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THE AUDITOR-GENERAL

ON

**BUSIA COUNTY AGRICULTURAL
DEVELOPMENT FUND**

**FOR THE YEAR ENDED
30 JUNE, 2020**

PAPERS LAID	
DATE	02/03/2022
TABLED BY	DSMW
COMMITTEE	—
CLERK AT THE TABLE	CHANIA





BUSIA COUNTY AGRICULTURAL DEVELOPMENT FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020**

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

Busia county Agricultural Dev Fund
Reports and Financial Statements
For the year ended June 30, 2020

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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

The Fund's principal activity is to finance the agricultural sector in the county growth by supporting strategic farming interventions with high potential for enhancing productivity, value addition, quality improvements and marketing. Fund is established by and derives its authority and accountability from The Busia County Agricultural Development Act, 2014 Act on 16th may 2014. The Fund is wholly owned by the County Government of Busia and is domiciled in Kenya.

The fund's objective is to;

- (a) Provide funding for eligible intervention to cover the agricultural sector, fisheries, livestock and veterinary services.
- (b) Promote county agricultural productivity and marketing through strengthening producer organizations, streamlining and facilitating bulk supply of inputs to farmers, pastoralists and fisher folks including fertilizers, certified seeds, agro chemicals, animal breeding, animal and fish drugs and feeds, artificial insemination services and fishing gears among others.
- (c) Soil testing and soil fertility management in clustered areas of farmers' associations.
- (d) Gather, package and disseminate agribusiness related information pertaining to key elements of the value chain across various sector enterprises including but not limited to agronomic and market information.
- (e) Promote core value addition infrastructural development.
- (f) Promote high value agricultural, livestock and fisheries products such as oil crops, newly emerging high value crops, animals and poultry.

The Fund also aims at encouraging farmers to apply loans from other loaning institutions such as banks.

b) Principal Activities

The mandate of the Fund is to provide loans to farmers/clients for agribusiness activities and recover for the same. They shall enable the fund to take off as a micro finance institution.

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Ruth Mukhongo	Chief Officer Agriculture
2	Dr. George Ekisa	Chairman ADF
3	Benjamin Onyancha	Director ADF

d) Key Management

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Ref	Name	Position
1	Ruth Mukhongo	Chief Officer
2	Dr. George Ekisa	Chairman
3	Benjamin Onyancha	Director/Fund Administrator

e) Registered Offices

County Agricultural Development Fund
P.O. Box 28 – 50400
Agricultural Training Centre Compound
Busia – Kenya

f) Fund Contacts

Telephone: (254) 743 957 788
E-mail: adfbusia2014@gmail.com

g) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Family Bank
Busia Branch
P.O. Box 329
Busia (K)

h) Independent Auditors

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

i) Principal Legal Adviser

Busia county Agricultural Dev Fund
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The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

**Busia county Agricultural Dev Fund
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2. THE BOARD OF TRUSTEES

Name	Details of qualifications and experience
Ruth Mukhongo	Chief Officer Education: BSc Horticulture, Msc Soil Science, PhD Soil Science (completing) Over 11 years (Agronomist/Soil scientist) experience
Dr. George Ekisa	Chairperson Education: PhD (Environmental studies) Over 10 years' experience as University lecturer
Benjamin Onyancha	Director/Fund Administrator Education: BSc Agriculture, Msc Agronomy. Over 20 years' experience.
Ruth Gwendo	Member
Mary Magero	Vice Chairperson
Wangula M. Beverly	Member Education: B.Ed (Arts), over 10 years' experience.

3. MANAGEMENT TEAM

Name	Details of qualifications and experience
Ruth Mukhongo	Chief Officer Dob 12 th December 1983 Education: BSc Horticulture, Msc Soil Science, PhD Soil Science (completing) Over 11 years (Agronomist/Soil scientist) experience
Dr. George Ekisa	Chairperson Education: PhD Over 10 years' experience as University lecturer
Benjamin Onyancha	Director/Fund Administrator Dob 5 th June 1971 Education: BSc Agriculture, Msc Agronomy. Over 20 years' experience in provision agricultural extension services

4. BOARD/FUND CHAIRPERSON'S REPORT

- **Changes in the Fund during the year**

There has not been any change in the fund during the year.

- **Review of the Fund's performance**

The Fund disbursed a total of Ksh. 4,335,000 to 313 farmers spread across the County. Loan repayment stands at 25%.

- **Future outlook of the Fund**

Loan repayment which now stands at Ksh. 11,528,076 can now be used as a revolving funds as was intended during its inception. The demand for loans from the farming community is very high indicating the Fund is of importance to our clients.

- **Conclusion**

Timely release of funds from Treasury and in each quarter during the financial year can enable the Fund achieve its mandate. The Fund has introduced a **PAYBILL NO. 222121** at our Family Bank, Busia Branch which is expected to improve repayment as it drastically reduces the cost of repayment transactions for the loaned clients.

Signed: _____



Dr. Tom Ekisa

5. REPORT OF THE FUND ADMINISTRATOR

- **Changes in the Fund during the year**

There has not been any changes in management team of the fund during the year.

- **Review of the Fund's performance**

ADF funded a number of enterprises which include;

- Fish farming
- Poultry farming
- Livestock farming (Dairy farming)
- Crop farming (Green maize, tomatoes, local vegetables, ground nuts etc)

In the FY 2019-2020 The Fund disbursed a total of Ksh. 4,335,000 to 313 farmers spread across the County.

The main challenges experienced by the Fund include the following;

- Late disbursement of the Fund by Treasury.
- High demand for loans from farmer
- Some farmers do not understand Agribusiness
- Low repayment from the loaned clients

Recommendations

- County Treasury to prioritise disbursement of funds on quarterly basis.
- County Assembly increase allocation of funds to ADF to meet the ever increasing demand of loans by farmers.
- Sensitization of farmers on agribusiness concepts by the department
- Improvement in loan recovery by use of partners such County Administration (at Sub County, Ward and Village)

- **Future outlook of the Fund**

Loan repayment which now stands at Ksh. 11,528,076 can now be used as a revolving funds as was intended during its inception. The demand for loans from the farming community is very high indicating the Fund is of importance to our clients.

- **Conclusion**

Timely release of funds from Treasury and in each quarter during the financial year can enable the Fund achieve its mandate. The Fund has introduced a **PAYBILL NO. 222121** at our Family Bank, Busia Branch which is expected to improve repayment as it drastically reduces the cost of repayment transactions for the loaned clients.

Signed: _____



Benjamin Onyancha

6. CORPORATE GOVERNANCE STATEMENT

Agriculture Development Fund exists as a result of an Act of the County Assembly of Busia (Busia County Agricultural Development Fund Act, 2014) and Busia County Agricultural Development Fund Regulations, 2015. The fund also complies with PFM Act, 2012 and guidelines as provided by Treasury.

Four Board meetings were held during the reporting period with a cumulative total attendance of 34 members inclusive of secretariat. The expiry date for the current non-executive members ends in the year 2020. Plans are underway to ensure recruitment of new members and or retention of old members shall take place by next year. The preparation of strategic plan was started but not yet completed due financial constraints.

The roles and functions of the Board are:

- a. Provide strategic guidance and oversight to the Fund.
- b. Implement the policies of the county government on agriculture sector funding.
- c. Ensure that all project funded under ADF Act, 2014 are consistent with the county's priorities Specified in relevant policy document on county agricultural development and financing.
- d. Authorize allocation from the Fund.
- e. Formulate and approve standards, guidelines and procedures for funding under ADF Act, 2014.
- f. Approve the organizational structure of the fund.
- g. Provide oversight in the utilization of the fund.
- h. Approve annual work plans and budgets of the Fund.
- i. Advice the county government on any of the matters contained in ADF Act, 2014 and
- j. Perform any other function as may be conferred on in by ADF Act, 2014 or any other written law.

Remuneration of Board members is done as directed by enforceable circulars from salaries and remuneration commission (SRC).

Agricultural Development Fund has been owned by county farmers indicated by the flow of loan repayment, so far encouraging. Funding farmers has created a positive economic impact by moving them from subsistence farming business. The high number of interested clients in accessing loans from ADF is an indicator of how the Fund is positively viewed. The Fund is periodically audited by Independent Auditors from Auditor General's office.

7. MANAGEMENT DISCUSSION AND ANALYSIS

Busia County Agricultural Development Fund is governed by an Act of County Assembly of Busia, The ADF Act, 2014 and ADF Regulations, 2015. The said Act and Regulations are used together and are in compliance with the PFM Act, 2012; PFM (County Government) Regulations and Controller of Budget Act, 2012.

ADF funded a number of enterprises which include;

- Fish farming
- Poultry farming
- Livestock farming (Dairy farming)
- Crop farming (Green maize, tomatoes, local vegetables, ground nuts etc)

In the FY 2019/2020 The Fund disbursed a total of Ksh. 4,335,000 to 313 farmers spread across the County.

The fund has given out Ksh. 49,192,740 and loan repayment now stands at Ksh. 11,528,076

The main challenges experienced by the Fund include the following;

- Late disbursement of the Fund by Treasury.
- High demand for loans from farmer
- Some farmers do not understand Agribusiness
- Low repayment from the loaned clients

Recommendations

- County Treasury to prioritise disbursement of funds on quarterly basis.
- County Assembly increase allocation of funds to ADF to meet the ever increasing demand of loans by farmers.
- Sensitization of farmers on agribusiness concepts by the department.
- Improvement in loan recovery by use of partners such County Administration (at Sub County, Ward and Village)

8. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

There was no corporate social responsibility undertaken during the period under review.

9. REPORT OF THE TRUSTEES

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are to finance the agricultural sector in the county growth by supporting strategic farming interventions with high potential for enhancing productivity, value addition, quality improvements and marketing.

Results

The results of the Fund for the year ended June 30, 2020 are set out on page 15 to 32

Trustees

The members of the Board of Trustees who served during the year are shown on page 6 of this report. There were no changes in the Board during the financial year

Auditors

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

By Order of the Board

Member of the Board

Date: _____

10. 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 Busia County Agricultural Development Fund Act, 2014 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, 2020. 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 Busia County Agricultural Development Fund Act, 2014. 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, 2020 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 30th Sept . 2020 and signed on its behalf by:



Administrator of the County Public Fund

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: 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 BUSIA COUNTY AGRICULTURAL DEVELOPMENT FUND FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Busia County Agricultural Development Fund set out on pages 1 to 19, which comprise of the statement of financial position as at 30 June, 2020, 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 effect of matters discussed in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Busia County Agricultural Development Fund as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Busia County Agricultural Development Fund Act, 2014.

Basis for Qualified Opinion

1.0 Cash and Cash Equivalents

The statement of financial position reflects a cash and cash equivalents balance of Kshs.13,663,204. As disclosed under Note 3 to the financial statements, the balance comprised of Kshs.4,315,630, Kshs.(1,472,426) and Kshs.11,000,000 in respect of the main bank account, repayment account and fixed deposit accounts respectively. However, review of the bank reconciliation statements revealed the following anomalies:

1.1 Main Account

The bank reconciliation statement for the month June, 2020 included reflected unrepresented cheques totalling Kshs.462,480 out of which cheques totalling to Kshs.420,973 related to February, 2016 to November, 2019, and therefore were already stale as at 30 June, 2020. whose details were not provided for audit review.

Further, receipts of Kshs.11,000 in bank not recorded in cash book indicated as agency cash deposit and dated 7 November, 2018 remained outstanding as at 30 June, 2020.

No explanation was provided for the delay to clear these long outstanding items.

1.2 Repayment Account

The bank reconciliation statement reflected receipts totalling Kshs.2,217,211 in the bank statement not recorded in cashbook out of which, Kshs.2,145,607 were in respect of the period between 7 July, 2016 and 31 December, 2019. No explanation was provided for the failure to not banking the receipts.

Further, the reconciliation included receipts in cash book not in bank statement totalling Kshs.206,441 out of which an amount of Kshs.200,191 relates to the period between May, 2016 and 8 November, 2019. Similarly, no explanation for the delay in clearing the long outstanding items as required.

Consequently, the accuracy of the reported cash and cash equivalents balance of Kshs.13,663,204 could not be confirmed.

2.0 Unsupported Amount Due from Parent Ministry

The statement of financial position reflects a balance of Kshs.4,500,000 described as "due from the parent Ministry" Management explained that the money was transferred to the Department of Agriculture and Animal Resources and was to be refunded to the Fund by 30 June, 2017. However, supporting documentation was provided for audit review. Further, no explanation has been provided for the failure to refund the amount to the Fund.

Consequently, the accuracy and recoverability of reported amount due from the parent Ministry of Kshs.4,500,000 could not be confirmed.

3.0 Current Portion of Long Term Receivables from exchange transactions

The statement of financial position reflects current portion of receivables from exchange transactions balance of Kshs.44,605,642 as at 30 June, 2020 and which includes outstanding loan balances of Kshs.24,694,432 issued to four hundred and twenty six (426) groups between 24 March, 2016 and 1 November, 2016. Although the loans were to be repaid through irrevocable bank standing order at interest rate of 5% per year in favour of the Fund as required under Regulation 8(1) of the Busia County Agricultural Development Fund Regulations, 2015, no reason was provided for the failure to collect the debt due as provided for under the Regulations. Further, no provision for impairment against these non-performing loans has been provided in these financial statements.

Consequently, the accuracy and recoverability of the current portion of long term receivables from exchange transactions balance of Kshs.44,605,642 as at 30 June, 2020 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Busia County Agricultural Development

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 audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Uncertainty about Sustainability of Services

During the year under review, the Fund recorded net deficit of Kshs.3,578,589, resulting in an accumulated deficit to Kshs.25,215,711 as at 30 June, 2020. Further, the Fund failed to collect loans due in full, resulting to long outstanding loan arrears of Kshs.44,605,642 as at 30 June, 2020. Therefore, if sufficient strategies are not put in place to collect the debts and reverse the loss making trend, the Fund's future operations are likely to face financial challenges and may not sustain its services.

In the circumstance, the future sustainability of services of the Fund is dependent on the continued financial support by the County Executive of Busia.

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

1.0 Budgetary Control and Performance

1.1 Lack of Approved Budget

The statement of comparison of budget and actual amounts for the year ended 30 June, 2020 reflects a final revenue and expenditure budget of Kshs.18,000,000 and Kshs.13,000,000 respectively. However, approval of the budget estimates by the County Executive Committee Member for Finance was not provided for audit review. This is contrary to Regulation 39(2) of the Public Finance Management (County Governments) Regulations, 2015 which provides that, "prior to incurring any expenditure, accounting officers shall seek the approval of the County Treasury, and if approval is granted by the County Executive Committee Member, it shall be communicated to the accounting officers through a notification.

1.2 Budget Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.18,000,000 and Kshs.12,408,965 respectively resulting to an under-funding of Kshs.5,591,035 or 31% of the budget. Similarly, the Fund expended Kshs.10,322,554 against a budget of Kshs.13,000,000 resulting to an under-expenditure of Kshs.2,677,446 or 21% of the budget.

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

2. Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circular Ref: No. AG.4/16/3 Vol.1(9) dated 24 June, 2020.

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 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

Late Submission of Financial Statements

The financial statements for the year under review were submitted for audit on 19 November, 2020 after the statutory deadline of 30 September, 2020, This is contrary to the provisions of Section 167(1) of the Public Finance Management Act, 2012 which requires an Accounting Officer to prepare and submit annual financial statements for each financial year within three months after the end of the financial year.

Under the circumstances, the Fund Management is 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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 such 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.

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirement, 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 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 policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional scepticism 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 the Management.
- Conclude on the appropriateness of the 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 the 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

08 February, 2022

Busia county Agricultural Dev Fund
Reports and Financial Statements
For the year ended June 30, 2020

12. FINANCIAL STATEMENTS

12.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2020


	Note	FY2019/2020	Restated FY18/19	FY2018/19
		KShs		KShs
Revenue from exchange transactions				
Interest income	1	2,408,965	5,515,801	5,515,801
Total revenue		2,408,965	5,515,801	5,515,801
Expenses				
General expenses	2	5,987,554	5,824,080	5,603,146
Total expenses		5,987,554	5,824,080	5,603,146
Deficit for the period		(3,578,589)	(308,279)	(87,345)


Busia county Agricultural Dev Fund
Reports and Financial Statements
For the year ended June 30, 2020

12.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Not e	FY2019/2020	Restated 18/19	FY2018/2019
		KShs		KShs
Assets				
Current assets				
Cash and cash equivalents	3	13,663,204	9,438,612	9,438,612
Due from Parent Ministry	4	4,500,000	4,500,000	4,500,000
Current portion of long term receivables from exchange transactions	5	44,605,642	41,918,905	41,918,905
Non-current assets				
Property, plant and equipment	6	2,015,444	2,505,361	2,726,295
Total assets		64,784,289	58,362,878	58,583,811
Net assets				
Revolving Fund		90,000,000	80,000,000	80,000,000
Accumulated Loss		(25,215,711)	(21,637,121)	(21,416,188)
Total net assets and liabilities		64,784,289	58,362,879	58,583,812

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 _____ 2020 and signed by:


 Administrator of the Fund
 Name: Benjamin N. Omyancho.


 Fund Accountant
 Name: Faith Awad
 ICPAK Member Number:

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12.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2020

	Revolving Fund	Accumulated surplus	Total
		KShs	KShs
Balance as at 1 July 2016	50,000,000	(7,522,497)	42,477,503
Deficit for the period	-	(6,436,191)	(6,436,191)
Funds received during the year	20,000,000	-	20,000,000
Balance as at 30 June 2017	70,000,000	(13,958,688)	56,014,312
Balance as at 1 July 2017	70,000,000	(13,958,688)	56,041,312
Deficit for the period	-	(7,370,154)	(7,370,154)
Funds received during the year	10,000,000	-	10,000,000
Balance as at 30 June 2018	80,000,000	(21,328,842)	58,671,158
Balance as at 1st July 2018	80,000,000	(21,328,842)	58,671,158
Deficit for the period	-	(308,279)	(308,279)
Funds received during the year	-	-	
Balance as at 30th June 2019	80,000,000	(21,637,121)	58,362,879
Balance as at 1st July 2019	80,000,000	(21,637,121)	58,362,879
Surplus/deficit		(3,578,589)	(3,578,589)
Funds received during the year	10,000,000		10,000,000
Balance as at 30th June 2020	90,000,000	(25,215,711)	64,784,289

12.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Not e	FY2019/2020	Restated FY 18/19	FY2018/201 9
		KShs		KShs
Cash flows from operating activities				
Receipts				
Interest received	1	2,408,965	5,515,801	666,291
Total Receipts		2,408,965	5,515,801	666,291
Payments				
General expenses	2	5,987,554	5,824,080	5,603,146
Total Payments		5,987,554	5,824,080	5,603,146
Cash flows from operating activities		(3,578,589)	(308,279)	(4,936,855)
Adjustments:				
Add:-Provision for depreciation	2	3,217,446	2,727,530	2,506,596
Less:-Interest Receivable	5	(1,734,550)	(4,849,510)	
Net cash flows from operating activities		(2,095,693)	(2,430,259)	(2,430,259)
Cash flows from investing activities				
Purchase of property, plant, equipment and intangible assets			-	-
Proceeds from loan principal repayments	5	655,285	96,877	96,877
Loan disbursements paid out	5	(4,335,000)	(6,010,000)	(6,010,000)
Net cash flows used in investing activities		(3,679,715)	(6,134,057)	(5,913,123)
Cash flows from financing activities				
Proceeds from revolving fund receipts		10,000,000	-	-
Net cash flows used in financing activities		10,000,000	-	-
Net (decrease) in cash and cash equivalents		4,224,592	(8,343,382)	(8,343,382)
Cash and cash equivalents at 1 JULY		9,438,612	17,781,994	17,781,994

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Cash and cash equivalents at 30 JUNE		13,663,204	9,438,612	9,438,612
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12.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2020

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2020		2020	2020	2020	2020
Revenue	KShs		KShs	KShs	KShs	
Balance brought forward	8,000,000	10,000,000	18,000,000	10,000,000	-	55%
Interest income	0		0	2,408,964.74	(2,408,964.74)	0%
Total income	8,000,000	10,000,000	18,000,000	12,408,964.74	5,591,035.26	
Expenses						
General expenses	6,000,000	0	6,000,000	5,987,554.12	12,446	100%
Loans disbursements	7,000,000	0	7,000,000	4,335,000	2,665,000	62%
Total expenditure	13,000,000		13,000,000	10,322,554.12	2,677,446	
Surplus for the period	5,000,000		5,000,000	2,086,410.62	2,913,589.26	

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12.6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. 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.

2. Adoption of new and revised standards

a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

Standard	Effective date and impact:
IPSAS 39: Employee Benefits	Applicable: 1st January 2020 The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2020: The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non exchange transactions which are covered purely under Public Sector combinations as amalgamations.

c) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. 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.

4. Budget information

The original budget for FY 2019/2020 was approved by the Board of trustees. 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.

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

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

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. 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.

The depreciation rates are as follows:

Furniture and Fittings-12 1/2 %

Motor Vehicle-20%

Computers-5years

6. Financial instruments

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or a entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

7. Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.

8. 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

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impractical. During the year under review, the Fund recognised all the gross interest due from the farmers in line with the accrual concept of accounting

9. 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.

10. 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.

11. Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation. The nature and amount of the prior year adjustment of omitted loan recoveries has been disclosed under note 5.

12. Events after the reporting period

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

13. Ultimate and Holding Entity

The entity is a County Public Fund established by Busia county agricultural development Act 2014 under the Ministry of Agriculture and animal resources. Its ultimate parent is the County Government.

14. Currency

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

15. 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.

Useful lives and residual values

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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

16. 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 company'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:

	Total amount KShs	Fully performing KShs	Past due KShs	Impaired KShs
At 30 June 2020				
Receivables from exchange transactions	44,605,642			
Bank balances	13,663,204			
Total	58,238,846			

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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 company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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

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.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	KShs	KShs	KShs	KShs
At 30 June 2020				
Current portion of borrowings	-	-	44,605,642	44,605,642
Total		-	44,605,642	44,605,642
At 30 June 2019				
Current portion of borrowings	-	-	31,156,272	31,156,272
Total	-	-	31,156,272	31,156,272

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.

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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.

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:

	2020		2019
	KShs		KShs
Revolving fund	90,000,000		80,000,000
Accumulated deficit	(25,215,711)		(21,328,842)
Total funds	64,784,289		58,671,158
Less: cash and bank balances	13,663,204		17,781,994
Net debt/(excess cash and cash equivalents)	13,664,204		17,781,994
Gearing	16%		30%

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12.7. NOTES TO THE FINANCIAL STATEMENTS

1. Interest income

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Interest income from loans	2,132,070	2,100,789
Unrecognised prior year gross interest receivable balances	-	3,415,012
Interest income on bank deposits	276,895	
Total interest income	2,408,965	5,515,801

2. General expenses

Description	FY2019/2020	Restatement FY2018/2019	FY2018/2019
	KShs		KShs
Electricity and water expenses	12,300	19,500	19,500
Fuel and oil costs	350,000	300,000	300,000
Printing and stationery	86,000	-	-
Bank charges	44,908	50,980	50,980
Casual wages	54,606	-	-
Telecommunication	112,500	128,000	128,000
Hospitality	151,000	153,020	153,020
Depreciation and amortization costs	3,217,446	2,727,530	2,506,596
Other operating expenses	44,246	212,580	212,580
Domestic travel	925,100	1,758,700	1,758,700
Sanitary and cleaning	1,724	20,780	20,780
Maintenance of motor vehicle	87,624	286,090	286,090
Board meetings	900,100	166,900	166,900
Total	5,987,554	5,824,080	5,603,146

Note; the restatement came about because of an error which was made will calculating depreciation for motor vehicle and furniture. In turn it affected figures for general expense, accumulated loss, deficit for the period and provision for depreciation with an equivalent amount of ksh 220,934.

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3. Cash and cash equivalents

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Main account	4,135,630	971,843
Repayment Account	(1,472,426)	8,466,769
Term Deposit account	11,000,000	-
Total cash and cash equivalents	13,663,204	9,438,612

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

Financial institution	Account number	FY2019/2020	FY2018/2019
		KShs	KShs
a) Current account			
Family bank-Busia branch	079000028508	4,315,630	971,843
Family bank- Busia branch	079000031692	-1,472,426	8,466,769
Family bank- Busia branch	079000036894	11,000,000	8,466,769
Grand total		13,663,204	9,438,612

4. Related Party Transactions

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Due from Parent Ministry	4,500,000	4,500,000
Total	4,500,000	4,500,000

5. Receivables from exchange transactions

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Balance brought forward	41,918,905	31,156,272
Prior year adjustments of omitted loan recoveries	(2,727,528)	-
Add Loans Issued during the Year	4,335,000	6,010,000
Less Proceeds from loan recoveries	(655,285)	(96,877)
Current principal loan repayments due	42,871,092	37,069,395
Interest Receivables		
Gross Interest Income Due	2,132,070	5,515,801

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Less:-Interest Received during the year	(397,520)	(666,291)
Interest Receivable due	1,734,550	4,849,510
Total Receivables from exchange transactions	44,605,642	41,918,905

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6. Property, plant and equipment

	Furniture & Fittings	Motor vehicle	Computers and office equipment	Total
Cost	KShs	KShs	KShs	Kshs.
At 1st July 2018	215,591	4,895,000	122,300	5,232,891
Additions	-	-	-	-
Disposals	-	-	-	-
Transfer/adjustments	-	-	-	-
At 30th June 2019	215,591	4,895,000	122,300	5,232,891
At 1st July 2019	215,591	4,895,000	122,300	5,232,891
Additions	-	-	-	-
Disposals	-	-	-	-
Transfer/adjustments	-	-	-	-
At 30th June 2020	215,591	4,895,000	122,300	5,232,891
Depreciation and impairment				
At 1 st July 2018	45,608	2,030,792	40,726	2,117,126
Depreciation	21,248	572,842	16,315	610,404
At 30th June 2019	66,855	2,603,633	57,041	2,727,530
At 1st July 2019	66,855	2,603,633	57,041	2,727,530
Depreciation	18,592	458,273	13,052	489,917
At 30th June 2020	85,447	3,061,906	70,093	3,217,446
Net book values(NBV)				
At 30th June 2018	169,984	2,864,208	81,574	3,115,765
At 30th June 2019	148,736	2,291,366	65,259	2,505,361
At 30th June 2020	130,144	1,833,093	52,207	2,015,444

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Revenue from exchange transaction

	FY2019/2020	FY2018/2019
	KShs	KShs
Transfers to Busia Agricultural Development Fund	10,000,000	-
	10,000,000	-

8. Related party balances

a) Nature of related party relationships

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

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

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13. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status :	Timeframe:
1.	Overstated Property, Plant and Equipme	Resolved	Ruth Gwendu	Resolved	
2.	Interest Income - Overlap in Reporting Period				
3.	Due from Parent Ministry	Not resolved	Richard Achiambo	Not resolved	December 2021
3.	Current Receivables from Exchange Transactions				
3.	Cash and Cash Equivalents				
4.	a) The amount of Kshs.971,843 included unrepresented cheques totalling Kshs.481,800 whose details were not availed for audit review.	Resolved	Ruth Gwendu	Resolved	
5.1	b) The statement reflects receipts of Kshs.11,000 in bank not recorded in cash book indicated as agency cash deposit dated 7 November, 2018 and which has remained outstanding as at 30 June, 2019.	Not resolved	Benjamin Onyancha	Not resolved	December 2021
	c) The statement reflects payments in bank statement not recorded in cashbook totalling Kshs.71,210 out of which Kshs.70,000 is indicated as payment to Busia County ADF while the balance was indicated as excise duty and RTGS relating to the period 3 August, 2016 to 7 July, 2018. However, no explanation was provided for non-recording of the payments in cash book.	Resolved	Benjamin Onyancha	Resolved	
	Receipts totalling Kshs.2,017,536 in bank statement not recorded in cashbook and which were not supported with a schedule.	Not resolved	Benjamin Onyancha	Not resolved	June 2021
5.2	Receipts totalling Kshs.180,961 in cashbook not recorded in bank statement all of which related to the period between 16 May, 2016 and 24 July, 2018. No explanation was provided for non-banking of the receipts.	Resolved partially	Family Bank-Manager	Resolved partially	June 2021
	Payments in bank statement totalling Kshs.10,268, not recorded in cash book in respect of bank charges relating to the period between 10 June, 2016 and 1 February, 2019. No explanation was provided for failure to record bank charges in the cash book instead of carrying them as reconciling items indefinitely	Resolved	Benjamin Onyancha	Resolved	
	The general expenses figure of Kshs.5,603,146 includes depreciation and amortisation costs figure of Kshs.2,506,596 as disclosed in Note 2 to the financial statements, whereas the assets movement schedule at Note 6 to the financial statements reflects provision for depreciation figure of Kshs.389,507, resulting in a variance of Kshs.2,117,126 which was not reconciled or explained.	Resolved	Ruth Gwendu	Resolved	