

REPUBLIC OF KENYA

25/3/22



PARLIAMENT
OF KENYA
LIBRARY

Enhancing Accountability

REPORT

OF

	PAPERS LAID
DATE	22/3/22
TABLED BY	Majority leader
COMMITTEE	
CLERK AT THE TABLE	M. M. M. M.

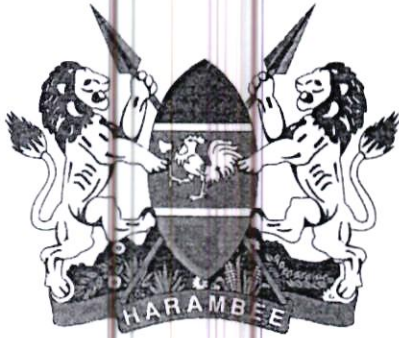
THE AUDITOR-GENERAL

ON

**GARISSA COUNTY INVESTMENT
DEVELOPMENT AUTHORITY**

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





**GARISSA COUNTY INVESTMENT DEVELOPMENT AUTHORITY
(GIDA)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

TABLE OF CONTENT

1. KEY ENTITY INFORMATION AND MANAGEMENT	2
2. THE BOARD OF TRUSTEES	4
3. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S PREDETERMINED OBJECTIVES	5
4. MANAGEMENT TEAM	6
5. BOARD/FUND CHAIRPERSON'S REPORT	7
6. REPORT OF THE FUND ADMINISTRATOR	8
7. CORPORATE GOVERNANCE STATEMENT	9
8. MANAGEMENT DISCUSSION AND ANALYSIS	10
9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING	11
10. REPORT OF THE TRUSTEES	12
11. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES	13
12. REPORT OF THE INDEPENDENT AUDITOR	14
13. FINANCIAL STATEMENTS	15
13.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2020.....	15
13.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020.....	16
13.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2020.....	17
13.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020..	18
13.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2020.....	19
13.6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.....	20
13.7. NOTES TO THE FINANCIAL STATEMENTS.....	35
14. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS	38

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Garissa County Investment Development Authority is established by and derives its authority and accountability from Garissa County Investment Development Authority Act, 2018 of 1ST December 2018. The Garissa County Investment Development Authority is wholly owned by the County Government of Garissa and is domiciled in Kenya.

The Authority's objective is to make investments on behalf of the county for the purposes of generating revenue.

b) Principal Activities

The mandate of the Authority is to attract investors, holding properties on behalf of the county for investment and attract investors to invest within the county.

c) Board Members for GIDA

Ref	Name	Position
1	Siyat Osman Ibrahim	Chief Executive Officer
2	Ahmed Haji Issa	Chairman
3	Abdisirat Abdirabe	Member
4	Mahat Salah Sheikh	Member/Co trade
5	Aden Harun	Member/Co finance
6	Mohamed M Salat	Member

d) Key Management

Ref	Name	Position
1	Siyat Osman Ibrahim	CEO
2	Mohamed Amin Muhumed	Director in charge of Administration

e) Registered Offices

P.O. Box 235-70100
Province Road
Garissa, KENYA

f) Authority's Contacts

E-mail: Enquiries@garissa.go.ke
Website: www.garissa.go.ke

g) Parent Bank

1. Co-operative Bank of Kenya
Garissa Branch



h) Independent Auditors

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

i) Principal Legal Adviser

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

2. THE BOARD OF TRUSTEES

Name	Details of qualifications and experience
<p>1. </p>	<p>SIYAT OSMAN IBRAHIM (CEO,GIDA) Siyat Osman is the CEO for Garissa County Investment Development Authority, born the year 1965,he holds Masters degree in Project Planning and Management, Executive Manager in conflict management, Bachelor of Arts degree and diploma in International Relations and Diplomacy. In 2013-2017 he served as a County Secretary of Lamu 2007-2013 worked in the Ministry of Foreign Affairs and in 1998-2007 he served as a Mayor in Garissa Municipality</p>
<p>2. Ahmed Haji Issa(Chairman GIDA)</p>	<p>He is the Non-Executive Chairperson of Garissa Investment Development Authority appointed by Governor of Garissa</p>
<p>3. Abdisirat Abdirabe (Member)</p>	<p>Professional member appointed by the Governor</p>
<p>4. Mohamed M Salat (Member)</p>	<p>Professional member appointed by the Governor</p>
<p>5. </p>	<p>Mahat salah sheikh (Member) Mahat salah Sheikh is Chief officer of trade and becomes automatic member as per Act of GIDA. He is highly accomplished, Managerial, Administrative in Public Health Management, Humanitarian partnership Programs and Management Development professional offering more than 20 years of senior managerial leadership experience in various government departments as well as the NGOs. Highly experienced at launching, directing and managing public sector programs by leading and supporting the coordination of work execution, reporting project status, implementing schedules and ensuring programs are completed in time and within budget. He has history of working hand in hand with county governments, local governments, state agencies, International Organizations and other relevant players</p>
<p>6. Aden Harun</p>	<p>Chief officer of Finance becomes automatic member as per Act of GIDA</p>

**3. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S
 PREDETERMINED OBJECTIVES**

Introduction

The key development objectives of the Garissa Investment Development Authority 2018-2021 plan are to:

- a. Development of county Assets and inventory
- b. County resource mapping
- c. Tourism/Site mapping
- d. Investment conference
- e. Investment policy/ strategic plan development.

Progress on attainment of Strategic development objectives (Adopted from Garissa county investment development authority)

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Development of county asset/inventory	To develop and maintain county assets and inventory	The assets and inventory was not maintained due to lack of funds from finance	It indicates no assets and inventor in place till date	In FY 19/20 we did not do any work as per assets and inventory work
County resource mapping	To develop and and maintain county resource mapping	No work done as per county resource mapping	N/A	N/A
Tourism/Site Mapping	To create tourism sites and do site mapping	No work done for establishment of tourism sites and site mapping for the county	N/A	N/A
Investment Conference	To carry out investment conference within the couty	No work done	N/A	N/A
Investment policy/ Strategic plan development	To create investment policy and strategic plan development	There was strategic plan that was developed for the Authority	N/A	N/A

4. MANAGEMENT TEAM

Name	Details of qualifications and experience
<p>1. </p>	<p>SIYAT OSMAN IBRAHIM (CEO,GIDA) Siyat Osman is the CEO for Garissa county investment development authority, born the year 1965,he holds masters degree in project planning and management, executive manager in conflict management, bachelor of arts degree and diploma in international relations and diplomacy. In 2013-2017 he served as a county Secretary of Lamu 2007-2013 worked in the ministry of foreign affairs and in 1998-2007 he served as a mayor in Garissa municipality</p>
<p>2. Mohamed Amin Muhumed (Director Administration)</p>	<p>Amin is currently working in GIDA as the administrator and the authorizing officer. He previously worked with the department of finance Garissa County as the administrator finance, before joining the county he worked as a headteacher in Iftin Primary school.</p>

5. BOARD CHAIRPERSON'S REPORT

Garissa County Investment Development Authority is established by and derives its authority and accountability from Garissa County investment development Authority Act, 2018 of 1st December 2018. The Garissa County Investment Development Authority is wholly owned by the County Government of Garissa and is domiciled in Kenya.

Garissa County Investment Development Authority is established and derives its authority and accountability from Garissa County Investment development Authority Act 2018 which came into effect from 1ST December 2018.

The Authority shall be responsible for, holding the property and assets of the county for the purpose of investment and development, undertaking investment on behalf of the county for the purpose of generating revenue, undertaking any development initiative for the county with a business or social purpose, identifying strategic investment opportunities, undertaking business ventures solely or in partnership with the entities or persons on behalf of the county, advising the county government and county residents on investments opportunities within and outside the county.

● Main work plan for the Authority

The Main work plan for the authority is as follows;

- ✓ Development of county Assets and inventory
- ✓ County resource mapping
- ✓ Tourism/Site mapping
- ✓ Investment conference
- ✓ Investment policy/ strategic plan development.

● Review for the performance of the Authority

The County Government of Garissa allocated Kshs. 40 million for the Authority for the financial year 2019/2020. However, out of the budgeted 15 million was received from the treasury which was used to pay salary and office operation.

● Future outlook of the Authority

The Authority requests H.E the Governor, Garissa County to allocate more funds to the Authority in order to serve its functions better.

Signed: _____



CEO, SIYAT OSMAN IBRAHIM

6. REPORT OF THE FUND ADMINISTRATOR

The Garissa County Investment Authority was established in 2018 with the gazettelement of the Garissa County investment Authority Act of 2018. However, the fund was operationalized in the financial year 2019/2020 and Kshs. 15 Million was received and utilized.

The challenge faced by the fund includes.

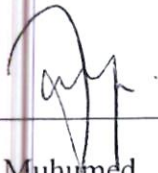
The following are among the challenges faced by the funds Administrator: -

1. Late disbursement of the Authority's Funds from the Treasury
2. The available funds could not fully cover the needs on the ground.
3. The vast land of Garissa County made some areas inaccessible due to various reasons such poor road infrastructure and insecurity making Mapping difficult.
4. The main functions of the office was not done, the office staffs have not received their salaries for the last seven months due to minimal financing from the county treasury.

Way forward

1. The county treasury should do timely disbursement of funds to the Authority to pay office salaries and operationalize the functions of the authority

Signed: _____



Mohamed Amin Muhumed

DIRECTOR ADMINISTRATION GIDA

7. CORPORATE GOVERNANCE STATEMENT

Garissa County investment development authority is established by and derives its authority and accountability from Garissa County investment development Authority Act, 2018 on 1ST December 2018. The Garissa County Investment Development Authority is wholly owned by the County Government of Garissa and is domiciled in Kenya.

The Authority's objective is to make investments on behalf of the county for the purposes of generating revenue.

THE MEMBERS OF THE BOARD

Process of Appointment

The management of the Authority shall vest in a board which shall consist of

- a) A non-executive chairperson who shall be appointed by the Governor.
- b) The chief officer for the time being responsible for matters of finance;
- c) The chief officer for time being responsible for matters of trade and investments;
- d) Two professionals appointed by the executive member in consultation with the governor
- e) The chief executive officer who shall be an ex-official member and secretary to the board.

The board of members is responsible for the long-term strategic direction of the Authority. The board of members' exercises leadership, enterprise, integrity and judgment in directing the Fund.

The members are provided with full, appropriate and timely information that enables them to maintain full and effective control over the strategic, financial, operational and compliance issues. The day-to-day running of the operations of the fund is delegated to the fund administrator

All members of the board have been taken through a comprehensive induction programme, and are adequately trained on their roles as board members. The members are professional, committed and guided by the mission, vision and core values of the Fund in execution of their duties.

BOARD MEETINGS

The board of trustees meets as required in order to monitor the implementation of the fund's strategic plan and achievement of the targets. The trustees held six full board meetings during the FY 2019/2020

STATEMENT OF COMPLIANCE

The board of trustees confirms that the fund has throughout the FY2019/2020 complied with all statutory and regulatory requirements and that the fund has been managed in accordance with the principles of good corporate governance.

8. MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the County Assembly of Garissa appropriated Kshs. 40,000,000 for the Authority. The total Funds received during the year were Kshs. 15,001,050 out of which a total expenditure of Kshs. 14,965,815 was incurred on expenditure during the year. The expenditure was incurred as per the Authority Act and regulations approved by County Assembly of Garissa.

9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The fund was not involved in any corporate social responsibility activities in FY-2019/2020.

10. REPORT OF THE TRUSTEES

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

Principal activities

The purpose of the Authority is to attract investors, holding properties on behalf of the county for investment and attract investors to invest within the county.

Results

The results of the Authority for the year ended June 30, 2020 are set out on page 12.

Trustees

The members of the Board who served during the year are shown on page 2.

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.

Date: 

CEO GIDA

SIYAT OSMAN IBRAHIM

11. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Garissa County Investment Authority Act, 2018 shall prepare financial statements for the Authority in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

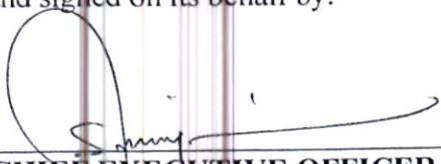
The Chief Executive Officer is responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Chief Executive Officer accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Garissa County investment Authority Act, 2018. The Chief Executive Officer is of the opinion that the Authority's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2020, and of the Fund's financial position as at that date. The Chief Executive Officer further confirms the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Chief Executive Officer has assessed the Authority's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Chief Executive Officer to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

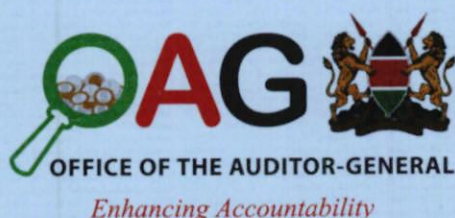
The Authority's financial statements were approved by the Board on _____ 2020
and signed on its behalf by:



CHIEF EXECUTIVE OFFICER GIDA

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON GARISSA COUNTY INVESTMENT DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Garissa County Investment Development Authority as set out on pages 15 to 38, which comprise the statement of financial position as at 30 June, 2020 and the statement of financial performance, statement of cash flows, statement of changes in net assets and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Garissa County Investment Development Authority as at 30 June, 2020 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Garissa County Investment Development Authority Act, 2018.

Basis for Opinion

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCE

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-Submission of Bank Reconciliation Statements

Although the Management prepared bank reconciliation statements on a monthly basis, the same were not submitted to the Auditor-General on a monthly basis contrary to Section 90 of the Public Finance Management (County Governments) Regulations, 2015.

Consequently, Management is in breach of the law.

2. Lack of Investment Strategy and Plan

Section 46 of the Garissa County Investment and Development Authority Act, 2018 requires the Authority to prepare and submit to the County Executive Committee Member of Trade for approval, a three-year Corporate Investment Strategy plan which gives details of source of investment capital, targeted investment opportunities, investment portfolio, expected return on capital or investments established, specific investment projects and their respective project appraisals including rate of return on investment or capital employed and estimated cost of each investment to be made. The Authority, however operated without an approved investment strategy plan.

Consequently, the Authority is in breach of section 46 of the Garissa County Investment and Development Authority Act, 2018.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my

report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Non-Maintenance of Stores Records

The statement of financial performance reflects general expenses totalling Kshs.2,789,303 and as disclosed under Note 3 to the financial statements. Included in the expenditure is an amount of Kshs.301,150 spent on stationeries. However, there was no proper accountability of supplies as the Authority did not maintain stores records as required by section 162(1) of the Public Procurement and Assets Disposal Act, 2015 which provides that an accounting officer of a procuring entity shall ensure that all inventory, stores and assets purchased are received, but shall not be used until taken on charge.

In the circumstance, there were weak internal controls over stores items and management was in breach of the law.

2. Lack of Audit Committee

The Management had not established an Audit Committee contrary to Section 167 of the Public Finance Management (County Governments) Regulations, 2015 which requires County Government entities to establish Audit Committees in accordance with prescribed regulations to monitor the entities' governance processes, accountability processes and control systems, offer objective advice on issues concerning risk control and governance and associated assurance and also follow up on the implementation of the recommendations of internal and external auditors.

In the circumstances, the existence of effective governance measures could not be confirmed.

3. Lack of Internal Auditor

During the financial year under review, the Authority did not have an Internal Auditor and therefore the internal control systems were incomplete, contrary to Section 153 of the Public Finance Management (County Government) Regulations, 2015 which provides for the functions of the Internal Auditor.

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in

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

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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 February, 2022

13. FINANCIAL STATEMENTS


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

	Note	2019/2020	2018/2019
		KShs	KShs
Revenue from non-exchange transactions			
Transfers from the County Government	1	15,001,050	-
Revenue from exchange transactions			
Interest income		-	-
Total revenue		15,001,050	-
Expenses			
Staff Cost	2	10,797,786	
General Expenses	3	2,789,303	-
Depreciation	5	172,341	
Total expenses		13,759,430	-
Other gains/losses			
Gain/loss on disposal of assets		-	-
Surplus/(deficit) for the period		1,241,620	-

13.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2019/2020 KShs	2018/2019 KShs
Assets			
Current assets			
Cash and cash equivalents	4	35,235	-
Non-current assets			
Property, plant and equipment	5	1,206,385	-
Total assets		1,241,620	-
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions		-	-
Non-current liabilities			
Non-current employee benefit obligation		-	-
Total liabilities			
Net assets		1,241,620	
Accumulated surplus		1,241,620	-
Total net assets and liabilities		1,241,620	-

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 30 JUNE 2020 and signed by:


 Director Administration

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

	Revaluati on Reserve	Accumulated surplus	Total
	KShs	KShs	KShs
Balance as at 1 July 2018			
Surplus/(deficit) for the period	-	-	-
Balance as at 30 June 2019	-	-	-
Balance as at 1 July 2019			
Surplus/(deficit) for the period	-	1,241,620	1,241,620
Balance as at 30 June 2020		1,241,620	1,241,620

Garissa County Investment Development Authority
Reports and Financial Statements
For the year ended June 30, 2020

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

	Not e	2019/2020	2018/2019
		KShs	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from the County Government	1	15,001,050	-
Total Receipts		15,001,050	-
Payments			
Staff cost	2	10,797,786	
General Expenses	3	2,789,303	-
Total Payments		13,587,089	-
Net cash flows from operating activities		1,413,961	-
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		1,378,726	-
Net cash flows used in investing activities			
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents		35,235	-
Cash and cash equivalents at 1 July 2019	4	-	-
Cash and cash equivalents at 30 JUNE 2020	4	35,235	-

13.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2020

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2019	2019	2019	2019	2019	2019
Revenue	KShs	KShs	KShs	KShs	KShs	
Transfers from County Govt.	40,000,000	-	40,000,000	15,001,050	24,998,950	37.5%
Total income	40,000,000	-	40,000,000	15,001,050	15,001,050	37.5%
Expenses						
Office operations	40,000,000	-	40,000,000	14,965,815	25,034,185	37.4%
Total expenditure	40,000,000	-	40,000,000	14,965,815	25,034,185	37.4%
Surplus for the period	-	-	-	35,235		

13.6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

2. Adoption of new and revised standards

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

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2022: 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. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;

Garissa County Investment Development Authority
Reports and Financial Statements
For the year ended June 30, 2020

Standard	Effective date and impact:
	<ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other Improvements to IPSAS</p>	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and

Garissa County Investment Development Authority
Reports and Financial Statements
For the year ended June 30, 2020

Standard	Effective date and impact:
	<p>Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard</p>
	<p>IPSAS 40, Public Sector Combinations. Amendments to include the effective date paragraph which were inadvertently omitted when IPSAS 40 was issued</p>

c) Early adoption of standards

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

4. Budget information

The original budget for FY 2019/2020 was approved by the Board on 1st July 2019. 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 40 Million on the FY 2019/2020 budget following the governing body's approval.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 13.5 of these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Property, plant and equipment

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

The depreciation rate used for furnitures & fittings and computers is 12.5%.

6. 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.

7. Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. 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.

9. Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

10. Nature and purpose of reserves

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

11. 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.

12. 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.

13. 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14. 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.

15. 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.

16. 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.

17. Comparative figures

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

18. Events after the reporting period

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

19. Ultimate and Holding Entity

The entity is a County Public corporation established by Garissa County Investment Development Authority Act under the department of Trade. Its ultimate parent is the County Government of Garissa.

20. Currency

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

21. 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

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.

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

Provisions

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

22. 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
At 30 June 2019				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
	-	-	-	-
At 30 June 2018	-	-	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from non exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 board of trustees sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

b) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	KShs	KShs	KShs	KShs
At 30 June 2019				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2018	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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
At 30 June 2019			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables	-	-	-
Liabilities	-	-	-
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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 currency rate	Effect on surplus/ deficit	Effect on equity
	KShs	KShs	KShs
2020			
Euro	10%	-	-
USD	10%	-	-
2019			
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 xxx (2020: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2019 – KShs xxx)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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:

	2019/2020	2018/2019
	KShs	KShs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
Total funds	-	-
	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from County Government

Description	2019/2020	2018/2019
	KShs	KShs
Transfers from County Govt. – operations	15,001,050	-
Total	15,001,050	-

2. Staff costs

Description	2019/2020	2018/2019
	KShs	KShs
Salaries and wages	10,797,786	-
Total	10,797,786	-

3. General Expenses

Description	2019/2020	2018/2019
	KShs	KShs
Bank Charges	7,313	-
Hospitality	168,000	-
DSA	264,600	-
Stationeries	301,150	-
Utilities	66,050	-
Repair and Maintenance	742,890	-
Computer accessories	44,000	-
Car Hire	450,000	-
Sitting Allowance	480,000	-
Fuel, Oil and Lubricants	265,300	-
Total	2,789,303	-

4. Cash and cash equivalents

Description	2019/2020	2018/2019
-------------	-----------	-----------

Garissa County Investment Development Authority
Reports and Financial Statements
For the year ended June 30, 2020

	KShs	KShs
Garissa County Investment Authority Account	35,235	-
Total cash and cash equivalents	35,235	-

5. Property, plant and equipment

	Furniture and fittings 12.5% Depreciation	Computers and office equipment 12.5% Depreciation	Total
Cost	KShs	KShs	KShs
At 1 st July 2019	-	-	
Additions	1,126,726	252,000	1,378,726
At 30 th June 2019	1,126,726	252,000	1,378,726
Depreciation and impairment			
At 1 st July 2019	-	-	-
Depreciation charge for the year	140,841	31,500	172,341
At 30 th June 2020	140,841	31,500	172,341
Net book values			
At 1 st July 2019	-	-	-
At 30 th June 2020	985,885	220,500	1,206,385

6. 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 of Garissa
- b) The Parent County Government Ministry of Finance and Economic Planning
- c) Key management
- d) Board of Trustees.

Transfers from County Government

Description	2019/2020	2018/2019
	KShs	KShs
Transfer from County Government	15,001,050	-
Total cash and cash equivalents	15,001,050	-

Garissa County Investment Development Authority
Reports and Financial Statements
For the year ended June 30, 2020

7. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

Financial year 2019/2020 is the base years hence no previous year audit report and recommendations.