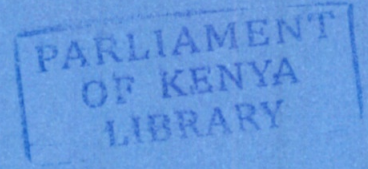


REPUBLIC OF KENYA



*Enhancing Accountability*



# REPORT

OF

**THE AUDITOR-GENERAL**

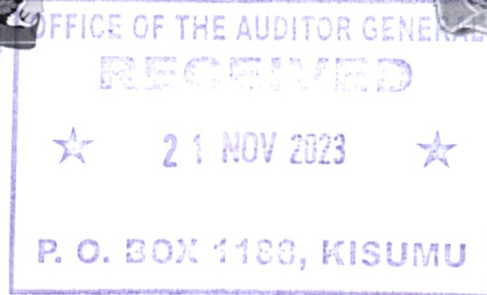
ON

**SIAYA COUNTY ALCOHOLIC DRINKS  
CONTROL FUND**

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

PAPERS LAID	
DATE	17/04/2024
TABLED BY	MAJORITY LEADER
COMMITTEE	—
CLERK AT THE TABLE	MERCY

Revised 30<sup>th</sup> June 2023



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**SIAYA COUNTY GOVERNMENT  
SIAYA COUNTY ALCOHOLIC DRINKS CONTROL FUND**

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

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

***Siaya County Alcoholic Drinks Control Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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*Siaya County Alcoholic Drinks Control Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**1. Acronyms and Glossary of Terms**

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs.	Kenya Shillings

b) Glossary of Terms

Hon. Grace Agola-CECM  
Hon. Joshua Onyona-Fund Administrator  
Mrs. Ruth Agot-Fund Accountant

## **2. KEY ENTITY INFORMATION AND MANAGEMENT**

### **a) Background information**

Siaya County was established by The Constitution of Kenya 2010 and is divided into six sub counties namely Alego Usonga, Ugenya, Gem, Rarieda, Bondo and Ugunja.

The County provides services to its residents including those from devolved functions.

His Excellency the Governor James Aggrey Orenge heads the County and is responsible for general Administration, Policy and Strategic direction of the County. This he does with the support of the Executive Committee as per the Constitution. These funds are created by the County Executive Committee Member for Finance and Planning.

Siaya County Alcoholic Drinks Control Act 2016 was operationalized in 2017. The fund is domiciled in Enterprise and Industrial Development Department situated at the Siaya County, Siaya Town.

Its activities involve inspection of liquor vendors' premises for compliance, licensing, enforcement and conducting committee meetings to approve vendors' application. These committees are headed by Sub County Administrators chairmen of these committees.

Its activities include:

1. Normal committee meetings for administration and planning purposes.
2. Committee meetings for vetting of applicants to consider them for approval.
3. Inspection of premises to ensure compliance before issuance of licenses and during operations.
4. Enforcement/crackdown to ensure adherence to the laws and regulations
5. Sensitization and awareness creation to inform the public and other stakeholders on the activities of the directorate and involve public participation principles. All stakeholders are involved including NACADA.

Other activities include prevention and control of alcohol and drug abuse and setting up of rehabilitation centres.

***Siaya County Alcoholic Drinks Control Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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Once the applications are approved, the vendors are invoiced and the amount due to the County is deposited in KCB bank Account Number 1206483431 Siaya branch and a license is then issued.

These activities were previously done by NACADA and were later transferred to the County.

**b) Principal Activities**

The main activities of this fund are licensing and regulation, sale, distribution, consumption and outdoor advertising of Alcoholic Drinks.

Other activities include control and management of use of alcoholic drinks, drug abuse and the promotion of research, treatment and rehabilitation of person's dependent on alcoholic drinks.

**c) Board of Trustees/Fund Administration Committee**

Ref	Name	Position
1	Mrs. Grace Agola	CECM
2	Mr. Joshua Onyona	Fund Administrator
3	Mr. Benedict Abonyo Omollo	CECM
4	Mr. Jacktone Odinga	Chief Officer Finance
5	Mrs. Ruth Agot	Fund Accountant

**d) Key Management Team**

Ref	Position	Name
1	CECM	Mrs. Grace Agola
2	Chief Officer	Mr. Joshua Onyona
3	Fund Administrator/Director	Mr. Joshua Onyona
4	Fund Accountant	Mrs. Ruth Agot

**Key Entity and Management (Continued)**

**Siaya County Alcoholic Drinks Control Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**e) Fiduciary Oversight Arrangements**

*Fiduciary oversight is carried out by County Treasury Head of Accounting services and Internal Audit unit.*

Ref	Position	Name
1	Directorate Internal Audit	CPA. William Ooko
2	Head of Accounting Services	CPA. Geoffrey Ochieng

**f) Registered Offices**

P.O. Box 803-40600  
Trade Building  
Siaya, KENYA

**g) Fund Contacts**

Telephone: (254) 722785687  
E-mail: info@siaya.go.ke/ mondayjohns@yahoo.com  
Website: www.siaya.go.ke

**h) Fund Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. Kenya Commercial Bank  
Siaya Branch  
Siaya Town

**Key Entity and Management (Continued)**

**i) Independent Auditors**

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

**j) Principal Legal Adviser**





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

**k) County Attorney**



The Siaya County Attorney  
Governor's Annex Building  
P.O. Box 803-40600,  
Siaya, Kenya

*Siaya County Alcoholic Drinks Control Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**3. BOARD OF TRUSTEES/ FUND ADMINISTRATION COMMITTEE (OR ANY OTHER CORPORATE GOVERNANCE BODY FOR THE FUND)**

	Passport-size Photo	Name	Position	Qualifications
1		Mrs. Grace Agola	CECM-Enterprise	Bachelor Degree Business Administration, Finance option. Vast Experience in Management Sector
2		Mr. Benedict Abonyo Omollo	CECM-Finance	Master of Strategic Management, Bachelor of Commerce and Vast Experience in Financial Management sector
3		Mr. Joshua Onyona	Chief Officer <i>(Responsible department)</i>	Hold a Bachelor Degree in Co-operative Business. Diploma in Co-operative management. Advanced certificate in Co-operative administration. Co-operative Business Administration. Kenya Accounting technician certificate. Audit for computerised accounting. Vast experience in Public Financial Management.
4		Mr. Jack Odinga	Chief Officer finance	Bachelor's Degree in Accounting and Finance at St. Mary University, more than 10 years of Experience in Public Sector

***Siaya County Alcoholic Drinks Control Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2023**

5		Mrs. Ruth Agot	Fund Accountant	She has a CPA. Has served as Senior Accountant for over 10 years, BBA with IT and She an MBA
6		Mr. Joshua Onyona	Fund Manager/ Administrator	Hold a Bachelor Degree in Co-operative Business. Diploma in Co-operative management. Advanced certificate in Co-operative administration. Co-operative Business Administration. Kenya Accounting technician certificate. Audit for computerised accounting. Vast experience in Public Financial Management.

*Siaya County Alcoholic Drinks Control Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**4. MANAGEMENT TEAM**

<b>Name</b>	<b>Designation</b>	<b>Responsibility</b>
1. Mrs. Grace Agola	CECM	Overall oversight
2. Mr. Joshua Onyona	Chief Officer	Accounting officer
3. Mr. Joshua Onyona	Fund Administrator/ Director	Overall supervision and Administration of the fund
4. Mrs. Ruth Agot	Fund Accountant	Maintains proper books of accounts and records in relation to the fund.

*Siaya County Alcoholic Drinks Control Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**5. BOARD/FUND CHAIRPERSON'S REPORT**

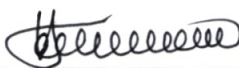
It's my pleasure to present the annual report of Siaya County Alcoholic Drinks Control Fund which as created by the Siaya County Alcoholic Drinks Control Act 2016. The fund was created primarily to provide for licensing of alcoholic drinks by County Government pursuant to Part II of the Fourth Schedule of the Constitution so as to control the production, sale, distribution, promotion and use of alcoholic drinks and the promotion of research, treatment and rehabilitation for person's dependent on alcoholic drinks.

There is established in the County the Alcoholic Drinks Control Directorate charged with the responsibility of managing day to day operation of the Fund. The directorate is headed by a Director who is the Fund Administrator.

The Fund still suffers from the effects of High Cost of living and continuous protested within the Country in realisation of its annual revenue collection targets. The inadequate revenue collections have compromised achievement of planned activities and establishment of treatment and rehabilitation facilities and programmes.

The Directorate has put measures to enforce compliance to the Act through regular enforcement and public education.

Moving forward we intend to mobilise resources to ensure establishment of treatment and rehabilitation facilities. Also, of concern is to enhance our revenue collection mechanisms to meet set targets.

Signed:  \_\_\_\_\_

Hon. Grace Agola

***CEC- Enterprise and Industrial Development.***

Date:

*Siaya County Alcoholic Drinks Control Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**6. REPORT OF THE FUND ADMINISTRATOR**

There is established in the County the Alcoholic Drinks Control Directorate charged with the responsibility of managing day to day operation of the Fund. The directorate is headed by a director who is the Fund Administrator.

The Fund still suffers from the effects of High Cost of living and continuous protested within the Country in realisation of its annual revenue collection targets. The inadequate revenue collections have compromised achievement of planned activities and establishment of treatment and rehabilitation facilities and programmes.

The Directorate has put up measures to enforce compliance to the Act through regular enforcement and public education.

During the period under review, we collected a total of Kshs... **8,988,700** against an expenditure of Kshs... **9,014,864** resulting a deficit of Kshs... **26,164** compared to previous year where we collected a total of Kshs... **10,198,800** and incurred an expenditure amounting to Kshs... **14,109,572** resulting to net deficit of Kshs... **3,910,772**. At the beginning of the financial year there was Kshs... 92,096.5 brought forward.

Liquor revenue collections streams are liquor application and license fees.

The County carried out training/ induction of stakeholders and public education alcoholic drinks control.

Moving forward we intend to mobilise resources to ensure establishment of treatment and rehabilitation facilities. Also enhance our revenue collection mechanisms.

Signed:  \_\_\_\_\_

Mr. Joshua Onyona- Fund Administrator/ Director

Date

***Siaya County Alcoholic Drinks Control Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2023**

---

**7. STATEMENT OF PERFORMANCE AGAINST THE COUNTY FUND'S  
 PREDETERMINED OBJECTIVES**

**INTRODUCTION**

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer when preparing financial statements of each County Government 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.

Below we provide the progress on attaining the stated objectives of the Siaya County Alcoholic Drinks Control Fund for the period ended 30<sup>th</sup> June 2023 plan:

<b>ACTIVITY</b>	<b>DETAILS</b>	<b>REMARKS</b>
Requisition of Accountable Documents	Still being requisitioned from the Central stores.	
Preparation of Financial Reports	Fund accountant has complied to improve our accountability efforts.	Compliance with SCADCA, Art 7(3).
Partnership with NACADA	Very effective especially on policy issues.	
Sensitization. Awareness Creation and Publicity	A continues exercise that must be enhanced.	A vehicle for the Directorate is needed.
Enforcement/Inspection Activities Conducted	Planned and random enforcement including a special one from the headquarter by the Directorate.	Island and beaches inspection is a challenge.

***Siaya County Alcoholic Drinks Control Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2023**

Review of Liquor Act (in progress) & other policy documents	Basically, on the operations of busaa production and sale.	KEBS standards are not easy to adhere to in busaa production thus not easy to regulate.
Mapping Review	Identification of outlets in terms of location and contacts very critical as we go digital in this area.	A tool is being polished to help us adopt this exercise in 2023.
Rehabilitation Program	Identification of a site and construction of the center is a necessity. Meanwhile a pilot program targeting vulnerable chang'aa traders is in the offing.	NACADA is ready to equip such a center if completed. Economic empowerment is necessary to change lives.

## **8. CORPORATE GOVERNANCE STATEMENT**

The Act provides for the establishment of the following committees;

- i. Sub-County Alcoholic Drinks Regulation Committee
- ii. County Alcoholic Regulation Administrative Review Committee and
- iii. County Enforcement Committee

The Sub-County Alcoholic Drinks Regulation Committee is operational and is the body that does the vetting of applications for liquor licensing. The County Enforcement Committee is responsible for ensuring compliance to the Act by liquor Vendors and the public.

The County is yet to establish Alcoholic Regulation Administrative Review Committee.

Meanwhile no application has been made that require be reviewed. The Sub-County Alcoholic Drinks Regulation Committee has been able to handle all applications before it.

Regular trainings and inductions are being carried out. The committees also meet as scheduled.

*Siaya County Alcoholic Drinks Control Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**9. MANAGEMENT DISCUSSION AND ANALYSIS**

*On the operational and financial performance of the Fund/Board during the period, The Directorate collected a total of Kshs. 8,988,700 and incurred an expenditure amounting to Kshs. 9,014,864 resulting to deficit of Kshs. 26,164 compared to previous year where we collected a total of Kshs. 10,198,800 and incurred an expenditure amounting to Kshs. 14,109,572 resulting to net deficit of Kshs. 3,910,772. At the beginning of the financial year amount brought forward was Kshs.92,096.50*

- a. Entity's key projects or investments decision implemented or ongoing.  
-There were no projects carried out.*
  
- b. Fund's compliance with statutory requirements.  
-The funds management has always endeavour to comply with statutory requirements.*
  
- c. Major risks facing the Fund, material arrears in statutory and other financial obligations.  
-The monies collected from liquor license are not adequate to fund the Directorate programmes.*

*Siaya County Alcoholic Drinks Control Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**10. REPORT OF THE TRUSTEES/FUND ADMINISTRATION COMMITTEE**

The fund management team submit their report together with the un-audited financial statements for the Period Ended June 30th, 2023, which show the state of the Fund affairs.

**10.1 Principal activities**

The principal activities of the Fund are for meeting the capital and recurrent expenditure relating to carrying out the functions of the Directorate and assisting in the operation of the Sub- County Committees.

**10.2 Performance**

The performance of the Fund for the period ended June 30th, 2023, are set out on page 22-26

**10.3 Fund Management team**

The Fund Management team who served during the year are shown on page (10).

**10.4 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.

Sign:



Name: Mr. Joshua Onyona

For Fund *Administration Committee*

Date: 7/9/2023.

## **11. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES**

Section 167 of the Public Finance Management Act, 2012 and the Siaya County Alcoholic Drinks Control Act under which the fund is regulated, requires the Fund Administrator/Director to prepare, sign and transmit to the Auditor-General in respect of each financial year and within three (3) months after the end thereof, a statement of the accounts relating to the fund in accordance with Public Audit Act, 2003. The fund administrator shall cause to be kept proper books of account and other books and records in relation to the fund which disclose with reasonable accuracy the financial position of the fund. The financial statements have been prepared in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

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

The Fund Administrator 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 Siaya County Alcoholic Drinks Control Act, 2016. The Fund Administrator is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2023, and of the Fund's financial position as at that date.

***Siaya County Alcoholic Drinks Control Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2023**

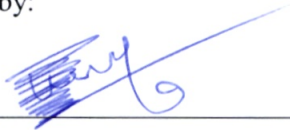
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The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Fund 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 management team on 4/7/2023 and signed on its behalf by:



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Ag. Director Joshua Onyona

**Fund Administrator**

# REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



*Enhancing Accountability*

**HEADQUARTERS**  
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Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON SIAYA COUNTY ALCOHOLIC DRINKS CONTROL FUND FOR THE YEAR ENDED 30 JUNE, 2023**

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### **PREAMBLE**

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

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

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

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

### **Disclaimer of Opinion**

I have audited the accompanying financial statements of Siaya County Alcoholic Drinks Control Fund set out on pages 1 to 42, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget

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*Report of the Auditor-General on Siaya County Alcoholic Drinks Control Fund for the year ended 30 June, 2023*

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 do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

## **Basis for Disclaimer of Opinion**

### **1. Revenue from Non-Exchange Transactions**

The statement of financial performance reflects fines, penalties and other levies amount of Kshs.8,988,700 which as disclosed under Note 3 to the financial statements relates to other levies collected during the year. This amount was a decrease from the previous year's amount of Kshs.10,198,800 by Kshs.1,210,100. No explanation was provided for the decrease in the income. In addition, the Fund presented a register of bars and restaurants operating in the County, which appeared incomplete, as some of the known restaurants were missing from the register. Further, the presented register indicated that some of the bars and restaurants had not paid for the required license fees during the year. No explanation was provided for this state of affairs. Further, Management had not indicated how each category of the licenses was charged. This was an indication that the County had the potential to collect more revenue for the Fund. Further, the revenue collection was categorized according to area rather than class of the trader or both.

In absence of an updated register of alcoholic drink sellers in the County and a defined license charges for each category of alcoholic drinks dealer, it was not possible to confirm the accuracy and completeness of the reported revenue.

### **2. Non-Automation of Revenue Collection System**

The County Government's revenue collection was manual and was prone to errors and misappropriation. Further, no prescribed standard charges were provided to indicate how much and when each licensed dealer should pay for the licenses. In addition, the nature of 'other levies' described in Note 3 to the financial statements was not disclosed.

In the circumstances, the accuracy, completeness and validity of the receipts could not be confirmed.

### **3. Unsupported Expenditure on General Expenses**

Note 7 to the financial statements reflects general expenses amount of Kshs.6,177,050. Review of the cheque payments revealed amounts of Kshs.780,920 and Kshs.574,200 were paid for fuel and hospitality respectively. However, supporting documents such as record of the motor vehicles fueled, work tickets and nature of hospitality were not provided for audit. Further, an amount of Kshs.4,754,730 was incurred and described as other expenses and was purportedly incurred on inspection and sanitization. However,

Management did not disclose the nature of sanitization that was being done and no supporting documents were provided for audit.

In the circumstances, the validity of the payments totaling Kshs.6,177,050 relating to general expenses could not be confirmed.

#### **4. Unsupported Transfer to the County Revenue Fund**

The statement of financial performance and as disclosed in Note 22 to the financial statements reflects an amount of Kshs.2,180,224 as having been transferred to the County Revenue Fund. However, the County Revenue Fund shows that it received an amount of Kshs.1,971,000 from Liquor license. No explanation has been provided for the variance of Kshs.209,224 between the amount reported in the Fund and amount reported in the County Revenue Fund.

In the circumstances, the completeness and accuracy of the reported transfers to the CRF account could not be confirmed.

#### **5. Unauthorized and Irregular Fund Administration Expenses**

The Fund spent an amount of Kshs.6,834,640, which was 76% of the total collection for the year of Kshs.8,988,700. This was contrary to Regulation 197(1)(d) of the Public Finance Regulation (County Governments) of 2015 which stipulates that the administration cost of the Fund shall be a maximum of three (3%) per cent of the approved budgets of the Fund.

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

#### **6. Unsupported Balances in the Statement of Comparison of Budget and Actual Amounts**

The statement of comparison of budget and actual amounts reflects final budgeted revenue and expenditure of Kshs.15,000,000. However, the Fund budget estimates for the year were not discussed and approved by the County Assembly as required. This was contrary to the Public Finance Management - County Government Regulations 2015, Regulations 29(2) which states that the Fund Administrator is responsible, in particular for ensuring that - all services which can be reasonably foreseen are included in the estimates of the fund.

In the circumstances, the Fund Management was in breach of the law and the income collected and expenditures of Kshs.8,988,700 and Kshs.9,014,864 were irregular.

#### **7. Non-Establishment of Administration and Review Committees**

As previously reported, the Fund Management had not established the Administrative Review Committee responsible for reviewing on appeal decisions made by a Sub County Committee in the year under audit. This was contrary to Section 10 (1) of the Siaya County Alcoholic Drinks Control Act, 2016 which states that there is established the county

alcoholic drinks regulation administrative review committee responsible for reviewing on appeal decisions made by a Sub County Committee.

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

## **8. Failure to Establish Treatment and Rehabilitation Facilities**

As previously reported, the Fund Management Committee had not established treatment and rehabilitation facilities for persons' dependent on alcoholic drinks. Further, the Fund Management Committee had not provided a budget for the establishment of the treatment and rehabilitation facilities and had not prioritized the establishment of correctional facilities. This was contrary to Section 5 (a) of the Siaya County Alcoholic Drinks Control Fund Act, 2016 which states that the directorate shall in collaboration with other relevant County and National Government agencies establish treatment and rehabilitation facilities and programs for person's dependent on alcoholic drinks in each sub-county.

In the circumstances, the objectives for which the Fund was set up may not be realized and Management was in breach of the law.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit 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 services, disclosing, as applicable, matters related sustainability of services and using the applicable basis of accounting unless the County Government is aware of the intention terminate the Fund or cease its 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 the 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 revenue 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 revenue statements.

In addition to the audit of the revenue statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, transactions and information reflected in the revenue statements comply 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.

Further, in planning and performing the audit of the revenue statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit

the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls 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 revenue 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 controls 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 revenue 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the State Department'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 revenue 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 State Department to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the revenue statements, including the disclosures, and whether the revenue 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 State Department to express an opinion on the revenue statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

18 January, 2024

*Siaya County Alcoholic Drinks Control Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023**

	Note	2022/2023	2021/2022
		Kshs..	Kshs..
<b>Revenue from non-exchange transactions</b>			
Public contributions and donations	1	-	-
Transfers from the County Government	2	-	-
Fines, penalties and other levies	3	8,988,700	10,198,800
<b>Sub totals</b>		<b>8,988,700</b>	<b>10,198,800</b>
<b>Revenue from exchange transactions</b>			
Interest income	4	-	-
Other income	5	-	-
<b>Total revenue</b>		<b>8,988,700</b>	<b>10,198,800</b>
<b>Expenses</b>			
Fund administration expenses	6	88,000	236,500
General expenses	7	6,177,050	9,087,320
Finance costs	8	10,526	25,704
Transfer to CRF	22	2,180,224	3,727,526
NACADA	22	559,064	1,032,522
<b>Total expenses</b>		<b>9,014,864</b>	<b>14,109,572</b>
<b>Other gains/losses</b>			
Gain/loss on disposal of assets	9	-	-
<b>Surplus/(deficit) for the period</b>		<b>(26,164)</b>	<b>(3,910,772)</b>

*The notes set out on pages 41-60 forms an integral parts of the financial statement*

*Siaya County Alcoholic Drinks Control Fund*  
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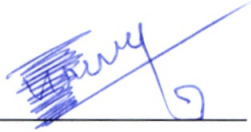
**14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023**

	Note	2022/2023	2021/2022
		Kshs.	Kshs.
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	65,932.5	92,096.5
Current portion of long- term receivables from exchange transactions	11	-	-
Receivables from Non- exchange transactions	12	-	-
Prepayments	13	-	-
Inventories	14	-	-
<b>Sub totals</b>		<b>65,932.5</b>	<b>92,096.5</b>
<b>Non-current assets</b>			
Long term receivables from exchange transactions	11	-	-
Property, plant and equipment	15	-	-
Intangible assets	16	-	-
<b>Total assets</b>		<b>65,932.5</b>	<b>92,096.5</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	17	-	-
Provisions	18	-	-
Current portion of borrowings	19	-	-
Employee benefit obligations	20	-	-
		-	-
<b>Non-current liabilities</b>			
Long term portion of borrowings	19	-	-
Non-current employee benefit obligation	20	-	-
<b>Total liabilities</b>		<b>-</b>	<b>-</b>
<b>Net assets</b>		<b>65,932.5</b>	<b>92,096.5</b>
Revolving Fund		-	-
Reserves		-	-
Accumulated surplus		65,932.5	92,096.5
<b>Total net assets and liabilities</b>		<b>65,932.5</b>	<b>92,096.5</b>

***Siaya County Alcoholic Drinks Control Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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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 4/7/2023 and signed by:



**Fund Administrator**  
**Mr. Joshua Onyona**



**Fund Accountant**  
**Mrs. Ruth Agot**

*Siaya County Alcoholic Drinks Control Fund*  
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**15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023**

	Revolving Fund	Revaluation Reserve	Accumulated surplus/deficit	Total
		Kshs.	Kshs.	Kshs.
<b>Balance as at 1 July 2019</b>	-	-	3,915,256	3,915,256
Surplus/(deficit) for the period	-	-	(2,488,442)	(2,488,442)
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
<b>Balance as at 30 June 2020</b>	-	-	1,426,814	1,426,814
<b>Balance as at 1 July 2020</b>	-	-	1,426,814	1,426,814
Surplus/(deficit) for the period	-	-	2,462,354	2,462,354
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
<b>Balance as at 30 June 2021</b>	-	-	3,889,168	3,889,168
<b>Balance as at 1 July 2021</b>			3,889,168	3,889,168
Surplus/(deficit) for the period			(3,910,772)	(3,910,772)
Funds received during the year			-	-
Revaluation gain			-	-
<b>Balance as at 30 June 2022</b>			92,096.5	92,096.5
<b>Balance as at 1<sup>st</sup> July 2022</b>			92,096.5	92,096.5
Deficit for the Period			(26,164)	(26,164)
Funds received during the year			-	-
Revaluation gain			-	-
<b>Balance as at 30<sup>th</sup> June 2023</b>			65,932.5	65,932.5
<b>Balance as at 1<sup>st</sup> July 2023</b>			65,932.5	65,932.5

(Provide details on the nature and purpose of reserves)

*\*: Where its explicit in the Fund Regulations that interest earned should form part of the revolving fund, then this interest should be included in the statement of changes in net assets under this section and not part of interest income in the statement of financial performance (Provide details on the nature and purpose of reserves)*

*Siaya County Alcoholic Drinks Control Fund*  
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**16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2022/2023	2021/2022
		Kshs.	Kshs.
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations		-	-
Transfers from the County Government		-	-
Interest received		-	-
Receipts from other operating activities	3	8,988,700	10,198,800
<b>Total Receipts</b>		<b>8,988,700</b>	<b>10,198,800</b>
<b>Payments</b>			
Fund administration expenses	6	88,000	236,500
General expenses	7	6,177,050	9,087,320
Finance cost	8	10,526	25,704
Transfer to CRF	22	2,180,224	3,727,526
NACADA	22	559,064	1,032,522
<b>Total Payments</b>		<b>9,014,864</b>	<b>14,109,572</b>
<b>Net cash flows from operating activities</b>		<b>(26,164)</b>	<b>(3,910,772)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from sale of property, plant and equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
<b>Net cash flows used in investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(26,164)</b>	<b>(3,910,772)</b>
Cash and cash equivalents at 1 JULY 2022	10		<b>92,096.5</b>
<b>Cash and cash equivalents at 30 June 2023</b>	<b>10</b>	<b>65,932.5</b>	

*Siaya County Alcoholic Drinks Control Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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*(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation. The above illustration assumes direct method)*

*Siaya County Alcoholic Drinks Control Fund*  
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**17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD**

	Original budget	Adjustments	Final budget	Actual on comparable basis	% utilization
	2022/23	2022/23	2022/23	2022/2023	2022/23
	Kshs.	Kshs.	Kshs.	Kshs.	
<b>Revenue</b>					
Public contributions and donations	-	-	-	-	
Transfers from County Govt.					
Interest income	-	-	-	-	
Other income	15,000,000	-	15,000,000	8,988,700	40.08%
<b>Total income</b>	<b>15,000,000</b>	<b>-</b>	<b>15,000,000</b>	<b>8,988,700</b>	<b>40.08%</b>
<b>Expenses</b>					
Fund administration expenses	300,000	-	300,000	88,000	-29%
General expenses	9,500,000	-	9,500,000	6,177,050	-65%
Finance cost	50,000	-	50,000	10,526	-21%
Transfer to CRF	4000,000		4000,000	2,180,224	-55%
NACADA	1,150,000		1,150,000	559,064	-49%
<b>Total expenditure</b>	<b>15,000,000</b>	<b>-</b>	<b>15,000,000</b>	<b>9,014,864</b>	<b>39.9%</b>
<b>Deficit for the period ended</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(26,164)</b>	

**Budget notes**

1. *The Directorate collected a total revenue of 8,988,700 in the Period Ended under review.*

**18. NOTES TO THE FINANCIAL STATEMENTS**

**1. General Information**

Siaya County Alcoholic Drinks Control Fund was established by Siaya County Government under the Ministry of Trade, Enterprise and Industrial Development and derives its authority and accountability from Siaya County Alcoholic Drinks Control Act. The entity is wholly owned by the Siaya County Government and is domiciled in Trade Department. The entity’s principal activity involves inspection of liquor vendors’ premises for compliance, licensing, enforcement and conducting committee meetings to approve vendors’ application

**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**

Standard	Effective date and impact
<p><b>IPSAS 41: Financial Instruments</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></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"> <li>• 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;</li> </ul>

Standard	Effective date and impact
	<ul style="list-style-type: none"> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></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"> <li>(a) The nature of such social benefits provided by the Entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.</li> </ul> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ul>

**Siaya County Alcoholic Drinks Fund**

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

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

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

Standard	Effective date and impact:
<p>IPSAS 43</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b></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> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

**Siaya County Alcoholic Drinks Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

Standard	Effective date and impact:
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> 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 expected impact of the standard to the Entity if relevant</i></p>

**(ii) Early adoption of standards**

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity’s financial statements.)*

***Siaya County Alcoholic Drinks Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**2. Significant Accounting Policies**

**a) Revenue recognition**

**i. Revenue from non-exchange transactions**

**Transfers from other government entities**

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

**ii. Revenue from exchange transactions**

**Interest income**

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

**Dividends**

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

**Rental income**

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

**b) Budget information**

The original budget for FY 2022/23 was approved by the County Assembly on\_(Date). 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 \_(Amount)on the FY 2023 budget following the governing body's approval.

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

**Summary of Significant Accounting Policies (Continued)**

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

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

**c) Property, plant and equipment**

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

**d) Intangible Assets**

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

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

**Summary of Significant Accounting Policies (Continued)**

**e) Financial instruments**

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

**Financial assets**

**Classification of financial assets**

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

**Subsequent measurement**

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

**Summary of Significant Accounting Policies (Continued)**

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note* \_.

**Significant Accounting Policies (Continued)**

**Financial liabilities**

**Classification**

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

**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.

**h) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

***Siaya County Alcoholic Drinks Fund***  
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***Summary of Significant Accounting Policies (Continued)***

**i) 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.

**j) 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.*

**k) 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.

**l) Employee benefits – Retirement benefit plans**

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

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

***Summary of Significant Accounting Policies (Continued)***

**m) 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.

**n) 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.

**o) 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.

**p) 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.

**q) Comparative figures**

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

*Summary of Significant Accounting Policies (Continued)*

**5. Significant judgments and sources of estimation uncertainty**

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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

**a) Estimates and assumptions –**

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

**b) Useful lives and residual values**

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

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

**c) Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 21.

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.

*(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)*

**6. NOTES TO THE FINANCIAL STATEMENTS**

**1. Public contributions and donations**

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Donation from development partners	-	-
Contributions from the public	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

*(Provide brief explanation for this revenue)*

**2. Transfers from County Government**

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Transfers from County Govt. – operations	-	-
Payments by County on behalf of the entity	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**3. Fines, penalties and other levies**

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Late payment penalties	-	-
Fines	-	-
Levies	-	-
Licenses	8,473,700	10,000,000
Other levies(application fee)	515,000	198,800
<b>Total</b>	<b>8,988,700</b>	<b>10,198,800</b>

*(Other levies refers to revenue from application and liquor licences fees payable by Liquor vendors.)*

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**4. Interest income**

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Interest income from Mortgage loans	-	-
Interest income from car loans	-	-
Interest income from investments	-	-
Interest income on bank deposits	-	-
<b>Total Interest Income</b>	-	-

*(Provide brief explanation for this revenue)*

**Notes to the Financial Statements Continued**

**5. Other income**

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Insurance recoveries	-	-
Income from sale of tender documents	-	-
Miscellaneous income (specify)	-	-
<b>Total other income</b>	-	-

(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified).

**6. Fund Administration Expenses**

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Staff costs (Note 6a)	88,000	236,500
Loan processing costs	-	-
Professional services costs	-	-
Administration fees	-	-
<b>Total</b>	<b>88,000</b>	<b>236,500</b>

*N/B Fund administration expenses relates to sitting allowances paid to sub county committees'*

**7. Staff Costs**

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Salaries and wages	-	-
Staff gratuity	-	-

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Staff training expenses	-	-
Social security contribution	-	-
Other staff costs	-	-
<b>Total</b>	-	-

**8. General Expenses**

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Electricity and water expenses		-
Fuel and oil costs	780,920	1,314,700
Postage		-
Printing and stationery	42,200	274,200
Rental costs		-
Repairs and Maintenance	25,000	-
Telecommunication		-
Bank Charges		-
Hospitality	574,200	2,478,070
Depreciation and amortization costs		-
Sensitization and Awareness Campaign	1,706,150	1,821,500
Crackdown/Enforcement Activities	1,769,580	2,000,000
Inspection Activities	981,250	998,350
Invoicing /Vetting	297,750	200,500
<b>Total</b>	<b>6,177,050</b>	<b>9,087,320</b>

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

**9. Depreciation and Amortization Expense**

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
<b>Total</b>	-	-

**10. Finance costs**

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Interest on Bank overdrafts		-
Interest on loans from banks		-
Bank charges	10,526	25,704
<b>Total</b>	<b>10,526</b>	<b>25,704</b>

*Siaya County Alcoholic Drinks Fund*

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**11. Gain/(loss) on disposal of assets**

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Property, Plant and Equipment	-	-
Intangible Assets	-	-
<b>Total</b>	-	-

**12. Gain/ (loss) on Fair Value Investments**

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

**13. Cash and cash equivalents**

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Fund Car Loan Account	-	-
Siaya County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	65,932.5	92,096.5
Others ( <i>Specify</i> )	-	-
<b>Total Cash And Cash Equivalent</b>	<b>65,932.5</b>	<b>92,096.5</b>

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**NOTES TO THE FINANCIAL STATEMENTS CONTINUED**

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

		2022/2023	2021/2022
Financial institution	Account number	Kshs.	Kshs.
<b>a) Fixed deposits account</b>			
Kenya Commercial bank		-	-
Equity Bank, etc.		-	-
<b>Sub- total</b>		-	-
<b>b) On - call deposits</b>			
Kenya Commercial bank		-	-
Equity Bank - etc.		-	-
<b>Sub- total</b>		-	-
<b>c) Current account</b>			
Kenya Commercial bank		65,932.5	92,096.5
Bank B		-	-
<b>Sub- total</b>		-	-
<b>d) Others(specify)</b>		-	-
Cash in transit		-	-
Cash in hand		-	-
Mobile Money		-	-
<b>Sub- total</b>		-	-
<b>Grand total</b>		<b>65,932.5</b>	<b>92,096.5</b>

**14. Receivables from exchange transactions**

Description	2022/2023	2021/2022
	Kshs.	Kshs.
<b>Current Receivables</b>		
Interest receivable	-	-
Current loan repayments due	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
<b>Total Current receivables</b>		
<b>Non-Current receivables</b>		
Long term loan repayments due	-	-
<b>Total Non- current receivables</b>	-	-
<b>Total receivables from exchange transactions</b>	-	-

Notes to the Financial Statements Continued

*Siaya County Alcoholic Drinks Fund*  
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**Additional disclosure on interest receivable**

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

**Siaya County Alcoholic Drinks Fund**  
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**15. Prepayments**

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

**16. Inventories**

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

**Siaya County Alcoholic Drinks Fund**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**17. Property, plant and equipment**

Description	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs..	Kshs..	Kshs..	Kshs..	Kshs..
<b>At 1<sup>st</sup> July 2020</b>	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June 2020</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July 2021</b>	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June 2021</b>	-	-	-	-	-
<b>Depreciation And Impairment</b>	-	-	-	-	-
At 1 <sup>st</sup> July 2021	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
<b>At 30<sup>th</sup> June</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July 2022</b>	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
<b>At 30<sup>th</sup> June 2023</b>	-	-	-	-	-
<b>Net Book Values</b>	-	-	-	-	-
<b>At 30<sup>th</sup> June 2022</b>	-	-	-	-	-
<b>At 30<sup>th</sup> June 2023</b>	-	-	-	-	-

*Siaya County Alcoholic Drinks Control Fund*  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**18. Intangible assets**

Description	2022/2023	2021/2022
	Kshs.	Kshs.
<b>Cost</b>		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
<b>Amortization and impairment</b>		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
<b>NBV</b>	-	-

**19. Investment Property**

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

*Siaya County Alcoholic Drinks Control Fund*  
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Trade and other payables from exchange transactions

Description	2022/2023		2021/2022	
	Kshs.		Kshs.	
Trade payables	-		-	
Refundable deposits	-		-	
Accrued expenses	-		-	
Other payables	-		-	
<b>Total Trade and Other Payables</b>	-		-	
Ageing analysis (Trade and other payables)	2022/2023	% of the Total	2021/2022	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (tie to above total)</b>	-		-	

(NB: Amount under deposits and retentions should tie to cash held in deposit account)

21. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs.	Kshs.	Kshs.	Kshs.
Balance at the beginning of the year (1.07.2023)	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Transfers from non -current provisions	-	-	-	-
<b>Balance at the end of the Period Ended (30.06.2023)</b>	-	-	-	-

*Siaya County Alcoholic Drinks Control Fund*  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**22. Borrowings**

Description	2022/2023	2021/2022
	Kshs.	Kshs.
<b>Balance at beginning of the period</b>	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the period	-	-
Repayments of domestic borrowings during the period	-	-
<b>Balance at end of the period</b>	-	-

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

	2022/2023	2021/2022
	Kshs.	Kshs.
<b>External Borrowings</b>		
Dollar denominated loan from _ organization'	-	-
Sterling Pound denominated loan from _ organization'	-	-
Euro denominated loan from _ organization'	-	-
<b>Domestic Borrowings</b>		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
<b>Total balance at end of the year</b>	-	-

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

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
<b>Total</b>	-	-

*(NB: the total of this statement should tie to note 22 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed). Borrowings should be measured at amortised cost as per IPSAS 41)*

*Siaya County Alcoholic Drinks Control Fund*  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**23. Employee benefit obligations**

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Total
	Kshs.	Kshs.	Kshs.	Kshs.
Current benefit obligation	-	-	-	-
Non-current benefit obligation	-	-	-	-
<b>Total employee benefits obligation</b>	-	-	-	-

**24. Social Benefit Liabilities**

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

*Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g. poverty, age, unemployment among others.*

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**25. Cash generated from operations**

	2022/2023	2021/2022
	Kshs.	Kshs.
<b>Surplus/ (deficit) for the Period Ended before tax</b>	<b>(26,164)</b>	<b>(3,910,772)</b>
<b>Adjusted for:</b>		
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Interest income	-	-
Finance cost	-	-
<b>Working Capital adjustments</b>		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
<b>Net cash flow from operating activities</b>	<b>(26,164)</b>	<b>(3,910,772)</b>

*(The total of this statement should tie to the cash flow section on net cash flows from operating activities)*

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**26. Related party balances**

**a) Nature of related party relationships**

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

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

**b) Related party transactions**

	2022/2023	2021/2022
	Kshs.	Kshs.
Transfers from related parties'	-	-
Transfers to related parties	-	-
Transfer to NACADA	559,064	1,032,522
Transfer to County Revenue Fund (CRF)	2,180,224	3,727,526

**c) Key management remuneration**

	2022/2023	2021/2022
	Kshs.	Kshs.
Board of Trustees	-	-
Key Management Compensation	-	-
<b>Total</b>	-	-

**d) Due from related parties**

	2022/2023	2021/2022
	Kshs.	Kshs.
Due from parent Ministry	-	-
Due from County Government	-	-
Due from County Assembly	-	-
<b>Total</b>	-	-

**Other Disclosures Continued**

**e) Due to related parties**

	2022/2023	2021/2022
	Kshs.	Kshs.
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-

**27. Contingent assets and contingent liabilities**

Contingent liabilities	2022/2023	2021/2022
	Kshs.	Kshs.
Court case _ against the Fund	-	-
Bank guarantees	-	-
<b>Total</b>	-	-

*(Give details)*

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**28. Financial risk management**

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

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

**a) Credit risk**

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

	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
<b>At 30 June 2023</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2022</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2021</b>				
Receivables from exchange transactions				
Receivables from non-exchange transactions				
Bank balances				
<b>Total</b>				

*(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)*

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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

The entity has significant concentration of credit risk on amounts due from (date)\_\_\_\_\_

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

**b) Liquidity risk management**

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
<b>At 30<sup>th</sup> June 2022</b>	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30<sup>th</sup> June 2023</b>	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**c) Market risk**

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

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

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

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

**i. Foreign currency risk**

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

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

		Other currencies	Total
	Kshs.	Kshs.	Kshs.
<b>At 30 June 2023</b>			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables			
<b>Liabilities</b>			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

*The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.*

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****Foreign currency sensitivity analysis**

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

	Change in	Effect on surplus/	Effect on
	currency rate	deficit	equity
	Kshs.	Kshs.	Kshs.
<b>2022</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2021</b>			
Euro	10%	-	-
USD	10%	-	-

**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. \_ (2023: Kshs. \_). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs. \_ (2022 – Kshs. \_).

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**d) Capital risk management.**

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

	2022/2023	2021/2022
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
<b>Total funds</b>	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	-	-

**29. Events after the reporting period**

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

**30. Ultimate and Holding Entity**

The entity is a County Public Fund established by Siaya County Alcoholic Drinks Control Act 2016 under the Ministry of Trade, Enterprise and Industrial Development Siaya. Its ultimate parent is the County Government of Siaya.

**31. Currency**

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

**19. ANNEXES****ANNEX I: PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS**

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
	Delay in the establishment of rehabilitation centre	Establishment of a treatment and rehabilitation facility has been provided in the budget proposal for the financial year 2021/2022.	Not resolved	FY 2021/2022
	Lack of approved budget	The management undertakes to ensure that such monies as may be appropriated by the County Assembly are included in subsequent budgets.	Not resolved	FY 2021/2022
	Non Establishment of Administration and Review Committees	There exist the County Enforcement Team consisting of the officers from National Government as mentioned in the act who are responsible for coordinating enforcement and compliance and undertake to formalize the appointments to	Not resolved	FY 2021/2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		include other mentioned officers		
	Non- Automated Revenue Collection System	The county through department of Finance and Economic Planning is in process automating revenue collection	Not resolved	FY 2021/2022
	Lack of Trial Balance	Management wish to state that the Trial Balance has been prepared and Attached	Resolved	FY 2021/2022

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Fund responsible for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

  
Fund Manager/Accounting Officer

Mr. Joshua Onyona

Date..... 7/9/2023 .....

**Annex II: Inter-Fund Confirmation Letter**


ENTITY NAME:				
Break down of Transfers from the County Executive of Siaya County Government				
FY 2022/2023				
a.	Recurrent Grants	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
			-	
			-	
			-	
		<b>Total</b>	-	
b.	Development Grants	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
			-	
			-	
			-	
		<b>Total</b>	-	
c.	Direct Payments	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
			-	
			-	
			-	
		<b>Total</b>	-	

The above amounts have been communicated to and reconciled with the parent Ministry.

Fund Accountant  
Siaya County Alcoholic Drinks Control Fund

Sign 

Head of County Treasury at  
Siaya County

Sign -----