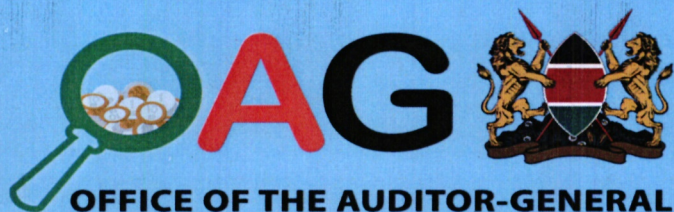


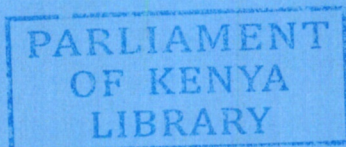
REPUBLIC OF KENYA



Enhancing Accountability

PAPERS LAID	
DATE	19/04/2023
TABLED BY	SENATE DEPUTY MAJORITY WHIP
COMMITTEE	_____
CLERK AT THE TABLE	Ms. Marya Adibowdu

REPORT



OF

THE AUDITOR-GENERAL

ON

**KISII COUNTY ALCOHOLIC
DRINKS CONTROL FUND**

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

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
18 JAN 2023
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KISII COUNTY ALCOHOLIC DRINKS CONTROL FUND

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

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

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1. Key Entity Information and Management

a) Background information

The Kisii County Alcoholic Drinks Control Fund is established by and derives its authority and accountability from The Kisii County Alcoholic Drinks Control Act (2015) on 21st October 2015. The Fund is wholly owned by the County Government of Kisii and is domiciled in Kenya.

The fund's objective is to provide for the licensing and regulation of the production, sale, distribution, consumption, and outdoor advertising, of alcoholic drinks, and for connected purposes

The Fund's principal activity is to finance initiatives aimed at controlling the production, distribution, consumption, and outdoor advertising of Alcoholic Drinks in the county and further as indicated in the Kisii County Alcoholic Drinks Control Act (2015).

b) Principal Activities

Carrying out the functions of the Directorate which is outlined in section 4 of the Kisii County Alcoholic Drinks Control Act and includes the following:

The mandate of the fund is to;

- Support and facilitate Sub- County Committees in carrying out their functions:
- Carry out public education on alcoholic drinks control in the county directly and in collaboration with other public or private bodies and institutions:
- Facilitate citizen participation in matters related to alcoholic drinks control in accordance with framework for citizen participation established under the County Governments Act, the Urban Areas and Cities Act or any other relevant written law:
- Facilitate and promoted in collaboration with other county and national government institutions the establishment of treatment and rehabilitation facilities and programmes.
- Carry out research directly or in collaboration with other institutions and serve as the repository of data and statistics related to alcoholic drinks control.
- Develop in collaboration with other county national government departments strategies and plans for implementing this Act and control of alcohol abuse and any other relevant national legislation and coordinate and support their implementation.
- Advise the Executive Member generally on the exercise of his powers and performance of his functions under this Act, and in particular on county policy and laws to be adopted in regard

to the production, manufacture, sale and consumption of alcoholic drinks. In collaboration with other relevant county departments, prepare and submit an alcoholic drinks status report bi-annually in the prescribed manner to the Executive Member which shall be transmitted to the County Executive Committee, county assembly and the Authority; recommend to the Executive Member participate in the formulation of laws regulations related to alcoholic drinks; and regulations related to alcoholic drinks; monitoring and evaluating the implementation of this Act including the operations of the Sub-county Committees and advising the Executive Member on the measures to be adopted;

- Review decisions made by the Sub- County Committee; and
- Carry out such other functions as may be necessary for the implementation of the objects and purpose of this Act and perform such other functions as may, from time to time, be assigned by the Executive Member.
- Assisting in the operations of the Sub-County Committees: any other matter

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Dr. Walter Bichanga Okibo	Chairperson
2	Alan Machari	Co-Chair
3	Francis Kooli	Member
4	Kennedy Onsembe	Member
5	Dr. Richard Onkware	Member
6	Patrick Achoki	Member
7	Ziporah Nehemiah	Member
8	Fathernicus Oucho	Member
9	Pamela Kintu	Secretary

d) Key Management

Ref	Name	Position
1	Naomi Mokaya	Chief Officer Trade Tourism and Industry
2	Wilfred Auma	Chief Officer Finance and Accounting
3	Pamela Kintu	Fund Administrator / Director
4	Lukio Obwoye	Head of Accounting

e) Registered Offices

P.O. Box 4550-40200
Kisii County Treasury Compound

Block B, Directorate of Liquor Licensing
Kisii, KENYA

f) Fund Contacts

Telephone: (+254)713369801 (+254)730184155
E-mail: liquor@kisii.go.ke
Website: www.kisii.go.ke/trade

g) Fund Bankers

National Bank of Kenya

Kisii Branch
Tel: 020-2828000
Fax: 020-311444/222304
E-Mail: corporateaffairs@nationalbank.co.ke

h) Independent Auditors

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

i) Principal Legal Adviser

The County Attorney.
County Government of Kisii.
P.O Box 4550
40200, Kisii, Kenya.

2. Management Team

Ag. Chairman of the Board



Dr. Walter Bichang'a Okibo is the Ag. CECM for trade Tourism and Industry, and substantive CECM for Lands Physical Planning and Urban Development.

He previously worked as Senior Lecturer and Deputy Director at the Jomo Kenyatta University of Agriculture and Technology (JKUAT). Prior to this, he worked as Senior Lecturer and Coordinator for MBA programmes at African Nazarene University. He is also a Co-Founder and Chairman of the Strategic Management Society of Kenya.

He holds a Doctorate Degree in Business Management, a Master's Degree in Business Administration, a Bachelor's Degree in Commerce and various diplomas.

Chief Officer-Trade, Tourism & Industry



Ms Naomi Nyanchama Mokaya is the Chief Officer department of Trade Tourism and Industry. Prior to this, she was the Chief Officer in charge of Agriculture, & Co-operate Development in the ministry of Agriculture, Livestock, Fisheries & Co-operate Development.

Prior to joining the County Government, she served as a marketing director at Wina Car Hire and Tours Limited and later as a Managing Director at Prena Investments Limited.

She holds a Bachelor's degree in Anthropology from the University of Nairobi.

She is a Certified Senior Manager from the Kenya School of Government, and has also undertaken the Strategic Leadership Development Programme from the same institution.

Chief Officer Finance



Wilfred Ochengo Auma

Chief Officer for Finance and Accounting Services. Previously, he served as Chief Officer for Finance and Economic Planning in the Kisii County Government.

Prior to joining the County Government, he worked as Finance Manager at Wakenya Pamoja Sacco Society Ltd.

He holds a Bachelors of Commerce Degree (Finance & Accounting) from the Devi Ahilya Vishwavidyalaya University, Indore (India). He also has a Higher National Diploma in Financial Analysis from the Indian Management Training and Research Institute and a Diploma in Management Skills from Kenya Institute of Management.

Fund Accountant



Lukio Ongeni Obwoye

MSc Finance

CPA(K),

ACCA.

Current Director Accounting services Kisii County Treasury.

Fund Administrator



Pamela Kintu

MSc Political Studies, History and archaeology
Bsc. Education (B.Ed.)

She is a Certified Senior Manager from the Kenya School of Government, and has also undertaken the Strategic Leadership Development Programme from the same institution.

Current Director Alcoholic Drinks Control

Previously served as AG. Chief Officer, department of Administration, Director Administration Department of Water, Director Finance Kisii Municipality, School Principal Kericho Highlands School.

3. Board/Fund Chairperson's Report

Changes in the fund during the year.

In the year under review, there were changes in the County Alcoholic Drinks Control Board. There was a change in the County Executive Committee Member for Trade (Chairperson) County Commissioner (co-chair) and the County Police Commander (Member). Other positions however remained unaffected.

Review of the fund's performance

The revenue collected from the fund in terms of licensing fees has always been increasing, with new outlets being opened frequently. This has necessitated the Directorate to equally increase activity. The Directorate focused on its three key result areas namely:

1. Advocacy and public awareness
2. Counselling and rehabilitation
3. Compliance quality control and standards.

Future outlook of the fund.

Collections into the fund are projected to grow with the increasing economic activities. The directorate in coordination with the County Treasury will from time to time change the licensing fees in the Finance Bills to match the economic times.

Similarly there is going to be greater activity around the key result areas identified.

Rehabilitation Centres.

The Kisii County Government, through the Department of Trade Tourism and Industry has constructed a rehabilitation centre at Kiamwasi, in Kitutu Central ward. Upon completion, this rehabilitation centre will be handed over to the Directorate of Alcoholic Drinks control as stipulated in the Kisii County Alcoholic Drinks control, Act (2015)

The Directorate has further visited Miritini Treatment and Rehabilitation Centre and Kombani Rehabilitation Centre in Mombasa and Kwale respectively in preparation towards the operationalization of the Kiamwasi Rehabilitation Centre.

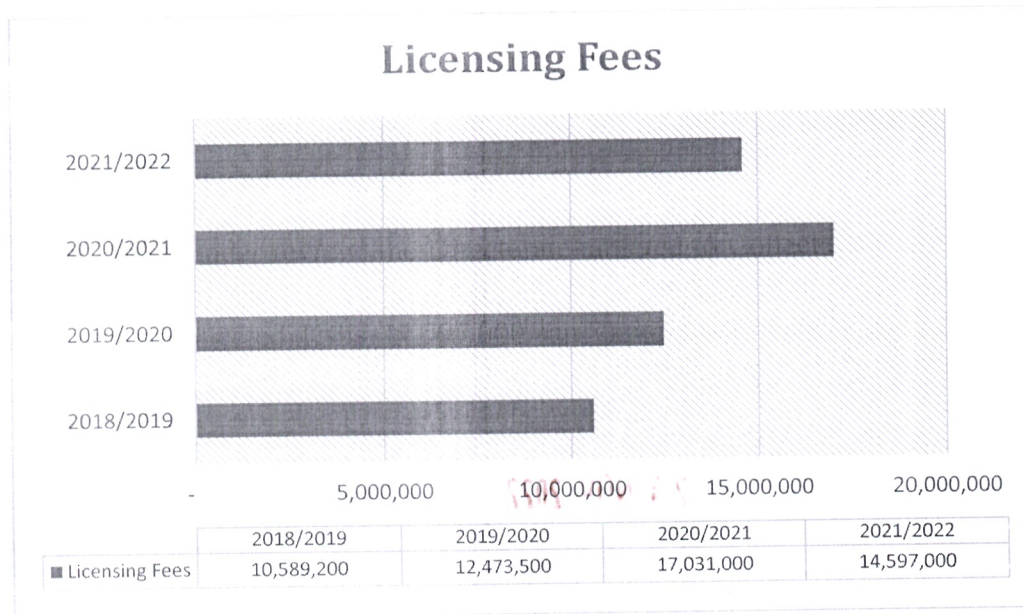


Chair of the Board

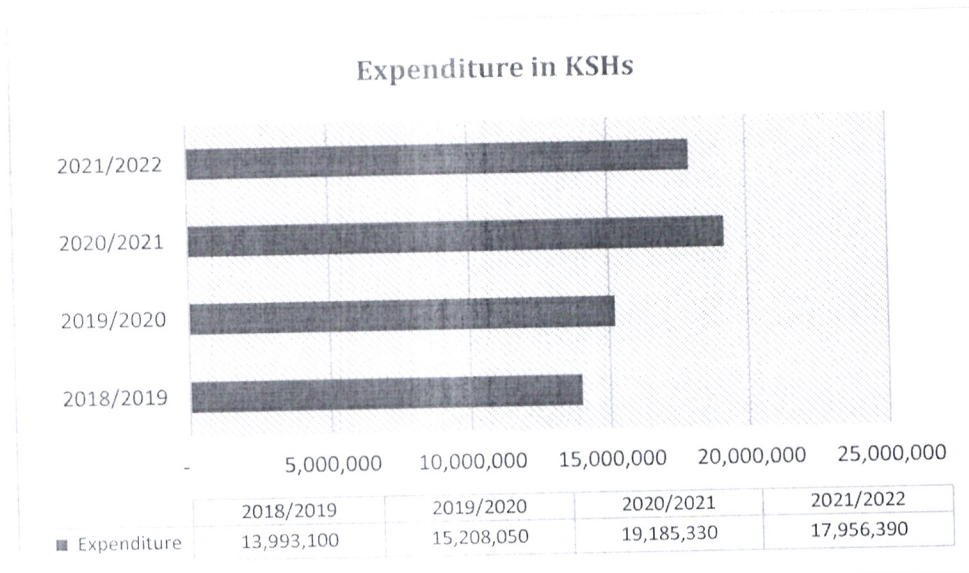
4. Report of the Fund Administrator

In the Period under review, the Directorate targeted to Collect Kshs 16,500,000. Despite the challenges attributed to an on-going court injunction and post COVID-19 effects, the Directorate collected Kshs 14,597,000, an under performance of 11.53% of the targeted amount.

Figure 1 shows the collections in terms of licensing fees from FY 2018/2019 to 2021/2022.



The Directorate spent Kshs 17,956,390 on implementing its mandate. This was a decrease of 6% from the previous financial year's expenditure.




Name: Pamela Kintu

Fund Administrator

5. 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 objectives of the Kisii County Alcoholic Drinks Control Directorate during the FY 2021/2022 were:

- a) Public education and Advocacy
- b) Counselling, rehabilitation and reintegration
- c) Compliance, quality control and standards

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Public education and advocacy	To enhance awareness on the effects of Alcohol and substance abuse	Reduced number of Alcohol and drug abuse dependency in Kisii County	Number of awareness activities conducted	In FY 2021/2022 the directorate had awareness campaigns.
Counselling rehabilitation and reintegration	To reduce alcohol and drug dependency	Reduced number of individuals depending on alcohol and substance	Level of completion of Kiamwasi rehabilitation centre	During the period under review, the directorate in collaboration with NACADA, and the County Government of Kisii oversaw the construction of Kiamwasi rehabilitation centre, which is currently being operationalised.
Compliance quality control and standards	To regulate the production, sale and use of Alcoholic	Increased compliance to the Kisii County Alcoholic Drinks	Number of inspections conducted.	The Directorate conducted random swoops to ensure compliance to the

Kisii County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended 30th June 2022

Program	Objective	Outcome	Indicator	Performance
	Drinks in the County	Control Act 2015		statutory

6. Corporate Governance Statement

Alcoholic Drinks Control Directorate has a board in place comprising of 9 (Nine) members. Members from the department of Administration are invited when necessary because the sub county Administrators report directly to the County Department of Administration and are also the Sub-County alcoholic drinks Control Committee Chairpersons.

The attendance by board members has been good. The Board does not yet have a board charter but plans are underway to prepare one. Appointment to the board is done by the County Executive Committee Member (CECM) Trade Tourism and Industry. The Kisii County Alcoholic Drinks Control Act 2015 is however silent on the removal of Board members.

The County and Sub-County committee members have been taken through induction and training. The role of the board is to support and facilitate sub county committees in carrying out their functions, review decisions made by Sub-County committees among others. The County Board members are remunerated based on the recommended Salaries and Remuneration Commission Rates.

Purpose of the fund

The Fund shall be used for meeting the capital and recurrent expenditure relating to -
Carrying out the functions of the Directorate. This is outlined in section 4 of the Kisii County Alcoholic Drinks Control Act and includes the following:

- Support and facilitate Sub- County Committees in carrying out their functions:
- Carry out public education on alcoholic drinks control in the county directly and in collaboration with other public or private bodies and institutions:
- Facilitate citizen participation in matters related to alcoholic drinks control in accordance with framework for citizen participation established under the County Governments Act, the Urban Areas and Cities Act or any other relevant written law:
- Facilitate and promoted in collaboration with other county and national government institutions the establishment of treatment and rehabilitation facilities and programmes.
- Carry out research directly or in collaboration with other institutions and serve as the repository of data and statistics related to alcoholic drinks control.
- Develop in collaboration with other county national government departments strategies and plans for implementing this Act and control of alcohol abuse and any other relevant national legislation and coordinate and support their implementation.
- Advise the Executive Member generally on the exercise of his powers and performance of his functions under this Act, and in particular on county policy and laws to be adopted in regard to the production, manufacture, sale and consumption of alcoholic drinks.
- In collaboration with other relevant county departments, prepare and submit an alcoholic drinks status report bi-annually in the prescribed manner to the Executive Member which shall be transmitted to the County Executive Committee, county assembly and the Authority; recommend to the Executive Member participate in the formulation of laws

regulations related to alcoholic drinks; and regulations related to alcoholic drinks; monitoring and evaluating the implementation of this Act including the operations of the Sub-county Committees and advising the Executive Member on the measures to be adopted;

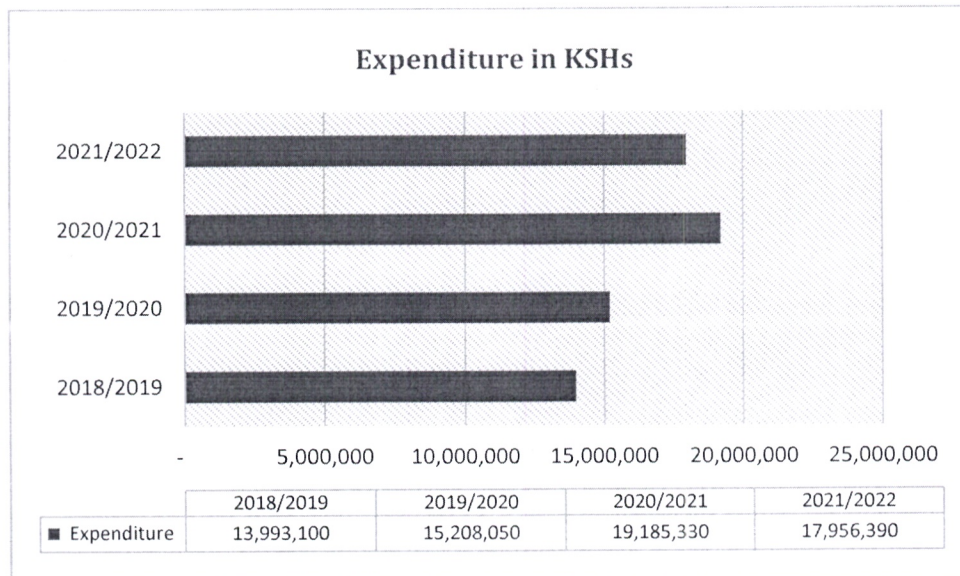
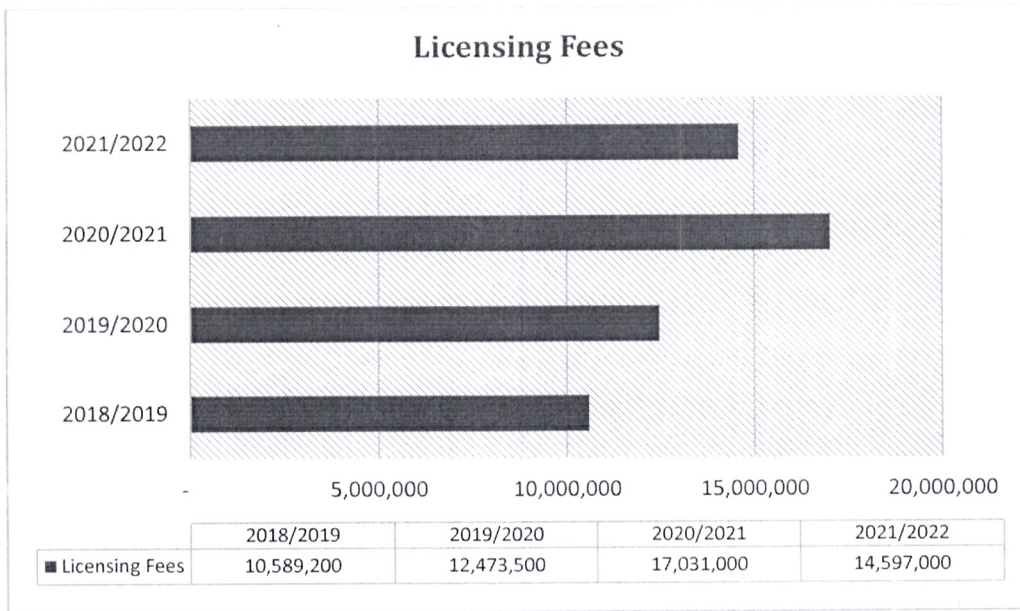
- Review decisions made by the Sub- County Committee; and
- Carry out such other functions as may be necessary for the implementation of the objects and purpose of this Act and perform such other functions as may, from time to time, be assigned by the Executive Memberⁱ.
- Assisting in the operations of the Sub-County Committees: any other matter

The fund was used to fulfil the above.

7. Management Discussion and Analysis

In the Period under review, the Directorate targeted to Collect Kshs.16,500,000 as supported by the projections and substantive register. Despite the challenges attributed to an on-going court injunction and post COVID-19 effects, the Directorate collected Kshs.14,597,000, a reduced performance of 14.29% from the previous year’s performance.

Figure 1 shows the collections in terms of licensing fees from FY 2018/2019 to 2021/2022.



The Directorate was able to absorb Kshs 17,956,390, representing an absorption rate of 98% of the total budget.

Key Projects

The Kisii County Government, through the Department of Trade Tourism and Industry has constructed a rehabilitation centre at Kiamwasi, in Kitutu Central ward. Upon full completion, this rehabilitation centre will be handed over to the Directorate of Alcoholic Drinks control as stipulated in the Kisii County Alcoholic Drinks control, Act (2015)

The project cost was Kshs. 22,330,210. Of this KSh13, 197,792 were from Kisii County Government and Kshs. 9,132,418 being from NACADA. The Construction of the Rehabilitation Block has been completed additional funds have been allocated in the Parent Department (Trade Tourism and Industry) to complete the construction of gabions, a perimeter wall, water reticulation and an access road. The Directorate has been on the forefront in operationalizing this facility.

8. Environmental and sustainability reporting.

The Kisii County Alcoholic Drinks Control Fund exists to improve livelihoods of people by enforcing preventative measures to illegal production, sale, distribution, consumption, and advertising of alcoholic drinks within the county. It's what guides us to deliver our strategy, which is founded on The Kenya Vision 2030 Social Pillar: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements.

1. Sustainability strategy and profile -

The fund manager has instituted a team to develop the Directorate's 2022-2027 Strategic plan. This document will guide the operations of the directorate in raising awareness on social issues pertaining alcohol and drug abuse. The Plan will also address revenue measures put in place to maximize collections while protecting citizens and stakeholders. It will also provide a clear framework on drug addiction treatment, rehabilitation, and reintegration in line with World Health Organizations regulations. The Directorate will seek to operationalise the Kiamwasi rehabilitation centre in the plan period.

2. Environmental performance

All development projects within the directorate's mandate will comply with the National Environmental Management Authority requirements.

Together with the County Department of Environment, the Directorate is in the process of developing a framework for safe disposal of alcoholic drinks containers, chemical waste and other by-products of alcohol production.

3. Employee welfare.

The directorate staffing is managed by the County Department of Trade Tourism, Industry and Marketing. There has been strict adherence to the Human resource policies and procedures manual. Continually, the directorate has trained several staff in managing alcohol and drug abuse at the workplace. All directorate offices are compliant to the Occupational safety and health Act of 2007.

4. Market place practices-

In the year under review the directorate has strict marketplace management practices which include.

1. Enforcement of strict operating hours for alcoholic drinks outlets in line with the Alcoholic Drinks Control regulations. Warning notices are issued to non-compliant outlets and some licenses have been revoked due to continued non-compliance.
2. The directorate imposes licensing fees on Alcohol Distributors in the County in line with the Finance Act. Equally licenses are issued and may be revoked on non-compliance.
3. All outlets have complied with the requirement of relevant warnings within their premises.

9. Report of the Board

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

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 for the year/period ended 30th June 2022.

By Order of the Board



Chair of the Board

10. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of Kisii County Alcoholic Drinks Control Fund established by The Kisii County Alcoholic Drinks Control Act 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 30th June 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 The Kisii County. 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 30th June 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 24/11 2022 and signed on its behalf by:

.....


Pamela Kintu

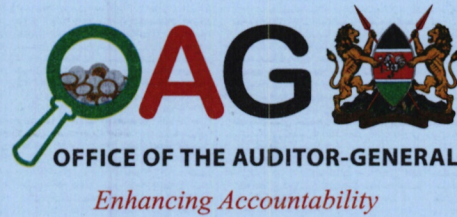
Administrator of the County Public Fund



11. Report of the Independent Auditor

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KISII COUNTY ALCOHOLIC DRINKS CONTROL 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 controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of the Kisii County Alcoholic Drinks Control Fund set out on pages 1 to 16, which comprise of the statement of financial

Report of the Auditor-General on Kisii County Alcoholic Drinks Control Fund for the year ended 30 June, 2022

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, the financial statements present fairly, in all material respects, the financial position of Kisii County Alcoholic Drinks Control 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 comply with the Public Finance Management Act, 2012 and the Kisii County Alcoholic Drinks Control Fund Act, 2015.

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.18,300,000 and Kshs.16,397,000 respectively, resulting in an under collection of Kshs.1,903,000 or 10% of the budgeted amount. Similarly, the statement reflects final expenditure budget and actual amounts on comparable basis of Kshs.18,300,000 and Kshs.17,969,660 respectively, resulting in an under-expenditure of Kshs.330,340 or 2% of the budgeted amount.

The under-collection under-expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

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, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall 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 controls 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 controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in

amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi,

06 March, 2023

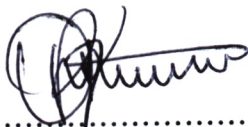
**Kisii County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended 30th June 2022**

12. Statement of Financial Performance for the Year Ended 30th June 2022

	Note	2021/2022	2020/2021
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	1	1,800,000	1,372,000
Licensing Fees	2	14,597,000	17,031,000
Total revenue		16,397,000	18,403,000
Expenses			
Use of goods and Services	3	17,969,660	19,185,330
Total expenses		17,969,660	19,185,330
Deficit for the period		(1,572,660)	(782,330)

Note.

The notes set out on pages 6 to 14 form an integral part of these financial statements.



.....
Name: Pamela Kintu
Administrator of the Fund



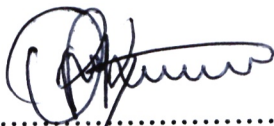
.....
Name: John N. Nyandanyi
Fund Accountant
ICPAK Member Number:13733



13. Statement of Financial Position as At 30th June 2022

	Note	2021/2022	2020/2021
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	4	561,670	2,134,330
Total assets		561,670	2,134,330
Current liabilities			
Trade and other payables		0	0
Total Liabilities		0	0
Net assets			
Revolving Fund		-	9,101,680
Accumulated Surplus/Deficit		561,670	(6,967,350)
Total net assets and Liabilities		561,670	2,134,330

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 24/11 2022 and signed by:



.....
Name: Pamela Kintu
Administrator of the Fund



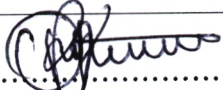
.....
Name: John N. Nyandanyi
Fund Accountant
ICPAK Member Number: 13733




**Kisii County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended 30th June 2022**

14. Statement of Changes in Net Assets for the year ended 30th June 2022

	Revolving Fund	Revaluation Reserve	Accumulated surplus/Deficit	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2020	9,101,680	-	(6,185,020)	2,916,660
Deficit For the Period	-		(782,330)	(782,330)
Funds Received During the Year			0	0
Transfers			0	0
Revaluation Gain			0	0
Balance As At 30 June 2021	9,101,680	-	(6,967,350)	2,134,330
Balance As At 1 July 2021	9,101,680	-	(6,967,350)	2,134,330
Deficit For the Period	-	-	(1,572,660)	(1,572,660)
Funds Received During the Year	-	-	0	0
Transfers	(9,101,680)	-	9,101,680	0
Revaluation Gain			0	0
Balance As At 30 June 2022	0	0	561,670	561,670


 Name: Pamela Kintu
 Administrator of the Fund

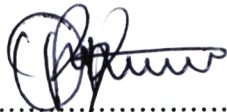

 Name: John N. Nyandanyi
 Fund Accountant
 ICPAK Member Number: 13733



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15. Statement of Cash Flows for the Year Ended 30th June 2022

	Note	2021/2022	2020/2021
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government	1	1,800,000	1,372,000
Licensing Fees	2	14,597,000	17,031,000
Total Receipts		16,397,000	18,403,000
Payments			
Use of Goods and Services	3	17,969,660	19,185,330
Total Payments		17,969,660	19,185,330
Net cash flows from operating activities		(1,572,660)	(782,330)
Net increase/(decrease) in cash and cash equivalents		(1,572,660)	(782,330)
Cash and cash equivalents at 1 JULY	5	2,134,330	2,916,660
Cash and cash equivalents at 30 JUNE	5	561,670	2,134,330



.....
 Name: Pamela Kintu
 Administrator of the Fund



.....
 Name: John N. Nyandanyi
 Fund Accountant
 ICPAK Member Number: 13733



Kisii County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended 30th June 2022

16. Statement of Comparison of Budget and Actual Amounts for the Year ended 30th June 2022

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	2021/2022	2021/2022	2021/2022	2021/2022	2021/2022	2021/2022
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers From County Govt.	1,800,000		1,800,000	1,800,000	0	100%
Licensing Fees	16,500,000	-	16,500,000	14,597,000	1,903,000	88%
Total Revenue	18,300,000	0	18,300,000	16,397,000	1,903,000	90%
Expenses						
Use of Goods and Services	18,300,000	-	18,300,000	17,969,660	330,340	98%
Total Expenses	18,300,000	-	18,300,000	17,969,660	330,340	98%
Surplus/(deficit) for the Year	0	0	0	(1,572,660)	1,572,660	

Budget notes

1. In the Period under review, the Directorate targeted to Collect Kshs 16,500,000. Despite the challenges attributed to an ongoing court injunction and post COVID-19, the Directorate collected Kshs 14,597,000, an under performance of 11.53% of the targeted amount.

Kisii County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended 30th June 2022

17. Notes to the Financial Statements

1. General Information

Kisii County Alcoholic Drinks Control entity is established by and derives its authority and accountability from the Kisii County Alcoholic Drinks Control Act. The entity is wholly owned by the Kisii County Government and is domiciled in Kenya. The fund's objective is to provide for the licensing and regulation of the production, sale, distribution, consumption, and outdoor advertising, of alcoholic drinks, and for connected purposes.

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<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;

**Kisii County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended 30th June 2022**

Standard	Effective date and impact:
	<ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • IPSAS 22 Disclosure of Financial Information about the General Government Sector.

**Kisii County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended 30th June 2022**

Standard	Effective date and impact:
	<p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • IPSAS 39: Employee Benefits 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 1st January 2023.
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows 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>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</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>

(iii) Early adoption of standards

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

a) 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 County Government of Kisii

Revenues from non-exchange transactions with The County Government of Kisii 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 30th 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.

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.

Kisii County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended 30th June 2022

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 13.5 of these financial statements.

c) Nature and purpose of reserves

The entity does not create nor maintain reserves in terms of any specific requirements.

d) 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.

e) 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 National Bank of Kenya Fund Account 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.

f) Comparative figures

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

g) Events after the reporting period

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

h) Ultimate and Holding Entity

The entity is a County Public Fund established by The Kisii County Alcoholic Drinks Control Act 2015 under the Department of Trade Tourism and Industry. Its ultimate parent is the County Government of Kisii.

i) 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

Kisii County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended 30th June 2022

liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

a) Estimates and assumptions

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

b) 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:

c) 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.

d) 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.

e) Market risk

The County 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.

Kisii County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended 30th June 2022

6. Notes to the financial statements

1. Transfers from County Government

Description	2021/2022	2020/2021
	Kshs	Kshs
Transfers from County Govt	1,800,000	1,372,000
Total	1,800,000	1,372,000

2. Licensing Fees

Description	2021/2022	2020/2021
	Kshs	Kshs
wholesalers	700,000	1,200,000
Club	1,080,000	1,991,000
Bar & Restaurant	3,371,700	4,050,000
Wines & Spirit	3,790,000	3,995,000
Small Bar	3,692,300	3,717,000
Application Fees	463,000	678,000
Distributors	1,500,000	1,400,000
Total Licensing Fees	14,597,000	17,031,000

3. Use of Goods and Services

Description	2021/2022	2020/2021
	Kshs	Kshs
Daily Subsistence Allowance (DSA)	5,631,330	4,652,800
Field operations	10,402,960	6,246,050
Office Supplies	300,000	275,000
Training/ Capacity building	639,600	4,042,000
Hospitality/ board Allowances	910,000	3,600,550
Publishing and Printing	72,500	352,000
Bank Charges	13,270	16,930
Total	17,969,660	19,185,330

Use of goods and Services was previously referred to as General Expenses.

4. Cash and cash equivalents

Description	2021/2022	2020/2021
	Kshs	Kshs
Current account	561,670	2,134,330
Total cash and cash equivalents	561,670	2,134,330

Kisii County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended 30th June 2022

Notes to the financial statements (continued)

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

		2021/2022	2020/2021
Financial institution	Account number	Kshs	Kshs
Current account			
National Bank of Kenya Branch; Kisii	001090952900	561,670	2,134,330
Total		561,670	2,134,330

5. 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) County Assembly;
- d) Key management;
- e) Board of Trustees

b) Related party transactions

	2021/2022	2020/2021
	Kshs	Kshs
Transfers from County Government	1,800,000	1,372,000
Total	1,800,000	1,372,000

Kisii County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended 30th June 2022

18. 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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
REPORT ON THE FINANCIAL STATEMENTS				
Other matter				
	<p>Maintenance of the cashbook Review of the Fund's cash book transactions for the year ended 30 June, 2021, revealed that the cashbook was not being checked and reviewed by an independent person or a senior person in the finance department to ensure any discrepancies noted were investigated immediately and appropriate action taken.</p> <p>In the circumstances, the Fund lacked an effective internal check for recording, reconciling and controlling transactions in the cash book.</p>	The management is has resolved the issue and the cashbook has been continuously checked by a senior person at the county Treasury.	Resolved.	
	<p>Budgetary Control and Performance</p> <p>The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.18,000,000 and Kshs.17,031,000 respectively resulting to an under-collection of Kshs.969,000 or 5% of the budget. Similarly, the Fund spent Kshs.19,185,330 against an approved budget of Kshs.18,000,000 resulting to an over-expenditure of Kshs.1,185,330 or 6.7 % of</p>	The management is working towards resolving the issue. Further, the underperformance of the Budget vs actual receipts was occasioned by the COVID-19 pandemic. This affected operating hours during	Not resolved	31st December 2022

Kisii County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended 30th June 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	the budget.	the Nationwide curfew and the restriction of movement. The fund has also improved it budget making processes by using inspection reports to project receipts. This is evident in the Financial Year 2020/2021 financial statements and reports.		
	<p>Unresolved Prior Year Matters</p> <p>In the audit report of the previous year, two issues were raised under the Report on Financial Statements. However, Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.</p>	The management is working on resolving previous year's matter with the County Assembly	Not resolved	December 2022