0	0
Current Loan Repayments Due	0	0
Other Exchange Debtors	0	0
Less: Impairment Allowance	(0)	(0)
Total Current Receivables		
Non-Current Receivables		
Long Term Loan Repayments Due	0	0
Total Non- Current Receivables	0	0
Total Receivables From Exchange Transactions	0	0

KIAMBU COUNTY (JIINUE FUND)**Annual Report and Financial Statements for the year ended June 30, 2023****Notes To The Financial Statements (Continued)****Additional disclosure on interest receivable**

Description	2022/2023 FY	2021/2022 FY
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	0	0
Accrued interest receivable from of long-term loans of previous years	0	0
Interest receivable from current portion of long-term loans issued in the current year	0	0
Current loan repayments due		
Current portion of long-term loans from previous years	0	0
Accrued principal from long-terms loans from previous periods	0	0
Current portion of long-term loans issued in the current year	0	0

14. Prepayments

Description	2022/2023 FY	2021/2022 FY
	Kshs	Kshs
Prepaid Rent	0	0
Prepaid Insurance	0	0
Prepaid Electricity Costs	0	0
Other Prepayments (<i>Specify</i>)	0	0
Total	0	0

15. Inventories

Description	2022/2023 FY	2021/2022 FY
	Kshs	Kshs
Consumable Stores	0	0
Spare Parts And Meters	0	0
Catering	0	0
Other Inventories (<i>Specify</i>)	0	0
Total Inventories at The Lower of Cost and Net Realizable Value	0	0

Notes To The Financial Statements (Continued)

16. Investments in financial assets

Description	2022/2023 FY	2021/2022 FY
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	0	0
CBK	0	0
Sub- total	0	0
b. Investment with Financial Institutions/ Banks		
Bank x	0	0
Bank y	0	0
Sub- total	0	0
c. Equity investments (specify)		
Equity/ shares in Entity xxx	0	0
Sub- total	0	0
Grand total	0	0

Movement of Equity Investments

Impairment allowance/ provision	2022/2023 FY	2021/2022 FY
	Kshs	Kshs
At the beginning of the year	0	0
Purchase of investments in the year	0	0
Sale of investments during the year	(0)	(0)
Gain/(loss) in fair value of investments through surplus or deficit	0	0
At the end of the year	0	0

e) Shareholding in other entities

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

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	
	Direct shareholding	Indirect shareholding	Effective shareholding		Current year	Prior year
	%	%	%	Kshs	Kshs	Kshs
Entity A	0	0	0	0	0	0
Entity B	0	0	0	0	0	0
Entity C	0	0	0	0	0	0
	0	0	0	0	0	0

KIAMBU COUNTY (JIINUE FUND)**Annual Report and Financial Statements for the year ended June 30, 2023****Notes To The Financial Statements (Continued)****17. Property, plant and equipment**

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July (2021/2022)	0	0	0	0	0
Additions	0	0	0	-	0
Disposals	(0)	(0)	-	-	(0)
Transfers/Adjustments	0	(0)	0	(0)	(0)
At 30th June (2021/2022)	0	0	0	0	0
At 1st July (2022/2023)					
Additions	0	0	0	-	0
Disposals	(0)	-	-	-	(0)
Transfer/Adjustments	(0)	0	0	(0)	(0)
At 30th June (2022/2023)	0	0	0	0	0
Depreciation And Impairment					
At 1 st July (2021/2022)	(0)	(0)	(0)	(0)	(0)
Depreciation	(0)	(0)	(0)	(0)	(0)
Impairment	(0)	-	-	-	(0)
At 30th June (2021/2022)	0	0	0	0	0
At 1st July (2022/2023)					
Depreciation	(0)	(0)	(0)	-	(0)
Disposals	0	-	-	-	0
Impairment	(0)	(0)	-	-	(0)
Transfer/Adjustment	0	(0)	(0)	0	0
At 30th June (2022/2023)	0	0	0	0	0
Net Book Values					
At 30th June (2021/2022)	0	0	0	0	0
At 30th June (2022/2023)	0	0	0	0	0

KIAMBU COUNTY (JIINUE FUND)

Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

18. Intangible assets

Description	2022/2023 FY	2021/2022 FY
	Kshs	Kshs
Cost		
At Beginning of The Year	0	0
Additions	0	0
At End of The Year	0	0
Amortization And Impairment		
At Beginning of The Year	0	0
Amortization	0	0
At End of The Year	0	0
Impairment Loss	0	0
At End of The Year	0	0
NBV	0	0

19. Investment Property

Description	2022/2023 FY	2021/2022 FY
	Kshs	Kshs
At beginning of the year	0	0
Additions	0	0
Disposal during the year	(0)	(0)
Depreciation	(0)	(0)
Impairment	(0)	(0)
Gain/(loss) in fair value (if fair value is elected)	0	0
At end of the year	0	0

Notes To The Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description	2022/2023 FY		2021/2022 FY	
	Kshs		Kshs	
Trade Payables	0		0	
Refundable Deposits	0		0	
Accrued Expenses	0		0	
Other Payables	0		0	
Total Trade and Other Payables	0		0	
Ageing analysis (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	0	%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (tie to above total)	0		0	

21. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At the Beginning Of The Year	0	0	0	0
Additional Provisions	0	0	0	0
Provision Utilised	(0)	(0)	(0)	(0)
Change Due To Discount And Time Value For Money	(0)	(0)	(0)	(0)
Transfers From Non -Current Provisions	0	0	0	0
Balance At The End of The Year	0	0	0	0

KIAMBU COUNTY (JINUE FUND)**Annual Report and Financial Statements for the year ended June 30, 2023****Notes To The Financial Statements (Continued)****22. Borrowings**

Description	2022/2023 FY	2021/2022 FY
	Kshs	Kshs
Balance At Beginning of The Period	0	0
External Borrowings During the Year	0	0
Domestic Borrowings During the Year	0	0
Repayments Of External Borrowings During the Period	(0)	(0)
Repayments Of Domestic Borrowings During the Period	(0)	(0)
Balance At End of The Period	0	0

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

Description	2022/2023 FY	2021/2022 FY
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organization'	0	0
Sterling Pound Denominated Loan From 'Y Organization'	0	0
Euro Denominated Loan from Z Organization'	0	0
Domestic Borrowings		
Kenya Shilling Loan From KCB	0	0
Kenya Shilling Loan from Barclays Bank	0	0
Kenya Shilling Loan from Consolidated Bank	0	0
Borrowings From Other Government Institutions	0	0
Total Balance at End of The Year	0	0

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

Description	2022/2023 FY	2021/2022 FY
	Kshs	Kshs
Short Term Borrowings (Current Portion)	0	0
Long Term Borrowings	0	0
Total	0	0

KIAMBU COUNTY (JIINUE FUND)

Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

23. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Insert Current FY	Insert Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	0	0	0	0	0
Non-Current Benefit Obligation	0	0	0	0	0
Total	0	0	0	0	0

24. Social Benefit Liabilities

Description	2022/2023 FY	2021/2022 FY
	Kshs	Kshs
Health social benefit scheme	0	0
Unemployment social benefit scheme	0	0
Orphaned and vulnerable benefit scheme	0	0
Elderly social benefit scheme	0	0
Bursary social benefits	0	0
Total	0	0
Current social benefits	0	0
Non- current social benefits	0	0
Total (tie to totals above)	0	0

KIAMBU COUNTY (JIINUE FUND)

Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

25. Cash generated from operations

Description	2022/2023 FY	2021/2022 FY
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	(17,591,963)	47,887,873
Adjusted For:		
Depreciation	0	0
Amortisation	0	0
Gains/ Losses On Disposal Of Assets	(0)	(0)
Interest Income	(0)	(0)
Finance Cost	(17,591,963)	47,887,873
Working Capital Adjustments		
Increase In Inventory	(0)	(0)
Increase In Receivables	(0)	(0)
Increase In Payables	0	0
Net Cash Flow From Operating Activities	(17,591,963)	47,887,873

Notes To The Financial Statements (Continued)**26. Related party balances****a) Nature of related party relationships**

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

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

b) Related party transactions

Description	2022/2023 FY	2021/2022 FY
	Kshs	Kshs
Transfers From Related Parties'	0	0
Transfers To Related Parties	0	0

c) Key management remuneration

Description	2022/2023 FY	2021/2022 FY
	Kshs	Kshs
Board Of Trustees	0	0
Key Management Compensation	0	0
Total	0	0

d) Due from related parties

Description	2022/2023 FY	2021/2022 FY
	Kshs	Kshs
Due From Parent Ministry	0	0
Due From County Government	0	0
Total	0	0

KIAMBU COUNTY (JIINUE FUND)**Annual Report and Financial Statements For the year ended 30th June 2023****Other Disclosures Continued****e) Due to related parties**

Description	2022/2023 FY	2021/2022 FY
	Kshs	Kshs
Due To Parent Ministry	0	0
Due To County Government	0	0
Due To Key Management Personnel	0	0
Total	0	0

27. Contingent assets and contingent liabilities

Contingent Liabilities	2022/2023 FY	2021/2022 FY
	Kshs	Kshs
Court Case Against the Fund	0	0
Bank Guarantees	0	0
Total	0	0

Notes To The Financial Statements (Continued)**28. Financial risk management**

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

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

a) Credit risk

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables From Exchange Transactions	0	0	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	0	0	0	0
Total	0	0	0	0
At 30 June 2021				
Receivables From Exchange Transactions	0	0	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	0	0	0	0
Total	0	0	0	0

Notes To The Financial Statements (Continued)

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

Jiinue Fund has significant concentration of credit risk on amounts due by KCB.

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

b) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June (Current FY)				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0
At 30 June (Comparative FY)				
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0

Notes To The Financial Statements (Continued)**c) Market risk**

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

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

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

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

i. Foreign currency risk

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

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

Description		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June (Current FY)			
Financial Assets	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	0	0	0
Borrowings	0	0	0
Net Foreign Currency Asset/(Liability)	0	0	0

Notes To The Financial Statements (Continued)**Foreign currency sensitivity analysis**

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
(2022/2023)			
Euro	10%	0	0
USD	10%	0	0
(2021/2022)			
Euro	10%	0	0
USD	10%	0	0

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Notes To The Financial Statements (Continued)**d) Capital risk management.**

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

Description	2022/2023 FY	2021/2022 FY
	Kshs	Kshs
Revaluation reserve	0	0
Revolving fund	0	0
Accumulated surplus	0	0
Total funds	0	0
Total borrowings	0	0
Less: cash and bank balances	(0)	(0)
Net debt/(excess cash and cash equivalents)	0	0
Gearing	0%	0%

29. Events after the reporting period

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

30. Ultimate and Holding Entity

The entity is a County Public Fund established by Kiambu County Jiinue Fund Regulations under the Ministry of Youth Affairs, Sports and Communications. Its ultimate parent is the County Government of Kiambu.

31. Currency

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

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)
1	Presentation and Disclosure in the Financial Statements	Financial Statement amended.	Resolved	
2	Inaccuracies in the Statement of Changes in Net Assets	Financial Statement amended.	Resolved	
3	Inaccuracies in the Statement of Cashflows	Financial Statement amended.	Resolved	
4	Inaccuracies in Transfers from the County Government	The fund received only a total of Kshs. 50,000,000 against a request of Kshs.100,000,000 from Finance Department as shown in the bank statements provided. A payment of Ksh. 100,000,000 was initiated at IFMIS level but only Ksh. 50,000,000 was transferred due to cashflow problems.	Not Resolved	1 Year
5	Unsupported Cash and Cash Equivalents	i. The cashbook presented is divided into different pages for the three accounts since it was operational from the month of May. ii. Bank reconciliation amended and corrected as attached.	Resolved	

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)
		<p>iii. The County Government of Kiambu had established a Covid 19 Emergency Fund which was revoked. However, since the County Government had already opened bank accounts for the same, change of name was requested for the same accounts in the newly established fund (Kiambu County Jiinue Fund). Attached are the necessary approvals and authorities to the same.</p> <p>iv. The bank reconciliation for the interest sharing account shows a reconciled figure of Ksh. 16,387,873 which agrees with the Certificate of bank balance as at 30th June 2022.</p>		
1	Irregular Partnership with a Financial Institution	The previous Covid-19 Emergency Fund Board and the procurement directorate were involved in following the laid down procurement procedures where there was an advertisement on expression of interest in identifying a Financial Institution. Three financial institutions that is: Family Bank Limited, Rafiki Micro-Finance Bank Limited and Kenya Commercial Bank expressed their interest and they were subjected to Evaluation where Kenya Commercial Bank was awarded in accordance to the Public Procurement and Asset Disposal Act, 2015. Since there were no major changes in the Memorandum of Understanding entered for the Covid -19 Emergency	Resolved	

KIAMBU COUNTY (JIINUE FUND)

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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)
		Fund apart from the name of the fund the same Financial Institution was retained. All documents for the process are attached for verification.		
2	Irregular Operationalization of the Fund	The vetting of the applicants is done by the Fund Administrator with the assistance of the Sub County Youth Officers who confirm the existence of the businesses and physically visit them before the list is sent to the bank for further vetting and a second visit by the bank with pictorial evidence of existence of a business. The bank opens individual files of the applicants which are open for perusal. Attached are the requests sent from the bank to confirm existence of businesses.	Resolved	

Fund Administrator

Date.....

12/09/2023

KIAMBU COUNTY (JIINUE FUND)

Annual Report and Financial Statements for the year ended June 30, 2023

Annex II: Inter-Fund Confirmation Letter



COUNTY GOVERNMENT OF KIAMBU
DEPARTMENT OF YOUTH AFFAIRS, SPORTS & COMMUNICATION
P.O Box 2344-00900 Kiambu, Kenya

Tel: +254 709 877 000 Email: info@Kiambu.go.ke Website: www.Kiambu.go.ke Twitter: @KiambuCountyGov

JIINUE FUND

Kiambu County Government Headquarters
Kiambu Town
P.O. Box 2344-00900
Kiambu, KENYA

The *Jiinue Fund* wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Fund] as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 th June 2023				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
		0	0	0	0	0	0


KIAMBU COUNTY (JIINUE FUND)

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Total		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
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In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Fund:

Name Joyce Kinyua Sign  Date 12/09/2023

KIAMBU COUNTY (JIINUE FUND)

Annual Report and Financial Statements for the year ended June 30, 2023

Annex III: Reporting of Climate Relevant Expenditures

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

KIAMBU COUNTY (JIINUE FUND)

Annual Report and Financial Statements for the year ended June 30, 2023

Annex IV: Reporting on Disaster Management Expenditure

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

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