

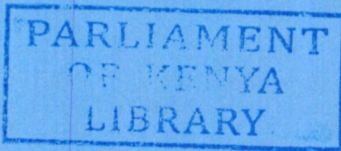
REPUBLIC OF KENYA



Enhancing Accountability

REPORT

PAPERS LAID	
DATE	11/4/23
TABLED BY	Maj. Whip
COMMITTEE	
CLERK AT THE TABLE	Marys



OF

THE AUDITOR-GENERAL

ON

KIAMBU COUNTY JIINUE FUND

**FOR THE YEAR ENDED
30 JUNE, 2022**



COUNTY GOVERNMENT OF KIAMBU
(KIAMBU COUNTY JIINUE FUND)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022

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

(Leave this page blank)

b

i

]

Table of Content

1. Key Entity Information and Management	iii
2. The Board of Trustees (or any other governing body for the Fund)	vi
3. Management Team	x
5. Report of The Fund Administrator	xiii
6. Statement of Performance Against the County Fund's Predetermined Objectives	xv
7. Corporate Governance Statement	xvi
8. Management Discussion and Analysis	xviii
9. Environmental and Sustainability Reporting	xix
10. Report of The Trustees	xx
11. Statement of Management's Responsibilities	xxi
12. Report of The Independent Auditor	xxii
13. Statement of Financial Performance For The Year Ended 30th June 2022	1
14. Statement of Financial Position As At 30 June 2022	2
15. Statement Of Changes in Net Assets for the year ended 30 th June 2022	4
16. Statement Of Cash Flows For The Year Ended 30 June 2022	5
17. Statement Of Comparison Of Budget And Actual Amounts For The Period	7
18. Notes to the Financial Statements	8
19. Progress On Follow Up Of Prior Year Auditor's Recommendations	37

1. 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/Fund Administration Committee

1	ERICK KIRIKO	CHAIRPERSON
2	JOHN G. MWANGI	SECRETARY
3	GEORGE THUKU	MEMBER
4	DANIEL KIRATHE	MEMBER
5	WILLIAM KIMANI	MEMBER
6	CAROLYNE MWANGI	MEMBER
7	DANIEL MIANO	MEMBER

d) Key Management

1	GEORGE THUKU	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

e) Registered Offices

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

f) Fund Contacts

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

g) Fund Bankers

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

h) Independent Auditors

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

i) Principal Legal Adviser

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

2. The Board of Trustees (or any other governing body for the Fund)



ERICK KIRIKO

County Executive Committee Member
Youth Affairs and Sports

D.O.B: 04/10/1971

LLB, LLM

Advocate of the High Court of Kenya

Work Experience:

- 2022 to 2007 – Oruko, Imende and Kiriko Advocates
- 2007 to 2013 – Karimi Kiriko Advocates
- 2013 to 2019 – Kiambu County Government Public Service Board
- 2019 to 2020 – Legal Advisor to the Governor Kiambu County Government
- 2020 to Date – CECM Youth Affairs and Sports



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 Date – Fund Administrator (Jiinue Fund)



GEORGE THUKU

Chief Officer Youth Affairs, Sports & Communication

D.O.B: 09/12/1992

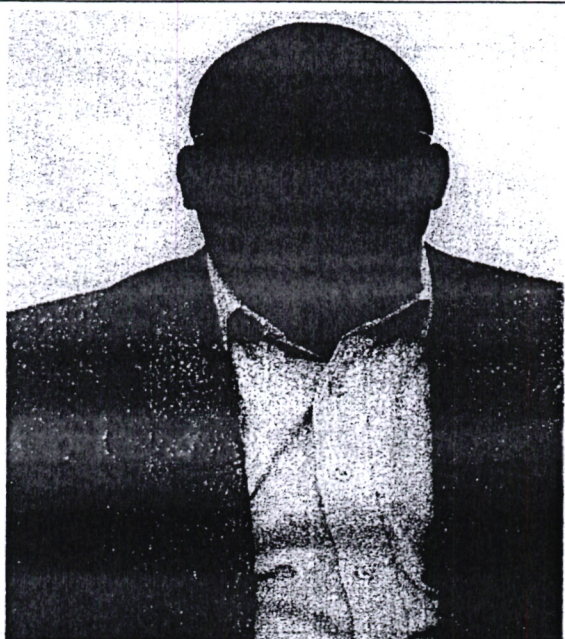
Bachelor of Administration

MBA – Strategic Management

CPA – K

Work Experience:

- 2020 to 2021- Chief Officer Department of Education, Culture and Social Services
- 2021 to Date- Chief Officer Department of Youth Affairs and Sports



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



DANIEL KIRATHE

Committee Member

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 Date – Partner at Mongeri, Kinyanjui and Co-Advocates
- January 2015 to Date – Managing Partner Kirathe and Co-Advocates.



CAROLINE MWANGI

Committee Member

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



DANIEL MIANO

Committee Member

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

3. Management Team



GEORGE THUKU

Chief Officer Youth Affairs, Sports & Communication

D.O.B: 09/12/1992

Bachelor of Administration

MBA – Strategic Management

CPA – K

Work Experience:

- 2020 to 2021 : Chief Officer Department of Education, Culture and Social Services
- 2021 to Date- Chief Officer Department of Youth Affairs and Sports

Responsibility - Jiinue Fund Account Signatory



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

Responsibility - Jiinue Fund Account Signatory



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

4. Board/Fund 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 first year of operation there were not changes 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 with 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 2022, the bank had disbursed ksh 32 Million to 94 applicants spread throughout the County.

This being a Ksh 1.3 Billion Fund 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 fund sent aside for this fund by KCB Bank is Ksh 1.3 Billion while the county government appropriating ksh 138 Million for interest sharing and credit guarante

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



Name: ERICK KIRIKO

Chairperson

5. 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 entered into a memorandum of understanding with KCB Bank after a procurement process to identify a financial institution to partner with. The fund was officially launched by H.E. the Governor Dr. James Nyoro on Friday 10th June 2022 with Board members, members of County Assembly, key stakeholders partners like KCB Bank Ltd 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 still being felt by MSMEs and the economic recession occasioned by global dollar depreciation and the Ukraine - Russia war on which the trickle effect has been affecting small businesses.

Being its first year of operation there were not changes 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 with 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 2022, the bank had disbursed ksh 32 Million to 94 applicants spread throughout the County and we have given the bank a target of Ksh 70 Million disbursement per month.

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 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 businesses 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.

The Fund Administrator should sign the Fund Administrator report.

.....


Name: JOHN G. MWANGI

Fund Administrator

6. Statement of Performance against the County Fund's Predetermined Objectives

Introduction

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

The key development objectives of the Fund as per the strategic plan for (*Department has no Strategic Plan*) 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:

Progress on attainment of Strategic development objectives				
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	% of beneficiaries who have accessed the fund	First year of operations

7. Corporate Governance Statement

The fund has so far held one board meeting on 1st March, 2022 and there was 100% attendance by the members.

The board is comprised of offices not individuals from the county government and thus there cannot be a vacuum and in case of the two private sector representative they are on a three years non-renewable tenure.

The Board has already developed a 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 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

8. Management Discussion and Analysis

The Fund is only one month old since its inception in this financial year and within that one month KCB Bank was able to disburse Ksh 32 Million to 94 successful applications with 400 applications pending at that time.

The Kiambu County Jiinue Fund regulations were approved by the County assembly of Kiambu and the county sort 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 of Ksh 142 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 has being allocated ksh 50 Million leaving it with a deficit of Ksh 42 Million to enable it to fully execute its mandate though it is not in any material statutory or financial obligations.

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.

9. Environmental and Sustainability Reporting

Two-to-three pages

(The Fund gives details of CSR activities carried out in the year and the impact to the society. The statement may also include how the organisation conserves the environment, promotes education, sports, healthcare, labour relations, staff training and development, and water and sanitation initiatives). Where no CSR activities are undertaken during the year, there is no need to include the statement).

XXX exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on XXX pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile -

The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

2. Environmental performance

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

3. Employee welfare

Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA).

4. Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors

b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.

c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices

d) Product stewardship- outline efforts to safeguard consumer rights and interests

5. Community Engagements-

Give evidence of community engagement including charitable giving (cash & material), Community Social Investment and any other forms of community

The organisation gives details of CSR activities carried out in the year and the impact to the society. The statement may also include how the organisation promotes education, sports, healthcare, labour relations, staff training and development, and water and sanitation initiatives)

10. 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, 2022 are set out on page xiii to xiv that talks about the total amount disbursed and the number of beneficiaries for the year ended 30 June, 2022.

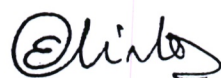
Trustees

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: **no changes**

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. OR [XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the *entity* for the year/period ended June 30, 2022 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf].

By Order of the Board



Chair of the Board/Fund Administration Committee

Date: 28TH JULY, 2022

11. 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, 2022. 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.

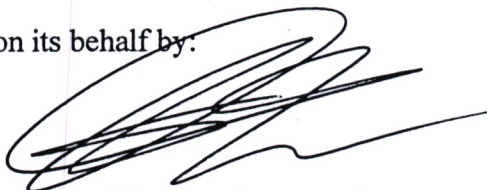
The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), 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, 2022, 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 28. July - 2022 and

Signed on its behalf by:



Administrator Kiambu County Jiinue 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 KIAMBU COUNTY JIINUE FUND FOR THE YEAR ENDED 30 JUNE, 2022

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 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 control, 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

Adverse Opinion

I have audited the accompanying financial statements of Kiambu County Jiinue Fund set out on pages 1 to 37, which comprise the statement of financial position as at

30 June, 2022, 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Kiambu County Jiinue Fund as at 30 June, 2022, 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 do not comply with the Public Finance Management Act, 2012 and the Public Finance Management (Kiambu County Jiinue Fund) Regulations, 2021.

Basis for Adverse Opinion

1. Presentation and Disclosure in the Financial Statements

Review of the financial statements submitted for audit revealed an omission in the table of contents item 4 on Fund Chairpersons' report, which is an integral part of the information the Fund is required to disclose in line with the reporting format prescribed by the International Public Sector Accounting Standards Board.

In the circumstances, the presentation and disclosures in the financial statements is inconsistent with the prescribed reporting framework.

2. Inaccuracies in the Statement of Changes in Net Assets

The statement of financial performance indicates a surplus of Kshs.47,887,873. However, the surplus has not been reflected in the statement of changes in net assets. In addition, the total transfers from the County Government of Kshs.50,000,000 has been disclosed erroneously in the statement of changes in net assets while the statement of changes in net assets includes an expenditure of Kshs.2,112,127, erroneously disclosed as funds transfers.

As a result, the accuracy of the statement of changes in net assets could not be confirmed.

3. Inaccuracies in the Statement of Cashflows

The statement of cashflows reflects an amount of Kshs.2,112,127 in respect of loans disbursement paid out categorized under cashflows from investing activities instead of depreciation and amortization expense as reflected in the statement of financial performance.

In the circumstances, the accuracy of the statement of cashflows could not be confirmed.

4. Inaccuracies in Transfers from the County Government

The statement of financial performance indicates that Kshs.50,000,000 was received from the County Government. However, the statement of receipts and payments and review of ledger in respect of transfers to other government entities by the County Government indicate that Kshs.100,000,000 was transferred to Jiinue Fund during the financial year resulting to unexplained variance of Kshs.50,000,000.

In the circumstances, the accuracy of the transfers from the County Government could not be confirmed.

5. Unsupported Cash and Cash Equivalentents

The statement of financial position reflects cash and cash equivalentents of Kshs.47,887,873. Review of supporting documents provided in support of the balance shows the following:

- i. Note 11 to the financial statements reflects a balance of Kshs.47,887,873 as cash and cash equivalentents held in three (3) bank accounts. However, cash books for two (2) bank accounts with balances totalling to Kshs.31,500,000 were not provided for audit verification.
- ii. Bank reconciliation statements provided in support of the cash and cash equivalentents are for Kiambu County Government Jijenge Fund and not Kiambu County Jiinue Fund.
- iii. The authority provided for opening and operation of the bank accounts refers to Kiambu County COVID-19 Emergency Response Fund whose details were not provided for audit verification. No authority for opening the Jiinue Fund bank accounts was provided for audit verification.
- iv. The bank reconciliation for one (1) bank account reflects a balance of Kshs.Kshs.16,387,873 while the certificate of bank balance discloses an amount of Kshs.30,000,000 resulting to unexplained variance of Kshs.13,612,127.

In the circumstances, the accuracy of the cash and cash equivalentents balance of Kshs.47,887,873 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 adverse 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.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matter discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Irregular Operationalization of the Fund

The statement of financial performance indicate that the fund received Kshs.50,000,000 as transfers from the County Government to operationalize the Fund contrary to Regulation 5 of the Public Finance Management (Kiambu County Jiinue Fund) Regulations, 2021 which provides that the initial capital of the Fund shall consist of Kenya Shillings One Hundred and Forty-Two Million, One Hundred and Forty Thousand (Kshs.142,140,000) appropriated by the County Assembly in the financial year 2021/2022 resulting to underfunding of Kshs.92,140,000. During the period under review, Kiambu County contributed an amount of Kshs.1,004,470 as an interest subsidy for eighteen (18) successful applicants with a repayment period of twenty-four (24) months. However, no evidence was provided of approvals for the loans with a longer time span and confirmation of collaterals by the County Government. Records on the number of applications received, approved or declined were also not been provided for audit verification while the letters of offer setting out specific terms and conditions of the facility for the applicants and acceptances from the successful applicants were provided for audit verification.

Regulation 11(2) 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. However, recommendations to the Board by the financial institution on the outcome of vetting process were not submitted for audit verification. In addition, 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.

In the circumstances, 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, because of the significance of the matter discussed in the Basis for Adverse Opinion and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

Irregular Partnership with a Financial Institution

Regulation 11 of the Public Finance Management (Kiambu County Jiinue Fund) Regulations, 2021 provides that the Board may competitively enter into partnership with financial institutions licensed to operate within the Country. The Board entered into an agreement with a local bank for provision of business loan facilities to entrepreneurs in Kiambu County under the interest subsidy MSME loan or credit guarantee micro loan categories. However, evidence has not been provided by Management showing that the Board competitively identified and entered into the partnership with the financial institution contrary to the provisions of Regulation 11(1) of the Jiinue Fund Regulations, 2021 and section 91(1) of the Public Procurement and Asset Disposal Act, 2015 on choice of procurement methods which states that open tendering shall be the preferred procurement method for procurement of goods, works and services.

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

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 Board of Trustees

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to 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 is responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

02 March, 2023

13. Statement of Financial Performance for The Year Ended 30th June 2022

Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	0	0
Transfers From the County Government	2	50,000,000	0
Fines, Penalties and Other Levies	3	0	0
		50,000,000	0
Revenue From Exchange Transactions			
Interest Income	4	0	0
Other Income	5	0	0
		0	0
Total Revenue		50,000,000	0
Expenses			
Employee Costs	6	0	0
Use of goods and services	7	0	0
Depreciation and Amortization Expense	8	2,112,127.26	0
Finance Costs	9	0	0
Total Expenses		2,112,127.26	0
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	0	0
Surplus/(Deficit) For The Period		47,887,872.74	0

.....
Name: JOHN G. MWANGI

Administrator of the Fund

ICPAK Member Number:3368

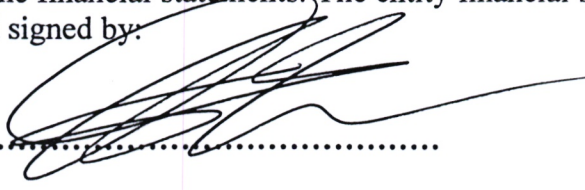
.....
Name: MAUREEN K. GITONGA

Fund Accountant


14. Statement of Financial Position as At 30 June 2022

Assets			
Current Assets			
Cash and Cash Equivalents	11	47,887,872.74	0
Current Portion of Long- Term Receivables From Exchange Transactions	12	0	0
Prepayments	13	0	0
Inventories	14	0	0
		47,887,872.74	0
Non-Current Assets			
Property, Plant and Equipment	15	0	0
Intangible Assets	16	0	0
Long Term Receivables from Exchange Transactions	12	0	0
		0	0
Total Assets		47,887,872.74	0
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	17	0	0
Provisions	18	0	0
Current Portion of Borrowings	19	0	0
Employee Benefit Obligations	20	0	0
		0	0
Non-Current Liabilities			
Non-Current Employee Benefit Obligation	20	0	0
Long Term Portion of Borrowings	19	0	0
Total Liabilities		0	0
Net Assets		47,887,872.74	0
Revolving Fund		0	0
Reserves		0	0
Accumulated Surplus		0	0
Total Net Assets and Liabilities		47,887,872.74	0

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 28/07/2022 and signed by:


.....

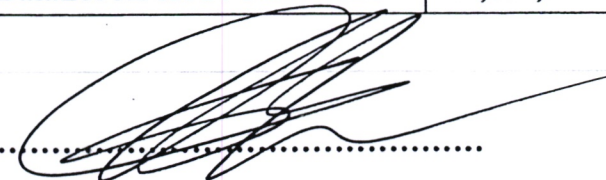
Name: JOHN G. MWANGI
Administrator of the Fund
ICPAK Member Number:3368


.....

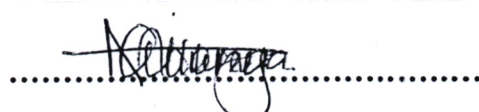
Name: MAUREEN K. GITONGA
Fund Accountant

15. Statement Of Changes in Net Assets for the year ended 30th June 2022

Balance As At 1 July 2020	0	0	0	0
Surplus/(Deficit) For the Period	0	0	0	0
Funds Received During the Year	0	0		0
Transfers	0		0	
Revaluation Gain	0	0	0	0
Balance As At 30 June 2021	0	0	0	0
Balance As At 1 July 2021	0	0	0	0
Surplus/(Deficit) For the Period	0	0	0	0
Funds Received During the Year	50,000,000	0	0	50,000,000
Transfers	2,112,127.26	0	0	2,112,127.26
Revaluation Gain	0	0	0	0
Balance As At 30 June 2022	47,887,872.74	0	0	47,887,872.74



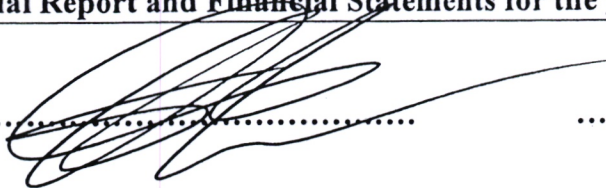
Name: JOHN G. MWANGI
Administrator of the Fund
ICPAK Member Number: 3368

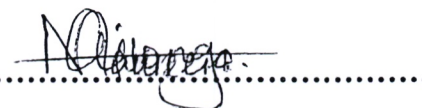


Name: MAUREEN K. GITONGA
Fund Accountant

16. Statement Of Cash Flows For The Year Ended 30 June 2022

Cash flows from operating activities			
Receipts			
Public contributions and donations		0	0
Transfers from the county government		50,000,000	0
Interest received		0	0
Receipts from other operating activities		0	0
Total receipts		50,000,000	0
Payments			
Fund administration expenses		0	0
General expenses		0	0
Finance cost		0	0
Other payments		0	0
Net cash flows from operating activities	21	0	0
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		2,112,127.26	0
Net cash flows used in investing activities		2,112,127.26	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		0	0
Cash and cash equivalents at 1 July 2021	11	0	0
Cash and cash equivalents at 30 June 2022	11	47,887,872.74	0

.....


.....


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

Name: MAUREEN K. GITONGA
Fund Accountant

KIAMBU COUNTY (JIINUE FU)
Annual Report and Financial Statements for the year ended June 30, 2022

17. Statement of Comparison Of Budget And Actual Amounts For The Period

Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Public Contributions And Donations	0	0	0	0	0	
Transfers From County Govt.	142,000,000	92,000,000	50,000,000			4.2
Interest Income	0	0	0	0	0	
Other Income	0	0	0	0	0	
Total Income	142,000,000	92,000,000	50,000,000	0	0	
Expenses						
Fund Administration Expenses	0	0	0	0	0	
General Expenses	0	0	0	0	0	
Finance Cost	0	0	0	0	0	
Total Expenditure	0	0	0	0	0	
Surplus For The Period	0	0	0	0	0	

Budget notes

- 1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14*
- 2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)*
- 3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis(budget is cash basis, statement of financial performance is accrual) provide a reconciliation.*

18. 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 in partnership with KCB Bank 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) Relevant new standards and amendments to published standards effective for the year ended 30 June 2022

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022

<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</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><i>(State the impact of the standard to the Entity if relevant)</i></p>
<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> <ol 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. <i>(State the impact of the standard to the Entity if relevant)</i>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023: a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. 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. <i>(State the impact of the standard to the Entity if relevant)</i>
Other improvements to IPSAS	Applicable 1st January 2023 • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1 st January 2023. <i>State the impact of the standard to the Entity if relevant</i>
IPSAS 43	Applicable 1st January 2025

	<p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>

(iii) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2022.

4. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2021-2022 was approved by the County Assembly on June 2021. 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 2021-2022 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.

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

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

Summary Of Significant Accounting Policies (Continued)

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. 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) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Summary Of Significant Accounting Policies (Continued)

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an 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)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Summary Of Significant Accounting Policies (Continued)

f) 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.

g) 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.

Contingent liabilities

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

Contingent assets

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

h) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. *Entity to state the reserves maintained and appropriate policies adopted.*

i) Changes in accounting policies and estimates

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

j) Employee benefits – Retirement benefit plans

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

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

k) Foreign currency transactions

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

l) Borrowing costs

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

m) Related parties

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

n) Cash and cash equivalents

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

o) Comparative figures

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

p) Events after the reporting period

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

q) Ultimate and Holding Entity

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 under the Department of Youth Affairs, Sports and Communication. Its ultimate parent is the County Government of Kiambu.

r) Currency

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

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 18.

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.

6. Notes To The Financial Statements

1. Public contributions and donations

Donation From Development Partners	0	0
Contributions From The Public	0	0
Total	0	0

2. Transfers from County Government

Transfers From County Govt. –Operations	50,000,000	0
Payments By County On Behalf Of The Entity	0	0
Total	50,000,000	0

3. Fines, penalties and other levies

Late Payment Penalties	0	0
Fines	0	0
Total	0	0

4. Interest income

Interest Income From Mortgage Loans	0	0
Interest Income From Car Loans	0	0
Interest Income From Investments	0	0
Interest Income On Bank Deposits	0	0
Total Interest Income	0	0

5. Other income

Insurance Recoveries	0	0
Income From Sale Of Tender Documents	0	0
Miscellaneous Income		
Total Other Income	0	0

6. Employee Costs

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

General Office Expenses	0	0
Loan Processing Costs	0	0
Professional Services Costs	0	0
Administration Fees	0	0
Committee Allowances	0	0
Bank Charges	0	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	0	0

KLAMBU COUNTY (JIINUE FUND)

Annual Report and Financial Statements for the year ended June 30, 2022

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>Specify</i>)	0	0
Total	0	0

8. Depreciation and Amortization Expense

Property Plant and Equipment	0	0
Intangible Assets	2,112,127.26	0
Total	2,112,127.26	0

9. Finance costs

Interest On Bank Overdrafts	0	0
Interest On Loans From Banks	0	0
Total	0	0

10. Gain/(loss) on disposal of assets

Property, Plant And Equipment	0	0
Intangible Assets	0	0
Total	0	0

Notes to the Financial Statements Continued

11. Cash and cash equivalents

Xxx Car Loan Account	0	0
Xxx County Mortgage Account	0	0
Fixed Deposits Account	0	0
On – Call Deposits	0	0
Current Account	47,887,872.74	0
Others	0	0
Total Cash And Cash Equivalents	47,887,872.74	0

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

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	30,000,000	0
	1285264037	16,387,872.74	0
	1285264185	1,500,000	0
Bank B		0	0
Sub- Total		47,887,872.74	0
d) Others(Specify)			
Cash In Transit		0	0
Cash In Hand		0	0
Sub- Total		0	0
Grand Total		47,887,872.74	0

12. Receivables from exchange transactions

12. Receivables from exchange transactions		
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

Additional disclosure on interest receivable

Additional disclosure on interest receivable		
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	0	0
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

13. Prepayments

13. Prepayments		
Prepaid Rent	0	0
Prepaid Insurance	0	0
Prepaid Electricity Costs	0	0
Other Prepayments (Specify)	0	0
Total	0	0

KLAMBU COUNTY (JIINUE FUND)

Annual Report and Financial Statements for the year ended June 30, 2022

14. Inventories

Consumable Stores	0	0
Spare Parts And Meters	0	0
Catering	0	0
Other Inventories (Specify)	0	0
Total Inventories At The Lower Of Cost And Net Realizable Value	0	0

KIAMBU COUNTY (JIINUE FUND)

Annual Report and Financial Statements for the year ended June 30, 2022

Notes To The Financial Statements (Continued)

15. Property, plant and equipment

At 1st July 2020	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Transfers/Adjustments	0	0	0	0	0
At 30th June 2021	0	0	0	0	0
At 1st July 2021					
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Transfer/Adjustments	0	0	0	0	0
At 30th June 2022	0	0	0	0	0
Depreciation And Impairment					
At 1st July 2020	0	0	0	0	0
Depreciation	0	0	0	0	0
Impairment	0	0	0	0	0
At 30th June 2021	0	0	0	0	0
At 1st July 2021					
Depreciation	0	0	0	0	0
Disposals	0	0	0	0	0
Impairment	0	0	0	0	0

KIAMBU COUNTY (JINUE FUND)

Annual Report and Financial Statements for the year ended June 30, 2022

[REDACTED]					
Transfer/Adjustment	0	0	0	0	0
At 30 th June 2022	0	0	0	0	0
Net Book Values					
At 30 th June 2021	0	0	0	0	0
At 30 th June 2022	0	0	0	0	0

KLAMBU COUNTY (JIINUE FUND)

Annual Report and Financial Statements for the year ended June 30, 2022

Notes To The Financial Statements (Continued)

16. Intangible assets

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

17. Trade and other payables from exchange transactions

Trade Payables	0	0
Refundable Deposits	0	0
Accrued Expenses	0	0
Other Payables	0	0
Total Trade And Other Payables	0	0

18. Provisions

Balance At The Beginning Of The Year (1.07.2021)	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 (30.06.2022)	0	0	0	0

Notes To The Financial Statements (Continued)

19. Borrowings

19. Borrowings		
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:

Classification of Borrowings		
External Borrowings		
Dollar Denominated Loan From 'X Organisation'	0	0
Sterling Pound Denominated Loan From 'Y Organisation'	0	0
Euro Denominated Loan from Z Organisation'	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:

Classification of Borrowings		
Short Term Borrowings(Current Portion)	0	0
Long Term Borrowings	0	0
Total	0	0

Notes To The Financial Statements (Continued)

20. Employee benefit obligations

	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

21. Cash generated from operations

Surplus/ (Deficit) For the Year Before Tax	0	0
Adjusted For:		
Depreciation	0	0
Amortisation	0	0
Gains/ Losses On Disposal Of Assets	0	0
Interest Income	0	0
Finance Cost	0	0
Working Capital Adjustments		
Increase In Inventory	0	0
Increase In Receivables	0	0
Increase In Payables	0	0
Net Cash Flow From Operating Activities	0	0

Other Disclosures

22. 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

Related Party Transactions		
Transfers From Related Parties'	0	0
Transfers To Related Parties	0	0

c) Key management remuneration

Key Management Remuneration		
Board Of Trustees	0	0
Key Management Compensation	0	0
Total	0	0

d) Due from related parties

Due From Related Parties		
Due From Parent Ministry	0	0
Due From County Government	0	0
Total	0	0

KLAMBU COUNTY(JIINUE FUND)

Annual Report and Financial Statements for the year ended June 30, 2022

Other Disclosures Continued

e) Due to related parties

Due To Parent Ministry	0	0
Due To County Government	0	0
Due To Key Management Personnel	0	0
Total	0	0

23. Contingent assets and contingent liabilities

Court Case Xxx Against The Fund	0	0
Bank Guarantees	0	0
Total	0	0

KIAMBU COUNTY(JIINUE FUND)

Annual Report and Financial Statements for the year ended June 30, 2022

Other Disclosures Continued

24. 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:

At 30 June 2022				
Receivables From Exchange Transactions	0	0	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	47,887,872.74	0	0	0
Total	47,887,872.74	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

KIAMBU COUNTY(JIINUE FUND)

Annual Report and Financial Statements for the year ended June 30, 2022

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

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

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.

At 30 June 2022				
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 2021				
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

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:

At 30 June 2021			
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

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.

2022			
Euro	10%	0	0
USD	10%	0	0
2021			
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)

KIAMBU COUNTY(JIINUE FUND)

Annual Report and Financial Statements for the year ended June 30, 2022

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:

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%

19. 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. 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.




Guidance Notes:

- a) *Use the same reference numbers as contained in the external audit report;*
- b) *Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;*
- c) *Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;*
- d) *Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to County Treasury.*

19. 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. 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.



Guidance Notes:

- a) Use the same reference numbers as contained in the external audit report;
- b) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- c) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- d) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to County Treasury.