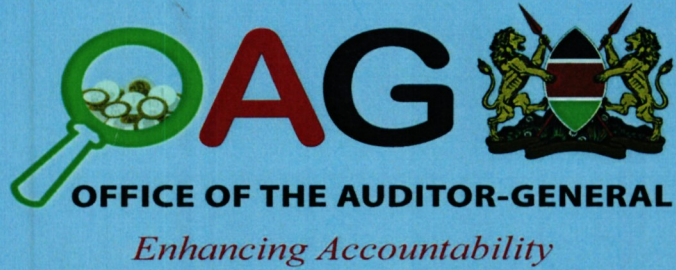


REPUBLIC OF KENYA



REPORT



OF

THE AUDITOR-GENERAL

ON

UWEZO FUND

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

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

13 JAN 2021

RECEIVED

UWEZO FUND

ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR
ENDING 30TH JUNE 2020



Prepared in accordance with accrual basis of accounting method under the international public sector accounting standards (IPSAS)

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KEY UWEZO FUND INFORMATION AND MANAGEMENT

(a) Background information

Uwezo Fund was established by Legal Notice No. 21 of the Public Finance Management (Uwezo Fund) Regulations, 2014 on 21st February, 2014. At cabinet level, Uwezo Fund is represented by the Cabinet Secretary for Ministry of Public Service, and Gender, who is responsible for the general policy and strategic direction of Uwezo Fund. The Fund is domiciled in Kenya and administered in all the two hundred and ninety constituencies.

(b) Principal Activities

The principal activity of the Fund is to expand access to finances in promotion of youth and women businesses and enterprises at the constituency level for economic growth towards the realization of the goals of Vision 2030. The clientele of the Fund was later expanded to include persons with disabilities. The kitty provides mentorship opportunities to enable beneficiaries take advantage of 30% government procurement preference through its Capacity Building Programme. Uwezo Fund is therefore an avenue for incubating enterprises, catalyzing innovation, promoting industry, creating employment, and growing the economy. The vision of the fund is to be a leading Institution in economic empowerment of the youth, women and persons living with disabilities for their improved quality of life. The mission is to spur the nation's economic growth and development through mobilization of resources by providing affordable and accessible credit to youth, women and persons with disabilities.

(c) Key Management

Uwezo Fund day-to-day management is under the following key organs:

- Board of Directors
- Fund Administrator/Accounting Officer
- Head of Secretariat
- Constituency Uwezo Fund Management Committees
- Finance and Accounts
- Administration Coordination
- Human Resource Management & Development
- Programmes and Co-ordination
- Internal Audit and Risk Management
- Supply Chain Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June, 2020 and who had direct fiduciary responsibility were:

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- | | |
|--|-----------------------------|
| 1. Principal Secretary | - Hon. Safina Kwekwe Tsungu |
| 2. Head of Secretariat | - Peter L. Lengapiani |
| 3. Head of Finance and Accounts | - CPA. John M. Makai |
| 4. Supply Chain Management | - Justus Ileri |
| 5. Administration Coordination | - Eunice M'mboga |
| 6. Programme Coordination | - Danson Kamanda |
| 7. Human Resource Management and Development | - Gad Etyang |
| 8. Corporate Affairs and Communication | - Jane Chebet |
| 9. Internal Audit and Risk Management | - CPA. Jennifer Mureithi |

(e) Fiduciary Oversight Arrangements

- a. Special Funds Accounts Committee of Parliament
- b. The Fund Oversight Board
- c. Programmes and Publicity Committee
- d. Finance and Administration Committee
- e. Audit and Risk Management Committee

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KEY UWEZO FUND INFORMATION AND MANAGEMENT (Continued)

f. Uwezo Fund headquarters

Uwezo Fund
Headquarters
P.O. Box 42009 - 00100
Lonrho House 16th Floor
Standard Street
Nairobi, KENYA

g. Uwezo Fund Contacts

Contacts
Telephone: (254) 776 154
204
E-mail: info@uwezo.go.ke
Website: www.uwezo.go.ke

h. Uwezo Fund Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

National Bank of Kenya Ltd
Harambee Avenue
P.O. Box 72866
City Square 00200
Nairobi, Kenya

Equity Bank Ltd.
P.O. Box 75104 - 00200
Nairobi, Kenya

Consolidated Bank Ltd.
P. O. Box 51133 - 00200
Nairobi, Kenya

African Banking Cooperation
P.O. Box 46452 - 00100
Nairobi, Kenya

First Community Bank Ltd
P. O. Box 26219 - 00100
Nairobi, Kenya

Kenya Commercial Bank
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

Co - operative Bank of
Kenya
Kimathi Street
P. O. Box 7512 - 00200
Nairobi, Kenya

SBM Bank Kenya Ltd,
Riverside
P.O Box 34886-00100
Nairobi, Kenya

Family Bank Ltd.
P. O. Box 74145 - 00200
Nairobi, Kenya

Chase Bank Ltd
P. O. Box 66049 - 00800
Nairobi, Kenya

j.Independent Auditors



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

k.Principal Legal Adviser



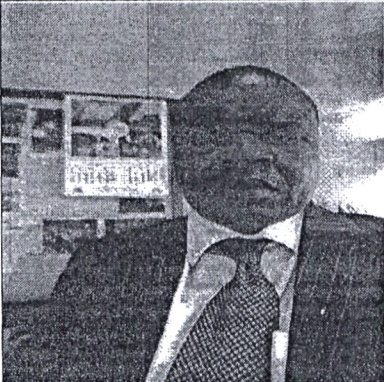
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square
00200
Nairobi, Kenya

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THE BOARD OF DIRECTORS


Name	Passport Size Photo	Professional/ Academic Qualifications	Tenure	Experience
Prof. Losenge Turoop		D.O.B. 1971 PhD (Phytopathology, MSc. Horticulture, BSc (Horticulture)	17/10/2019 to 17/10/2022	Lecturer JKUAT, Co-ordinator of Deans, Associate Dean, Faculty of Agriculture, Budget and Economic Forum Member Samburu County, Board of Trustee (NETFUND), University Resource Mobilization officer, Associate Professor of plant pathology
Lucy Magelo		D. O. B 1954 Full Secretarial Course Higher English Certificate	17/10/201 9 to 17/10/202 2	Office Administration, Entrepreneur and experience in managing business, export and import

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<p>Nicholas Longole Tepeso</p>		<p>D. O. B 1971 Bachelor of Education (Arts),</p>	<p>17/10/2019 To 17/10/2022</p>	<p>Diploma in Management, Kenya Institute of Management</p>
<p>Florence Chemutai</p>		<p>Date of Birth 29/04/1969 MBA (Strategic Management)</p>	<p>17/10/2019</p>	<p>B Ed, Entrepreneurship Capacity Building, HRM, Certificate in Computer, Strategic Management Course, Strategic Leadership Course</p>
<p>Kasembeli W. Nasiuma</p>		<p>Date of Birth 1963 MBA - Moi University 2008</p>	<p>14/10/2015</p>	<p>25 year experience in Public Financial Management, Currently serving as a Deputy Director of Budget at the national Treasury</p>




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<p>CPA. Joyce Wanjiru Munyua</p>		<p>Date of Birth 1970 MSc</p> <p>On going BCOM and CPA(K) and Member of ICPAK</p>	<p>20/01/2017 to 19/01/2020</p>	<p>18 years of experience as Accountant; Public and Private sectors.</p>
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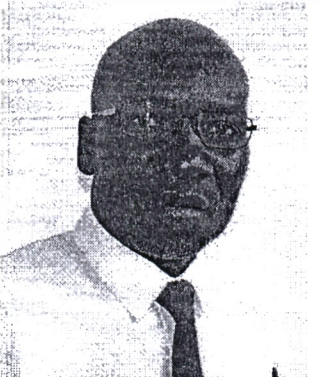

Name	Passport Size Photo	Professional/ Academic Qualifications	Tenure	Experience
<p>Peter L. Lengapiani</p>		<p>MA (Project Planning and Management) – University of Nairobi CPA (K) Member of ICPAK</p>		<p>15 years' experience in administration and Management. Currently serving as the Head of Secretariat Uwezo Fund</p>

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MANAGEMENT TEAM

	Name	Passport Size Photo	Professional/Academic Qualifications	Area of Responsibility
1.	Peter L. Lengapiani		MA (Project Planning and Management) – University of Nairobi CPA (K) Member of ICPAK	Head of Secretariat
2.	CPA. John Makai Mwangangi		MBA Finance JKUAT B. Com Accounting Kenyatta University CPA(K) Diploma in Co-op Management – Co-operative University of Kenya Cert in IT	Finance & Accounts
3.	Justus I. Nyaga		B. Com Daystar University Diploma in Purchasing and Supplies. Member KISM	Supply Chain Management

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4.	Eunice Mmboga		Master in Business Admin (Strategic Management) BA Business Admin (Human Resource Management) HND (Human Resource) Diploma (Personnel Management)	Administration
5.	Gad Etyang		B. Arts The University Of Nairobi 1992, Higher Dip HRM, TOT, Member IHRM, Trained in Corporate Governance	Human Resource
6.	CPA. Jenifer Mureithi		B.Com (Finance) CPA (K). Member of ICPAK Member of IAA	Audit and Risk Management

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7.	Jane Chebet		BA (Mass Communication) Diploma Public Relations Management	Corporate Affairs and Communication
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CHAIRMAN'S STATEMENT

As Uwezo Fund marks its sixth year of operation, I take pride in the tremendous strides made towards realizing economic empowerment for groups that would otherwise not benefit from the mainstream banking spheres.

The oversight role of the Board has largely been built by numerous lessons and interactions with various stakeholders. This interaction and lessons learnt have informed the Board's continuous review of the guidelines & policies for improved management of the Fund. To this end, the Board has recorded incredible improvement in the overall management of the Fund. The review has mainly been informed by the feedback from the constituencies, interaction with stakeholders as well as guidance from the Ministry of Public Service and Gender.

The Board has propagated the Governments' agenda of the "Big Four" by prioritizing funding of activities directly contributing into the Agenda. Towards this end, the Board is committed to increased funding towards Food security, manufacturing and affordable housing related activities as key pillars in the Government's 'Big Four' economic agenda.


I am proud of the achievements that were made during the 2019/20 FY. I cannot recognize enough the role played by the Board members in offering valuable guidance into the management of the Fund. This was achieved against the backdrop of myriad of challenges that affected the Fund in the year under review. These challenges ranged from the continued drop of funding from the exchequer and the unprecedented surge of the social economic challenges occasioned by Covid -19 pandemic.

Nonetheless, I take pride in the Board's guidance of the operations of the Fund accordingly through its technical committees to address these challenges. As we incorporated the lessons learnt from the initial years of the Fund's operations, the financial year 2019/20 provided a new opportunity to address the challenges faced by the Fund.

The Board is indebted to the State Department for Gender and Ministry of Public Ministry of Public Service and Gender for the guidance and support offered in the implementation of the Fund during the period under review. This enriched the Board's decision-making ability to deliver on the Fund's mandate.

I wish to thank and greatly appreciate the contribution of my fellow members of the Board whose valued deliberations has made valuable decisions that have steered the Fund to greater levels.

Finally, the efforts of the Management team would not go unmentioned, as they dedicated hours of hard work and diligence into the realization of the Fund's mandate. It is the contribution of all team members that made the Fund realize the progress recorded in the FY 2019/20.


Prof. Losenge Turoop
Chairperson

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REPORT OF THE HEAD OF SECRETARIAT

It is a great honour to present the Financial Report for Uwezo Fund Oversight Board. This report highlights the milestones achieved by the Fund during the Financial Year 2019/2020.

One of the key mandates of the Fund is to expand access to finances for promotion of enterprises owned by youth, Women and Persons with Disabilities for economic empowerment. Towards this end, the Fund has disbursed a total of Kshs. 6,499,650,004 to the 290 constituencies as loan Fund since its inception. Out of this Fund, Kshs. 6.48 billion has been loaned to 68,451 groups comprising 43,407 women groups, 23,273 youth groups and 1,771 PWD groups. This amount includes Kshs.0.84 billion which has been revolved in 134 constituencies. In the period under review the Fund lend a cumulative amount of Kshs. 429,343,500 to 4,142 groups (3,060 Women Groups, 976 Youth groups and 106 groups of PWD)

The Fund's current cumulative repayment stands at Kshs. 2.10 billion which translates to 36

% repayment rate. Towards this, the Fund has developed constituency-based measures geared towards improved repayment targeting groups as well as constituencies. This enabled a realization of a total collection of Ksh.1 60 million in the year under reporting, against the backdrop of challenges posed by COVID-19 pandemic.

Overwhelming applications have continued to be received across the country from over 100,000 groups. This is a clear indication of the insatiable demand of the funds across the constituencies. Undoubtedly, increased funding would indeed go a long way in bridging the funding gap that the demand for the fund has revealed.

In addition to funding the Uwezo Fund prioritizes capacity building of the beneficiary groups across the country. This ensures that these groups enhance their entrepreneurial skills and prepares them to take advantage of Government initiatives such as AGPO. Through the trainings, the Fund has promoted the concept of table banking which has not only enhanced the saving culture among the beneficiary groups, but also played an important role in advancement of cohesion amongst the groups.

Despite the significant strides attained so far, the Fund has encountered challenges. The main challenge being the overwhelming number of applications received at Constituency level vis-a-vis the Funds allocated to Constituencies. I believe that increased Funding would sufficiently address these challenges.

In the same breadth, I wish to note that delayed gazettelement of Constituency Uwezo Fund Management Committees (CUFMCs) affected the operations of

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the Fund in the constituencies. Throughout the year under review, the Fund continued to fast-track the gazettment of these committees in liaison with the relevant offices and by 30th June, 2020 only five (5) constituency committees had not been gazetted.

Low repayment rates recorded across some constituencies is also a key challenge affecting the Fund. This limits the funds available for re-lending groups. The low repayment has largely been occasioned by misinformation among the public regarding the repayment of the Fund.

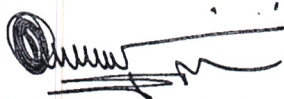
In the year under review, the Fund spearheaded several public sensitization forums to clear this misinformation. Further, the Fund engaged various stakeholders to reach out to the defaulters.

The staffing challenge continues to impede on the Fund's optimal performance. This is compounded by the largely- manual operations of the Fund as well as the structure of the Fund's management which domiciles its operations in the constituencies. This has convoluted the timeliness and accuracy of the reports to low levels of precision.

Nevertheless, I wish to recognize the efforts made by the limited staff deployed to the Fund from the various MDAs. It is their commitment to the mandate of the Fund that has steered hope amidst the challenges that have faced us in our endeavor to deliver. Similarly, I appreciate members of Constituency Secretariat for the support they give to the Fund over and above their main duties in the constituencies. It is the selflessness of this team that has made the achievements aforementioned a reality.

The impressive performance of the 2019/2020 would not have been made possible without the continued commitment and dedication of the secretariat team who are deployed to the Board. I therefore wish to thank them for their loyalty and hard work.

Finally, I wish to thank the Board of Directors for their valued counsel, timely guidance and decision making that enabled us to deliver the impressive results.



Peter Lengapiani
Head of Secretariat

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REVIEW OF UWEZO FUND PERFORMANCE FOR FY 2019//2020

The Fund has five strategic pillars and objectives within its Strategic Plan for the FY 2018/2019 – 2022/2023. These strategic pillars are as follows: -

Pillar 1: Fund Management and Resource Mobilization

Pillar 2: Leadership and Governance

Pillar 3: Awareness creation

Pillar 4: Strengthening Institutional Capacity and Infrastructure

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	Effective operations	No. of goods and services procured	Procurement of office equipment and consumables	Kshs. 42Million for the promotion of local content and Kshs 14.29M for AGPO
Monitoring and evaluation	Ensure effective and efficient implementation of the Fund	The Strategic Plan	Development of Strategic Plan	The Plan developed and launched

CORPORATE GOVERNANCE STATEMENT

Uwezo Fund recognizes Corporate Governance to be central towards meeting its objectives. In order to achieve long-term success of the Fund, the Board has ensured consistent maintenance and practice application of good corporate governance. The Fund complies with the Corporate Governance Guidelines as prescribed by the Inspectorate of State Corporations being the primary regulatory body of Semi-Autonomous Government Agencies (SAGAs) and ascribe to the ethical standards as set out by the Public Officer Ethics Act.

The Board of Directors

Uwezo Fund is governed by a Board of Directors each of whom is appointed by the Cabinet Secretary, Ministry of Public Service and Gender Affairs (MOPSG) with the exception of the Chairperson and the Principal Secretaries (PSs) in the MOPSYG and the National Treasury. The Chairperson is nominated by the Cabinet Secretary and appointed by the President. The Board is accountable to the Kenyan citizens and the MOPSG for the overall performance and is collectively responsible for the long-term success of the Fund. The Board achieves such success by developing relevant guidelines to direct the operations, ensures that the Fund manages risks effectively and monitors Fund's performance and reporting.

Board and Committee Membership

The Board currently comprises of five members, two of whom are Principal Secretaries or representatives from MOPSG and National Treasury and three Independent Non-Executive Directors. The Board's size and composition is determined by the Public Finance Management (Uwezo Fund) regulations, 2014, Board Charter and Mwongozo Code of Regulations. Full details of the current Board members, their qualifications, skills, experience and tenure are indicated on pages (vi) and (vii) of the 2020 Reports and Financial Statements.

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The current Committee membership of the Board is as set out below:

	Director	Board	Board meetings held	Board Meetings attendance	Committees			
					Finance & Resource Mobilization	Programmes and Publicity	Audit and Risk Management	Human Resource & Administration
	Prof. Losenge Turóop	Chairman	4	4				
1.	Lucy Magelo	Independent	4	4	√ (C)	√ (C)		√
2.	CPA. Joyce Munyua	Independent	4	1		√	√ (C)	
3.	Nicholas Tepeso	Independent	4	4		√	√	√ (C)
4.	* Kasembeli W. Nasiuma	Representative PS – National Treasury	4	4	√		√	
5	Florence Chemtai	Representative PS- State department of gender	4	3	√	√	√	√
6	Peter Lengapi ani	Head of secretariat(s) secretary to the board	4	4	√	√	√	√

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** Deemed as non-independent by virtue of being the representatives of the Principal Secretaries Ministry of Public Service Youth and Gender and The National Treasury. √ (C) – Chairman to the Committees.*

In the period under review, the Board held four full board meetings and two special meetings. Each of the committees held at least three meetings held nil board meetings, while the committees had a total of 10 meetings.

Constituency Uwezo Fund Management Committees (CUFMC's)

The activities of the Fund at the constituency level, are carried out by Constituency Uwezo Fund Management Committees (CUFMC's) which consist of four government representatives and nominees from each ward by the Constituency Member of Parliament and other three nominees by the County Member of Parliament representing Women, Youth and PWD.

Secretariat

The Fund is managed by the secretariats for the Board and for each of the constituencies. The Cabinet Secretary MOPSG has deployed 24 members of staff from various Government Ministries, Departments and Agencies to the Board's secretariat. The Constituency Development Fund Manager, Sub-county Youth Development Officer and the Sub-County Development Officers provide secretariat services to the constituency committees.

Succession Planning

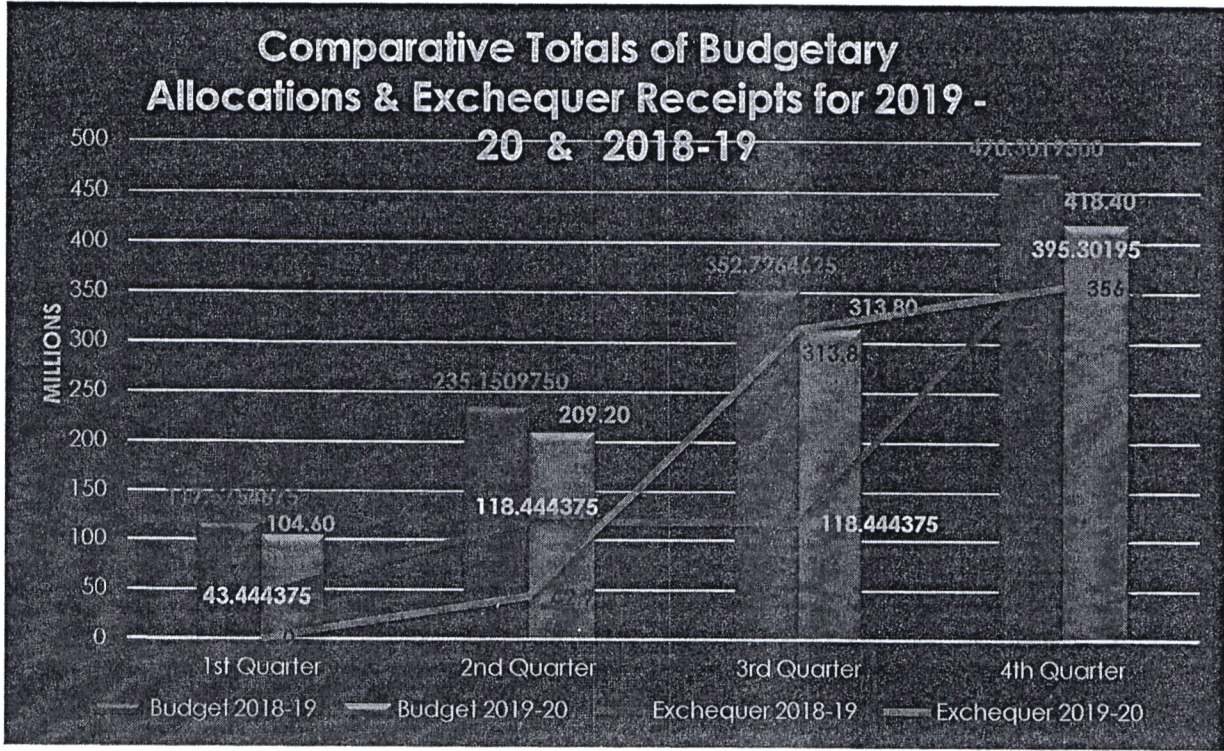
Succession planning is an integral part of the continuity of an organization. To ensure continuity in the constituencies, the Fund has put in place a Secretariat comprised of Public servants who spearhead the operations of the Fund even after the expiry of terms of the Committee members. This ensures that no information gap exist when new committees are constituted every three years.

Induction and Training

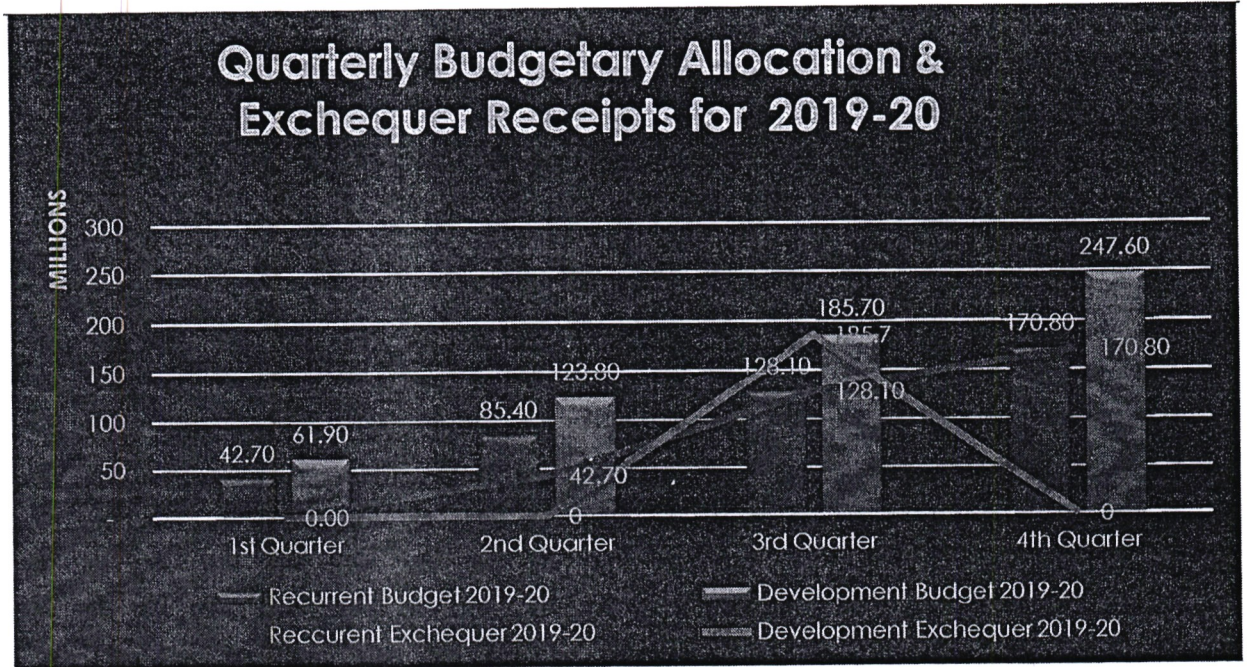
The Fund inducted and trained Board members on corporate governance and also trained the Audit and Risk Management Committee of the Board on corporate governance to equip them with the requisite skills and competences on board operations and governance issues.

MANAGEMENT DISCUSSION AND ANALYSIS

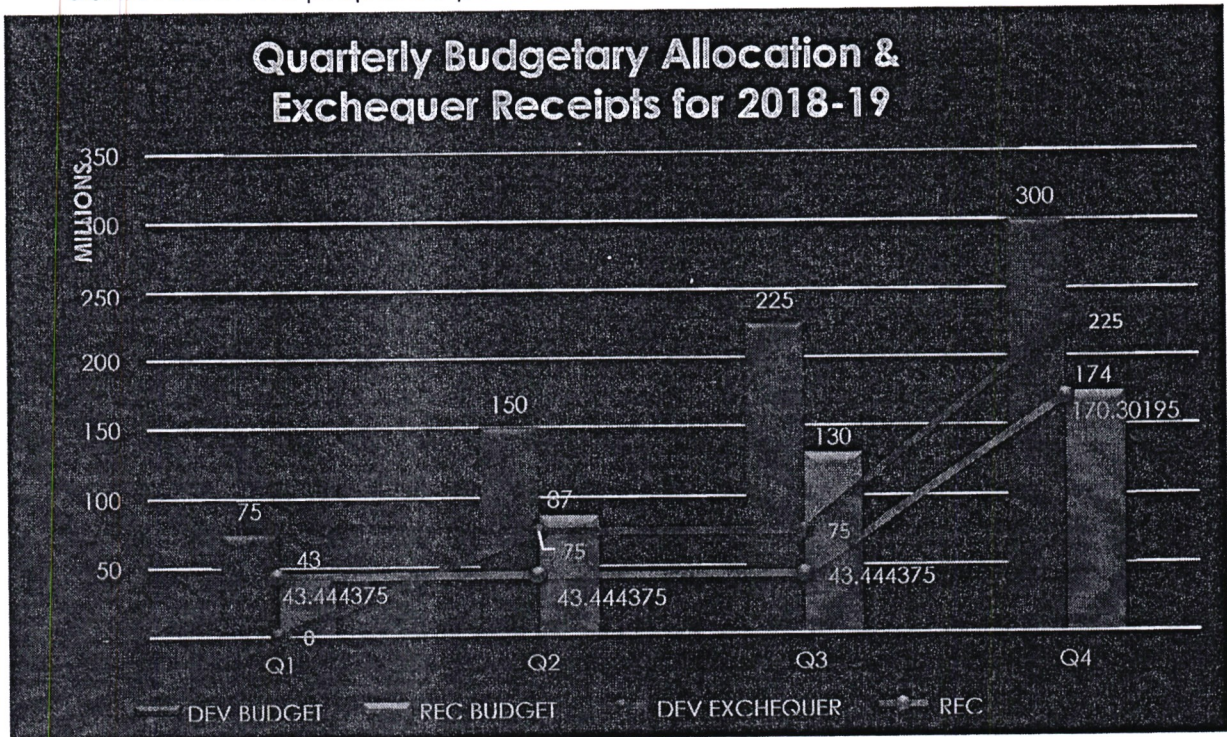
The printed estimate budgetary allocation for the Fund is Kshs.247,600,000 for Development and Ksh.170,800,000 for recurrent totaling Ksh.418,400,000. The Fund however, received exchequers of Kshs.85,000,000 and Kshs.128,100,000 development and recurrent respectively totaling to Ksh.313,800,000.



As demonstrated in the chart above, the Fund has continued to have a reduction of budgetary allocation from Ksh.470,301,950 in FY 2018/19 to Kshs.418,400,000 in the FY 2019/20. This reduction was further worsened by austerity measures, Covid-19 Measures and non-funding of the fourth quarter development fund. This has impacted negatively on the projected performance based on the previous budgetary allocations and funding.



The two charts above represent annual budgetary allocation in relation to exchequer receipts for two financial years 2019/20 and 2018/2019. It may be observed from the representation the funding is skewed towards the fourth quarter which is the end of the financial year. As a result, the Fund's activities may not be spread evenly as per the work plan and therefore may not be achieved in the proposed period.



programmes. The head office continued to provide oversight role to the constituencies for the achievement of its mandate.

The Big Four Related Activities

The Board realigned the economic activities of the loan beneficiaries to the big four agenda

Sustainability of the Fund

The budgetary allocation for the financial year 2019/2020 continued to focus on enhancing accessibility to affordable credit and sustainability of the Fund through revolving. The Fund capacity built the Constituencies Uwezo Fund Management Committees (CUFMCs) and engaged their services to undertake loan recovery, vetting & training of new applicants and public sensitization programmes. The head office continued to provide oversight role to the constituencies for the achievement of its mandate.

The Big Four Related Activities

The Board realigned the economic activities of the loan beneficiaries to the big four agenda

1. Food Security and Value Addition

The Fund has encouraged the loan beneficiaries to focus on the food security and nutrition. The groups promote food security through horticultural, maize, vegetables and or mixed farming some keep cattle for sale. Groups would make adequate production to provide to their families and sell surplus to the local market. The Groups provides opportunities for stable income for both themselves, their dependents and they also create employment to in the community by engaging casuals during pre- harvest as well as during harvesting period.

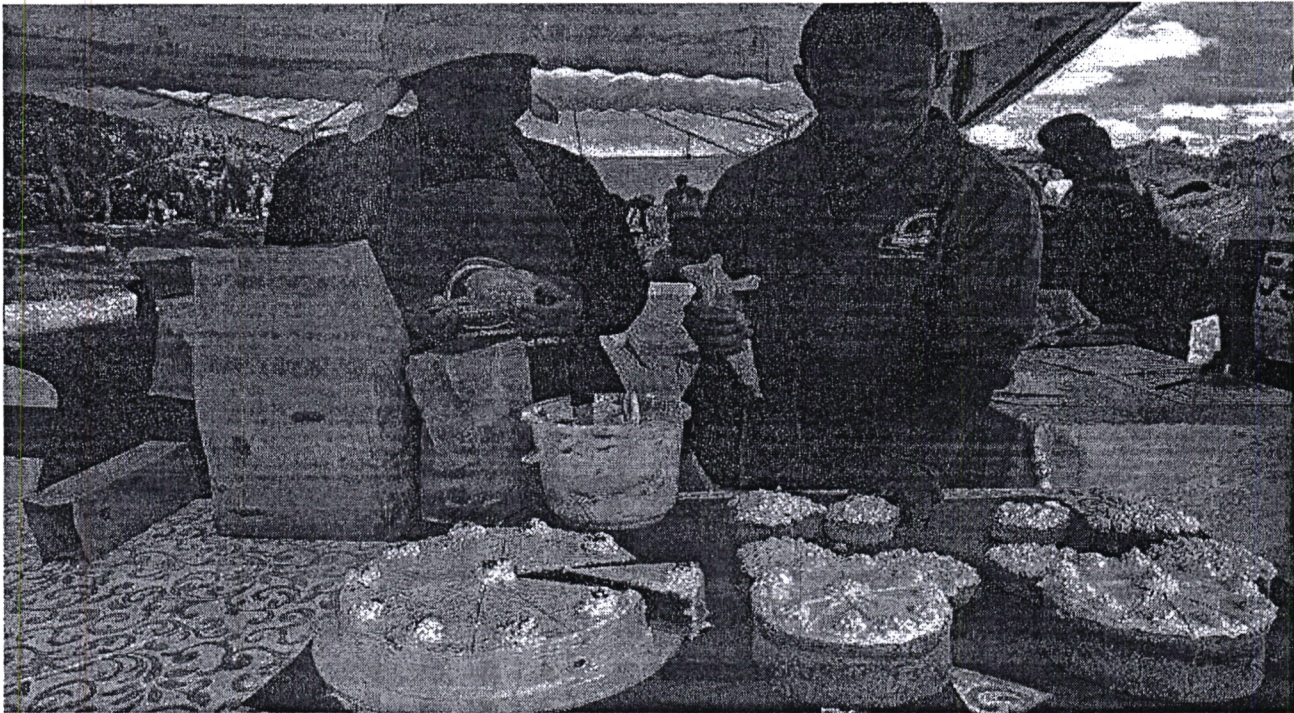


Figure 1: Mother's pot youth group, from Njoro, Nakuru County beneficiary of Uwezo Fund showcasing their innovative baking



Figure 2: Maryland Sisters Women Group engages in poultry farming in Kayole Naivasha

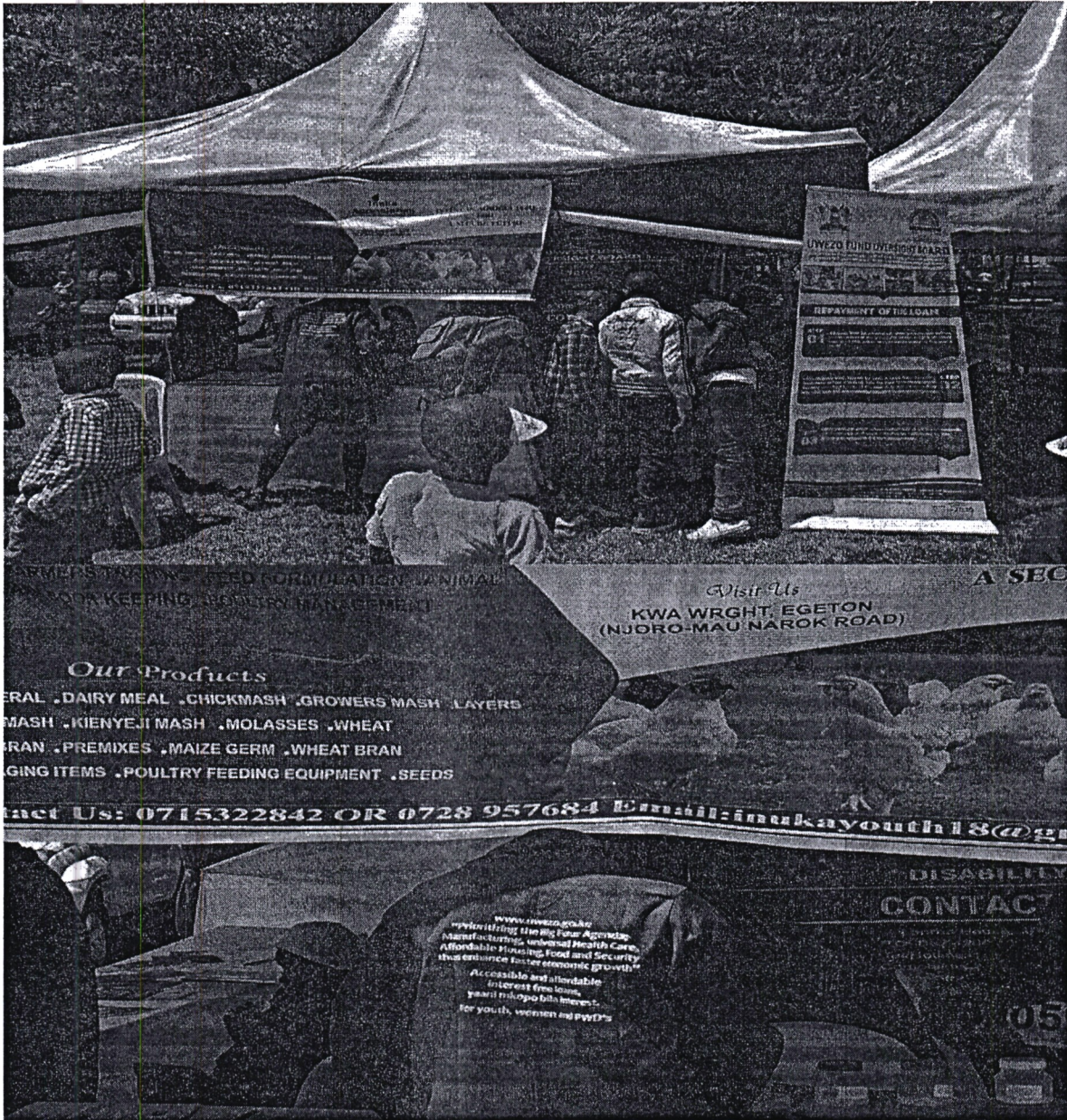


Figure 3: Inuka Njoro youth group showcasing their Feed formulation and Agrovet products

2 Manufacturing

Some groups engage in manufacturing which include leatherwork from which school shoes, belts and wallets are made, tailoring of clothes and uniforms. There are groups that currently supply school and staff uniforms to schools within the locality and also to other private entrepreneurs. The groups employ members who also have dependents thus having more people benefiting from the business.



Figure 4: Members of Tayec Empowerment group based in Kisii County interacts with customers at Uwezo Fund stand during Bungoma ASK Show



Fig 5: Hope Disability Network group, from Machakos displaying their products and explaining to Ms Grace how they are made.

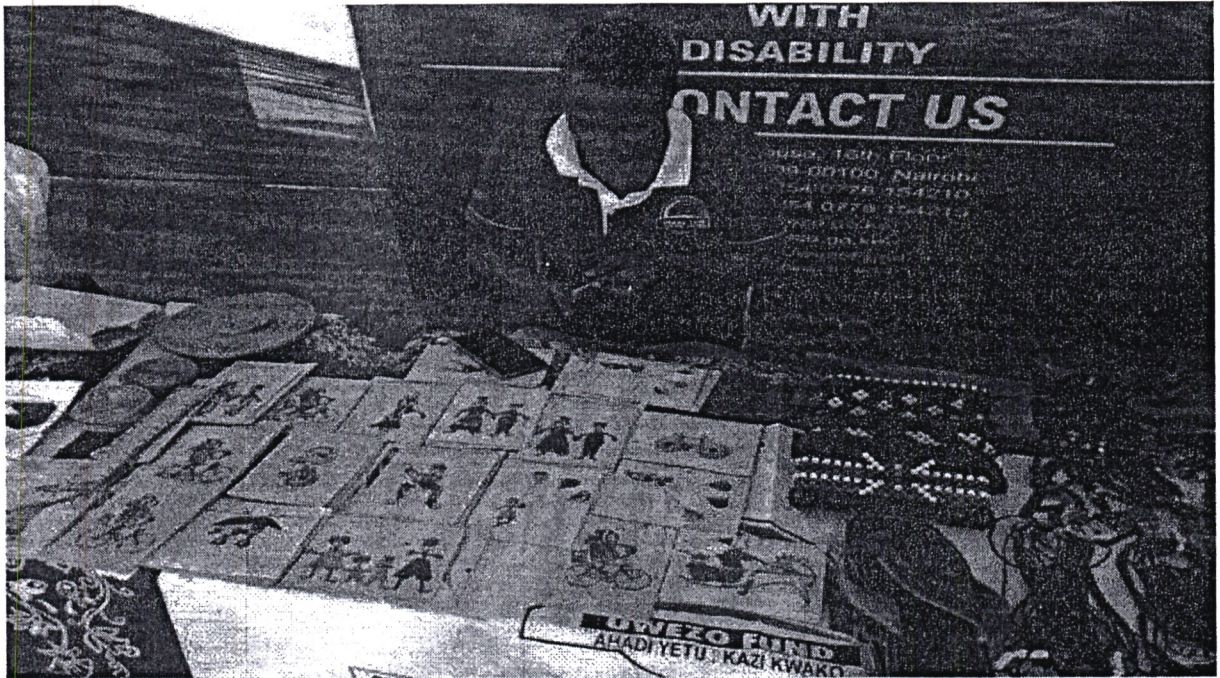


Figure 6: A member of Kick artisans Development Group is based in Kisumu County. The group engages in collecting less valuable waste-like bottle tops & water hyacinth and convert them into decorative materials.



Figure 7: Members of United Persons Disability of Laikipia engaging in honey processing and kindergarten for the disabled

3 Affordable Housing

Some beneficiary groups are engaged in affordable housing by collecting waste products and recycle them into useful products such as roofing tiles which are sold at affordable price and promote environmental hygiene.

Brick making is yet another activity the groups are engaged. These activities

have not only created employment to its members, but also enhanced the affordability of housing to low level income earners

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The importance of good corporate governance across all corporate entities can no longer be ignored in our country. This has been informed by the need to address far reaching consequences that result from weaknesses in good governance practices in both public and private entities. These consequences often impact negatively on the entity, the stakeholders, and the public and by extension to the economy as a whole.

Uwezo Fund Board of Directors is charged with overseeing the management and administration of the Fund to ensure that promotion of women, youth and persons with disabilities (PWD) businesses/enterprises thereby generating employment through provision of affordable and interest free credit within an environment of good corporate governance.

The Board is responsible for reviewing and approving funding to the constituencies and providing the necessary leadership, management, design and oversight of the Fund. In this regard, the Board is a key player in the Fund's corporate governance system and is ultimately accountable for the performance of its day to day business.

Uwezo Fund continues to fully adhere to its obligations as enacted through a Legal Notice No. 21 of the Public Finance Management Act, 2014, and published on 21st February 2014 and Code of Corporate Governance. In addition, the Fund abides by the tenets of the Constitution of Kenya and all other laws.

The Fund subscribes to the tenets of good governance at all its levels of operations. Good corporate governance is a key factor in reinforcing the integrity and efficiency of any entity whether public or private. Poor corporate governance can weaken an organization's potential, lead to financial difficulties and in some cases can cause long-term damage to its reputation.

The Board commits itself to adopting the principles of good corporate governance as part of its obligations to the Fund and continues to engage in promoting good corporate governance at all levels.



*Fig 7:
Uwezo Fund Team during tree planting at Egerton University.*

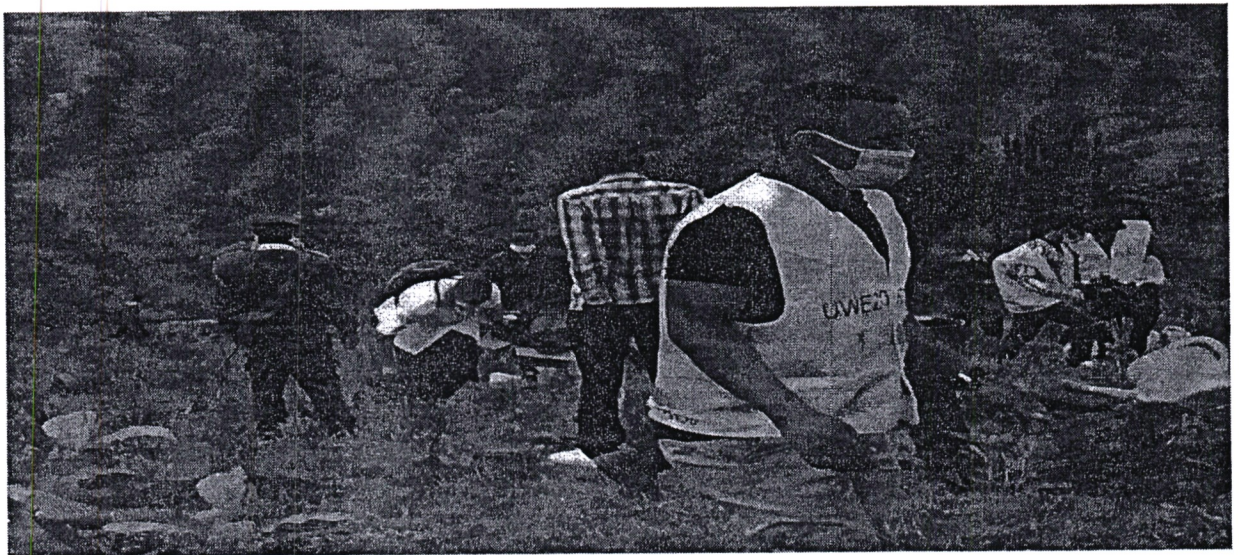


Fig 8: Uwezo Fund Participating in planting of trees at Ngong Hills during Public Service Day Celebration



Fig 9: During Beyond Zero Half Marathon in Nyayo Stadium Nairobi

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2020

REPORT OF THE DIRECTORS

The Directors submit this report together with the financial statements for the year ended June 30, 2020 which show the state of the Uwezo Fund Affairs.

Principal Activities

The principal activity of the Fund is to provide affordable loans to women, youth and persons with disabilities led enterprises at the constituency level. It also provides capacity building to enable the beneficiaries take advantage of the 30% government procurement preference. Uwezo Fund, therefore, is an avenue for incubating enterprises, catalysing innovation, promoting industry, creating employment, and growing the economy.

Results

The results of the entity for the year ended June 30, 2020 are set out on page 1 to 6 that includes the summary of the deficit during the year.

Directors

The members of the Board of Directors who served during the year are shown on pages (v) and (vi) in accordance with Section 4 of the Public Finance Management (Uwezo Fund) Regulations, 2014. However, earlier in the year under review the operations of the Board were affected by a Quorum hitch occasioned by instructions from the Head of Public Service vide Circular No. OP.CAB/14/21A dated 29th December, 2017 on merger of Kenya Industrial Estates (KIE), Development Bank of Kenya, Uwezo Fund, Youth Enterprise Development Fund and Women Enterprise Fund into a Development Institution. Further appointments of the Board members during the merger process were restricted.

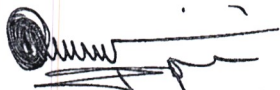
• **Dividends/ surplus remission**

The entity surplus for the year ended June 30, 2020 was not remitted to the consolidated fund due to the revolving nature of the Fund as per the Uwezo Fund Regulations 2014.

Auditors

The auditor general carried the statutory audit of Uwezo fund in accordance with article 229 of the constitution of Kenya and the public audit Act 2015

By order of the board



Head of the secretariat

Uwezo fund

Date.....11/1/2021.....

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 11 (e) of the Public Fund Management (Uwezo Fund) regulations, 2014 require the Directors to prepare financial statements in respect of Uwezo Fund, which give a true and fair view of the state of affairs of the Fund at the end of the financial year and the operating results of the Fund for the year 2019/20. The Directors are also required to ensure that the Fund keeps proper accounting records which disclose with reasonable accuracy the financial position of the Fund. The Directors are also responsible for safeguarding the assets of the Fund.

The Directors are responsible for the preparation and presentation of the Uwezo Fund financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2020. This responsibility includes: 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 entity; (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 Directors accept responsibility for Uwezo Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with accrual basis of accounting method under the international Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Finance Management Act, 2012 and the Public Finance Management (Uwezo Fund) regulations, 2014. The Directors are of the opinion that the Fund's financial statements give a true and fair view of the state of the Funds transactions during the financial year ended June 30, 2020, and the Fund's financial position as at June 30th 2020. The Directors 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.

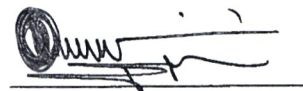
Nothing has come to the attention of the Directors to indicate that Uwezo Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

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



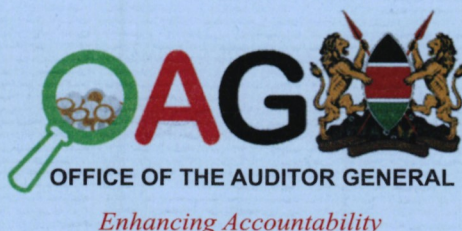
Chairperson of the Board



Head of the Secretariat

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 UWEZO FUND FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Uwezo Fund set out on pages 1 to 28, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

I 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. Accuracy of Financial Statements

The statement of comparison of budget and actual amounts has omitted the budget and actual revenue from exchange transactions, government grants and subsidies as well as transfers from other governments. Further, the statement reflects total actual expenses of Kshs.389,657,343 which differs from the statement of financial performance amount of Kshs.190,922,566 thus resulting in a variance of Kshs.198,734,777 that has not been explained or reconciled.

In addition, the statement of cash flows reflects balances of Kshs.1,114,669 and Kshs.118,282,727 under trade and other payables and non-current receivables respectively. However, no supporting documents by way of detailed ledgers were availed for audit verification.

Under the circumstances, the accuracy of the financial statements for the year ended 30 June, 2020 could not be ascertained.

2. Irregular Extraneous Allowance and Gifts and Services in Kind

As disclosed in Note 8 to the financial statements, the statement of financial performance reflects transfers from other governments-gifts and services in kind amounting to Kshs.25,959,080. Included in the amount is Kshs.2,791,246 paid to an officer as salary during the year under review. Further, the statement of financial performance reflects employee costs of Kshs.6,164,160 which, as disclosed in Note 9 to the financial statements, includes extraneous allowances of Kshs.4,095,883. The latter balance includes an amount of Kshs.141,071 paid to the officer as extraneous allowance. Information available indicate that the officer was transferred to the State Department for Early Learning and Basic Education effective from 1 March, 2018. However, there is no evidence of continued service of the officer to the Fund and the requisite approvals to draw the allowance were made available for audit review.

Under the circumstances, the propriety of the transfer from other governments - gifts and services in kind of Kshs.2,791,246 and extraneous allowances totalling Kshs.141,071 could not be confirmed.

3. Unreconciled Remuneration of Directors

The statement of financial performance reflects Kshs.4,166,679 as remuneration of directors. However, the reported balance excludes Kshs.240,000 paid to Board Members while attending a corporate governance training held between 21 and 23 November, 2019. The amount has been wrongly charged to staff training expenses. In addition, the documents rendered in support of the expenditures by way of payment vouchers amounted to Kshs.4,589,519, comprising of Board allowances and other expenses of Kshs.3,908,229 and Chairman's honoraria of Kshs.681,290. This differed with the reported expenditure in the financial statements of Kshs.4,166,679 resulting to an understatement of Kshs.422,840.

Consequently, the accuracy and completeness of the reported remuneration of directors of Kshs.4,166,679 could not be confirmed.

4. Unsupported Constituencies' Administration Costs

The statement of financial performance reflects constituencies' administration costs of Kshs.94,064,891 which was unsupported by way of comprehensive expenditure returns from the Constituencies. Instead, the amount has been derived from movements in the unutilized Fund balances (opening and closing) and adjusted by the transfers to the Constituencies during the year.

Under the circumstances, the accuracy and completeness of the reported constituencies' administration costs of Kshs.94,064,891 could not be confirmed.

5. Unsupported and Unreconciled Cash and Cash Equivalents

As disclosed in Note 17 to the financial statements, the statement of financial position reflects a balance of Kshs.2,959,082,841 under cash and cash equivalents. Included in

the balance is Kshs.2,427,782,222 held at nine commercial banks with each of the 290 Constituencies maintaining three (3) types of bank accounts namely; main, administration and loan accounts. However, supporting documents for 343 bank account balances by way of bank reconciliation statements, certificate of bank balance confirmation, board of survey reports and copies of cash book extracts for the bank accounts were not availed for audit review. The reported bank balance was derived from the bank statement balances as at the end of the year as opposed to the cash book balances. This is a departure from the general accepted accounting principles and practices.

Further, included in the balance are amounts totalling to Kshs.13,372,033 indicated as direct credits in bank accounts for eleven constituencies as detailed below.

Constituency	Main Account Kshs.	Admin Account Kshs.	Loan Account Kshs.	Total Kshs.
1. Ikolomani			79,600	79,600
2. Gichugu	1,942,668	500	795,487	2,738,655
3. Kieni	659,508	370	4,212,707	4,872,585
4. Mathira	16,000		2,852,975	2,868,975
5. Thika Town	10,000	-	700,426	710,426
6. Kuresoi North	383,535			383,535
7. Kisumu Central			5,400	5,400
8. Kisumu East			8,400	8,400
9. Dagoretti South	571,341			571,341
10. Langata	36,800		351,536	388,336
11. Butere	738,780		6,000	744,780
Total	4,358,632	870	9,012,531	13,372,033

The Fund Management did not explain the source of direct credits nor were the supporting documents provided for audit review. The accounting treatment accorded the direct credits in the financial statements was inappropriate as they were recognized without effecting the corresponding account liability or revenue account.

In addition, the records maintained by the Fund in respect of loan and main bank accounts balances submitted in support of individual constituencies balances amounted to Kshs.1,265,871,833 and Kshs.1,076,261,463 respectively. This varied with the reported balances in the financial statements of Kshs.1,267,738,578 and Kshs.1,076,007,578 resulting to an unexplained and unreconciled variance of Kshs.1,866,745 and Kshs.253,890 respectively.

Under the circumstances, the accuracy of the reported cash and cash equivalents balance of Kshs.2,959,082,841 could not be confirmed.

6. Unsupported and Unaccounted for Loan to Groups

The statement of financial position reflects a balance of Kshs.4,111,156,213 being outstanding loans to groups of as at 30 June, 2020. The balance has been derived by

adjusting the National Government capital fund grants of Kshs.6,499,650,004 for amount of monies presumably held at CBK Bank, loan repayment and main accounts of Kshs.44,747,632, Kshs.1,267,738,578 and Kshs.1,076,007,578 respectively. However, the presumed bank balances are un-supported. Further, there were no debtors' ledgers detailing loans issued by the Fund since inception and repayments made over the years on account of loan recoveries. There was no comprehensive loan listings or aging analysis in support of the outstanding loans.

Consequently, the accuracy and completeness of the reported loans to groups balances of Kshs.4,111,156,213 as at 30 June, 2020 could not be confirmed.

7. Work-In-Progress (WIP) - Stalled Project

As reported previously, the statement of financial position reflects work-in-progress balance of Kshs.19,522,765. The balance represents 40%-part payment in respect of an Enterprise Resource Planning (ERP) software procured and contracted in the year 2015/2016. The supply, installation and commissioning of the application is yet to be made even though the part payment was made over four (4) years back and recognized in the financial statements. Information available indicates that the implementation of the ERP which was contracted at a sum of Kshs.48,806,912 has been called off even though there is a valid contract in force between the Fund and the supplier. In the circumstances, the recoverability and likely utilization of the part payment of Kshs.19,522,765 is doubtful.

Further, the Fund entered into a consultancy contract on 2 November, 2015 for the ERP project implementation management at a sum of Kshs.6,602,821 and paid an amount of Kshs.1,320,564 representing 20% of the contract sum. The payment has however not been recognized in the financial statements as a prepayment or part of capital works in progress even though there has been no work done on the project. The value for money received by the Fund in respect of the software could therefore not be ascertained.

Consequently, the accuracy and fair statement of the reported work-in-progress balances of Kshs.19,522,765 could not be confirmed.

8. Property, Plant and Equipment (PPE)

As disclosed in Note 20(a) to the financial statements, the statement of financial position reflects a balance of Kshs.8,504,009 under property, plant and equipment. Included in this balance is Kshs.145,333 for computers and related equipment which is net of reversal adjustments made during the year of Kshs.1,437,000 and Kshs.479,000 on cost and depreciation respectively in relation to computer items removed from the PPE schedule. The Fund procured the items in the financial year 2018/2019 but the payment was declined on recommendations of both the pending bills committee and the Internal Audit function. However, the reversals and their accounting treatment have not been supported. Further, although the Fund has possession and has used the unpaid for items, the liability of the amount payable to the supplier has not been recognized in the financial statements.

Consequently, the accuracy and fair statement of the reported property, plant and equipment balance of Kshs.8,504,009 as at 30 June, 2020 could not be confirmed.

9. Non-Compliance with the Law

Contrary to the provisions of Section 18(1) of the Public Finance Management (National Government) Regulations, 2015, the Fund did not have a Public Finance Management Standing Committee. It was therefore not possible to establish how the mandate of the Committee was carried out during the year under review.

10. Irregular Procurements

10.1. Consumables - Office and General Supplies

Contrary to the provisions of Section 69(2) of the Public Procurement and Asset Disposal Act, 2015 which provides that no procurement approval shall be made to operate retrospectively to any date earlier than the date on which it is made, the following instances of breach of the provisions were noted: -

10.1.1. Supply and Delivery of Toners

The Fund floated quotations referenced UWZ/RFG/003/2019-2020 to three prequalified firms for the supply and delivery of assorted tonners on 13 November, 2019. This was against a requisition of the ICT Unit of 24 October, 2019. The three firms responded and were evaluated with the committee recommending award to all the firms on the basis of their lowest quoted prices on assorted tonners of Kshs.582,000 on 16 December, 2019. However, purchase orders numbers 2944635, 2944636 and 2944637 were issued on 16 December, 2019 ahead of the professional opinion approval on 23 December, 2019.

10.1.2. Supply and Delivery of Publicity Materials

The Fund also floated quotations referenced UWZ/RFQ/013/2019-2020 for the supply and delivery of publicity materials on 20 November, 2019. However, the requisition by the user department of 4 December, 2019 was later than the request for quotation date. Three firms responded and the evaluation committee evaluated and recommended for award to the lowest bidder at a cost of Kshs.329,200 on 16 December, 2019. However, purchase order number 294462 was issued on 16 December, 2019 ahead of the professional opinion approval of 23 December, 2019.

10.2. Repairs and Maintenance

Included in the repairs and maintenance expenditure of Kshs.5,792,173 are expenses for which irregularities were notable: -

10.2.1. Motor Vehicle Repairs

The Fund's motor vehicle was involved in a road accident on 26 December, 2019. On 31 December, 2019, the State Department of Infrastructure issued an accident inspection report indicating the economical estimated cost of undertaking the repairs at Kshs.1,700,000. The Fund then adopted the request for quotation method of procurement to source for a service provider to undertake the repairs. The order and invoice were then raised on 14 April, 2020 and 20 May, 2020 respectively, followed by a payment of Kshs.1,680,000. However, although the three bids were signed and stamped on 27 February, 2020, the acknowledgement of receipt of the quotations by the Fund was dated 21 February, 2020, which was earlier than the date of bidders submission. The inconsistency has not been explained.

Also included in the repairs and maintenance expenditure cost is Kshs.1,156,305 paid to service providers for repairs and servicing of motor vehicles whose supporting procurement documents were not made available for review to confirm if the due procurement process was adhered to.

10.2.2. Repair of Printers and ICT Equipment

The Fund paid Kshs.210,000 on 19 May, 2020 for maintenance and configuration of Local Area Network (LAN) points, trunking installation, repair and reconfiguration of the shielded twisted pair UPT CAT6 cable and wireless points. This was done against purchase order number 1453121 of 9 March, 2020 and an invoice No.1064 of 25 March, 2020. Further, the Fund paid out Kshs.164,000 for repair of printers and UPS on 30 June, 2020 against order No.1453127 of 14 April, 2020 and invoice No.284/2020 of 15 April, 2020. However, in both circumstances, the winning bidders Tax Compliance Certificates had expired and were therefore ineligible to bid for the works.

10.2.3. Procurement of Motor Vehicle Tyres

The Fund paid Kshs.1,052,990 for supply of tyres on 16 March, 2020 vide order No.2944624 of 13 January, 2020, delivery note No. 0140 and invoice No.0140 both of 21 February, 2020, Counter Receipt Voucher No.8663971 and acceptance report of 26 February, 2020. However, the prices of the tyres paid for were significantly above the recommended Market Price Index Survey Results of Public Procurement Review Authority (PPRA) for the month of February, 2020 as detailed below: -

Tyre size	Fund Buying Price Kshs.	PPRA Price February 2020 Kshs.	Price Overcharge Kshs.
265/65R17	47,250	14,482	32,768
265/65R18	50,800	15,756	35,044
245/70R16	38,500	13,739	24,761
195/65R15	45,000	6,611	38,389

No explanation was rendered for the procurement at prices higher than the prevailing market index. The Fund did not realize value for money from the expenditure of Kshs.1,052,990 on the supply of tyres.

11. Transportation Service and Supplies

The statement of financial performance reflects an expenditure of Kshs.52,077,333 under use of goods and services which, as disclosed in Note 10 to the financial statements, includes an amount of Kshs.21,063,313 in respect of transportation service and supplies. Included in the amount are payments totalling to Kshs.1,882,060 by way of daily subsistence allowances to various officers to carry out activities that form part of their daily routine tasks, duties and responsibilities including preparation of annual financial statements and quarterly reports. No justification was rendered for the decision to undertake routine tasks outside the office.

In the circumstances, it has not been possible to confirm if value for money was realized from the expenditure of Kshs.1,882,060 on daily subsistence allowances on routine tasks.

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 Conclusion on Lawfulness and Effectiveness in Use of Public Resources and Disclaimer of Opinion sections 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 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 governance.

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

The 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.

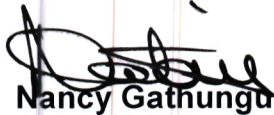
Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Fund monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is 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. I also consider internal control, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion on lawfulness and effectiveness in use of public resources, and on effectiveness of internal controls, risk management and governance.

I am independent of the Fund 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.



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

25 May, 2021

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2020

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE, 2020

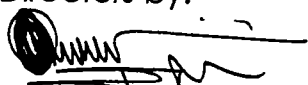
	Notes	2019-2020 Kshs	2018-2019 Kshs
Revenue from non-exchange transactions			
Government grants and subsidies	6	170,800,000	170,301,950
Finance income	7		112,469
Transfer from other governments-gifts and services in kind	8	<u>25,959,080</u>	<u>27,888,956</u>
Total revenue		<u>196,759,080</u>	<u>198,303,375</u>
Expenses			
Transfer from other governments-gifts services-in-kind	8	25,959,080	27,888,956
Employee costs	9	6,164,160	5,724,545
Use of goods and services	10	52,077,333	4,141,890
Remuneration of directors	11	4,166,679	2,823,381
Depreciation and amortization expense	12	2,548,250	10,162,692
Repairs and maintenance	13	5,792,173	4,391,662
Grants and subsidies	14	150,000	450,000
General expenses	15	-	69,453,096
Constituencies' Administration Costs	16	<u>94,064,891</u>	<u>115,568,891</u>
Total expenses		<u>190,922,566</u>	<u>240,605,113</u>
Net Surplus for the year		<u>5,836,514</u>	<u>(42,301,738)</u>

The notes set out on pages 7 to 24 form an integral part of these Financial Statements

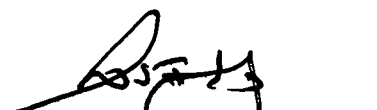
**STATEMENT OF FINANCIAL POSITION AS
 AT 30 JUNE 2020**

Assets Current assets			
Cash and cash equivalents	17	2,959,082,841	2,881,305,135
Work-in-Progress	18	<u>19,522,765</u>	<u>19,522,765</u>
		2,978,605,606	2,900,827,900
Non-current assets			
Long term receivables –outstanding loans	19	4,111,156,213	3,992,873,484
Property, plant and equipment	20	8,504,009	11,913,261
		<u>4,119,563,224</u>	<u>4,004,786,745</u>
Total assets		7,098,265,828	6,905,614,645
Liabilities Current liabilities			
Trade other exchange payables transactions	21	5,286,455	4,171,786
		5,286,455	4,171,786
Net assets		<u>7,092,979,373</u>	<u>6,901,442,859</u>
Accumulated surplus		382,879,369	377,042,855
Capital Fund		<u>6,710,100,004</u>	<u>6,524,400,004</u>
Total net assets and liabilities		<u>7,092,979,373</u>	<u>6,901,442,859</u>

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:


 Head of Secretariat


 Head of Finance


 Chairman of the Board

Name: Peter Lengaplani

**Name: CPA. John Mwangangi ICPAK Member
 Number: 4223**

Name: Prof. Losenge Turoop

Date 11/1/2021

Date 11.01.2021

Date 11.01.2021

UWEZO FUND
Annual Reports and Financial Statements
For the year ended June 30, 2020

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2020

	Retained Surplus	GDG Development grants- loan fund	Total
At July 1, 2018	364,344,593	6,354,400,004	6,718,744,597
Constituencies' capacity building	*55,000,000	(55,000,000)	
Total comprehensive deficit (surplus)	42,301,738		42,301,738
Development grants received during the year	-	225,000,000	225,000,000
At July 1, 2019	377,042,855	6,524,400,004	6,901,442,859
Total comprehensive deficit (Surplus)	5,836,514		5,836,514
Development grants received during the year		185,700,000	185,700,000
At June 30, 2020	382,879,369	6,710,100,004	7,092,979,373

**Transfer from capital fund being three percent for administration fee and eight percent for capacity building in line with section 18 (1) (a) (b) of Public Finance Management (Uwezo) Regulations.*

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

		2019-2020 Kshs	2018-2019 Kshs
Cash flows from operating activities			
Receipts			
Government grants and subsidies	6	170,800,000	170,301,950
Finance income	7		112,469
Total		170,800,000	170,414,419
Payments			
Employee Costs	9	6,164,160	5,724,545
Goods and services	10	52,077,333	4,141,890
Remuneration of Directors	11	4,166,679	2,823,381
Repairs and Maintenance	13	5,792,173	4,391,662
Grants and Subsidies	14	150,000	450,000
General Expenses	15	-	69,453,096
Administration Costs	16	94,064,891	115,568,891
Total		164,040,730	202,553,465
Net cash flows from operating activities		8,384,764	(32,251,515)
Cash used in Operating Activities			
Decrease in Receivables			-
Decrease in Payables	23	1,114,669	(3,599,047)
Net Cash used in Operating Activities		9,499,433	(35,738,093)
Cash flows From Investing Activities			
Purchase of property, plant, equipment and intangible assets (prior year adjustment)*	22	861,000	(1,563,000)
Non-current receivables	24	(118,282,728)	(72,648,086)
Net cash flows used in investing activities		(117,324,728)	(74,211,086)
Cash flows from financing activities			
Grant for capital loan fund from GOK		185,700,000	225,000,000
Net Cash flows from financing activities		185,700,000	225,000,000
Net increase/(decrease) in cash and cash equivalents		77,777,705	115,050,821
Adjustment on cash and cash equivalents as at 1 st July, 2018	25		3,018,274
Cash and cash equivalents at 1st July, 2019		<u>2,881,305,13</u>	<u>2,763,236,040</u>
Cash and cash equivalents at 30th June, 2020		<u>2,959,082,841</u>	<u>2,881,805,135</u>

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL
AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

Item	Details	Budget	Actual	Variance	Absorption Rate	Explanation of material variances:
		Kshs.	Kshs.	Kshs.	%	
4110200	Transfer to Constituencies for Group Loans	420,614,000	200,250,000	220,364,000	48%	Late receipt of Exchequer
2110201	Basic Salaries - Temporary Employees	9,300,000	2,068,277	7,231,723	22%	Fewer interns reported
2110302	Honoraria	720,000	601,290	118,710	84%	One month salary not Paid
2110315	Extraneous Duty Allowance	5,520,000	4,095,883	1,424,117	74%	Some officers left to their respective state departments
2210101	Electricity	1,600,000	510,493	1,089,507	31%	Austerity measure
2210201	Telephone, Telex, Facsimile and Mobile Phone Services	1,440,000	897,511	542,489	62%	Covid-19 Measures
2210203	Courier and Postal Services	320,000	255,885	64,115	80%	Covid-19 Measures
2210301	Travel costs (airlines, bus, railway, Mileage Allowance etc)	7,000,000	536,475	6,463,525	8%	Covid-19 Measures
2210302	Accommodation - Domestic Travel	35,337,800	18,485,583	16,852,217	52%	Covid-19 Measures
2210303	Daily Subsistence Allowance	12,278,000	2,072,255	10,205,745	17%	Covid-19 Measures
2210304	Sundry Items	472,000	119,000	353,000	25%	Covid-19 Measures
2210401	Transport - Foreign Travel	2,000,000	-	2,000,000	0%	Covid-19 Measures
2210402	Accommodation - Foreign Travel	3,176,650	-	3,176,650	0%	Covid-19 Measures
2210404	Sundry items (e.g. airport tax, taxis etc)	500,000	-	500,000	0%	Covid-19 Measures
2210502	Publishing and Printing Services	447,500	276,080	171,420	62%	Austerity measures
2210503	Subscriptions to Newspaper Magazines and periodicals	540,000	236,472	303,528	44%	Austerity Measures
2210504	Advertising Awareness and Publicity Campaigns	12,754,000	5,527,536	7,226,464	43%	Austerity Measures
2210505	Trade Shows and Exhibitions	2,500,000	918,660	1,581,340	37%	Austerity Measures
2210603	Payment of Rents and Rates - Residential	12,000,000	8,904,269	3,095,731	74%	Late receipt of Payment documents
2210604	Hire of Transport	1,000,000	-	1,000,000	0%	Austerity Measures

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2210701	Travel Allowance	5,600,000	-	5,600,000	0%	Austerity Measures
2210702	Remuneration of Instructors and Contract Based Training Services	4,830,000	-	4,830,000	0%	Covid-19 Measures
2210703	Production and Printing of Training Materials	100,000	-	100,000	0%	Covid-19 Measures
2210704	Hire of Training Facilities and Equipment	14,420,000	4,171,592	10,248,408	29%	Covid-19 Measures
2210712	Training Allowances	1,200,000	-	1,200,000	0%	Covid-19 Measures
2210801	Catering Services (receptions), Accommodation, Gift, Food and Drinks	3,500,000	1,715,755	1,784,245	49%	Covid-19 Measures
2210802	Boards, Committee, Conference and Seminars Allowances	4,340,000	-	4,340,000	0%	Covid-19 Measures
2210809	Board Allowance	7,822,881	3,424,850	4,398,031	44%	Covid-19 Measures
2210910	Medical Insurance	825,000	140,539	684,461	17%	Covid-19 Measures
		80,000	-	80,000	0%	Covid-19 Measures
2211011	Purchase/Production of Photographic and Audio-Visual Materials	232,000	-	232,000	0%	Late receipt of Payment documents
2211016	Purchase of Uniforms and Clothing	350,000	-	350,000	0%	Late receipt of Payment documents
2211101	General office supplies (papers, pencils, forms, small office equipment etc)	976,210	736,955	239,255	75%	Late receipt of Payment documents
2211102	Supplies and Accessories for Computers and Printers	1,425,000	1,213,038	211,962	85%	Late receipt of Payment documents
2211201	Refined Fuels and Lubricants for Transport	8,800,000	2,792,099	6,007,901	32%	Austerity measures
2211301	Bank Services Commission and Charges	500,000	243,917	256,083	49%	Austerity measures
2211305	Contracted Guards and Cleaning Services	2,760,000	2,583,900	176,100	94%	Austerity measures
2211306	Membership Fees, Dues and Subscriptions to Professional	200,000	82,620	117,380	41%	Austerity measures

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	Bodies							
2211310	Contracted Professional services	12,000,000	-		12,000,000	0%	Austerity measures	
2220101	Maintenance Expenses - Motor Vehicles	8,000,000	4,919,241		3,080,759	61%	Austerity measures	
2220202	Maintenance of office Equipment	500,000			500,000	0%	Late receipt of Payment documents	
2220205	Maintenance of Building	1,000,000	655,450		344,550	66%	Late receipt of Payment documents	
2220210	Maintenance of Computer software and networks	1,800,000	314,480		1,485,520	17%	Late receipt of Payment documents	
3111001	Purchase of Office Equipment and Fittings	100,000	-		100,000	0%	Late receipt of Payment documents	
3111002	Purchase of Computers, Printers and other IT Materials	180,000	-		180,000	0%	Late receipt of Payment documents	
3111005	Purchase of Photocopiers	900,000	-		900,000	0%	Late receipt of Payment documents	
3111009	Purchase of other office Equipment	3,179,800	-		3,179,800	0%	Late receipt of Payment documents	
3111112	Purchase of Software	4,815,000	-		4,815,000	0%	Austerity measures	
2640503	Facilitation to CUFMCs	290,000,000	120,960,000		169,040,000	42%	Some Constituencies had not qualified for facilitation	
	TOTAL	909,955,841	389,657,343		520,298,498	43%	Covid-19 Measures	

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Uwezo Fund is established by and derives its authority and accountability from Public Finance Management (Uwezo Fund) Regulations, 2014. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to:

- (a) Expand access to finances in promotion of youth and women business and enterprises at the constituency level for economic growth towards the realization of the goals of vision 2030;
- (b) To generate gainful self-employment for the youth and women; and
- (c) To model an alternative framework in funding community driven development.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 15 and 18

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Fund.

The financial statements have been prepared in accordance with the Public Finance Management Act, 2012, the Public Finance Management (Uwezo Fund) Regulations, 2014 and the International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

Standard	Effective date	Applicable	Impact
IPSAS 40: Public Sector Combinations	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.	The process of merger of affirmative funds took longer than anticipated. It may be applicable later

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk Management strategy.

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IPSAS 42: Social Benefits	Applicable: 1st January 2022 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: (a) The nature of such social benefits provided by the entity;
Standard	Effective date and impact: (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.

iii. Early adoption of standards

The Fund did not have any early adoption of any new or amended standards in year 2020.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

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. Recurrent grants are recognized in the statement of comprehensive income. Development grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

b) Budget information

The original budget for financial year 2019/2020 was approved by the Board on 3rd October, 2019. There were no subsequent revisions or additional appropriations made to the approved budget.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are

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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.

c) Taxes

The Fund is tax exempt as provided for under income Tax Act CAP 470 section 10

d) 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.

e) Depreciation and impairment of property, plant and equipment

Depreciation on property, plant and equipment is recognized in the income statement on straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

Motor vehicles, including motor cycles	4 years
Computers and related equipment	3 years
Office equipment, furniture and fittings	8 years

A full year's depreciation charge is recognized both in the year of asset purchase and in the year of asset disposal.

f) 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.

g) 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

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the related revenue are recognized in the financial statements of the period in which the change occurs.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

h) Nature and purpose of reserves

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

i) Changes in accounting policies and estimates

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

j) 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 head of secretariat and senior managers.

k) 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 authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

l) Comparative figures

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

m) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2020.

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. The Fund derive amounts reported as outstanding loan fund and administrative costs from bank balances. In the event the cash book balances are obtained from the 290 constituencies and applied the amounts will change significantly.

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

6 (a) TRANSFERS FROM OTHER GOVERNMENTS

Description	2018-2020 KShs	2018-2019 KShs
Unconditional grants		
Operational grant	170,800,000	170,301,950
Total government grants and subsidies	170,800,000	170,301,950

6. (b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs.	Amount recognized in capital fund KShs.	Total grant income during the year KShs.	2018-2019 KShs.
Ministry of Public service, Youth and Gender, State Department of Gender	170,800,000	185,700,000	356,500,000	682,875,000
Total	170,800,000	185,700,000	356,500,000	682,875,000

The Fund did not receive the fourth quarter exchequer issues of Kshs. 75,000,000 and had a reduction on recurrent budget as a result of austerity measures of kshs.3,475,550.

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7. FINANCE INCOME			
Description		2019-2020	2018-2019
		KShs	KShs
Interest from fixed deposit account (SBM)		0	112,469
Total government grants		0	112,469

8. GIFTS AND SERVICES-IN-KIND

All officers attached to the Fund are deployed from various ministries and Government Agencies (MDAs) and are remunerated by their respective MDGAs. Subsequently the fund received Contribution in Kind totaling Kshs. 25,959,080

9. EMPLOYEE COSTS

	2019-2020	2018-2019
	KShs	KShs
Extraneous allowance to employees	4,095,883	4,274,935
Wages to temporary employees-interns	<u>2,068,277</u>	<u>1,449,610</u>
Employee costs	<u>6,164,160</u>	<u>5,724,545</u>
Permanent Employees-Management	24	32

10 USE OF GOODS AND SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Electricity	510,493	1,290,888
Security and cleaning services	2,583,900	2,728,802
Subscriptions	82,620	122,200
Transportation service and supplies	21,063,313	
Conferences and delegations-Hospitality	1,715,755	
Specialized materials and supplies	0	
Consumables-office and general supplies	1,949,993	
Fuel, oil and lubricants	2,792,099	
Printing and stationery	6,958,748	
Rental	8,851,507	
Postage, telecommunication services	1,153,396	
Training	4,171,592	
Others-Bank charges	<u>243,917</u>	
Total	<u>52,077,333</u>	<u>4,141,890</u>

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11 REMUNERATION OF DIRECTORS

Description	2019-2020 KShs	2018-2019 KShs
Chairman's Honoraria	601,290	-
Directors emoluments	2,275,000	1,520,000
Other allowances	1,110,700	940,720
Mileage and taxis	39,150	38,534
Insurance	140,539	324,127
Total director emoluments	<u>4,166,679</u>	<u>2,823,381</u>

12 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2019-2020 KShs	2018-2019 KShs
Property, plant and equipment	2,548,250	10,162,692
Intangible assets	-	-
Total depreciation and amortization	2,548,250	10,162,692

13 REPAIRS AND MAINTENANCE

Description	2019-2020 KShs	2018-2019 KShs
Vehicles	4,919,241	2,772,898
Furniture and fittings	70,100	498,900
Computers and accessories	488,352	589,744
Other	314,480	530,120
Total repairs and maintenance	<u>5,792,173</u>	<u>4,391,662</u>

14 GRANTS AND SUBSIDIES

Description	2019-2020 KShs	2018-2019 KShs
Community development-Beyond zero campaign	150,000	450,000
Total grants and subsidies	<u>150,000</u>	<u>450,000</u>

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15 GENERAL EXPENSES

Transportation service and supplies	29,928,589
Conferences and delegations-Hospitality supply	2,630,452
Specialized materials and supplies	268,200
Consumables-office and general supplies	1,477,176
Fuel, oil and lubricants	4,418,679
Printing and stationery	12,095,753
Rental	11,879,744
Postage, telecommunication services	1,950,471
Training	4,567,522
Others-Bank charges	236,510
Total general expenses	<u>69,453,096</u>

16 ADMINISTRATION COSTS

Balance B/F	58,753,806	35,002,696
Cash in Transit/Headquarters Bank Account	0	21,600,000
Transfers	120,960,000	156,600,000
Sub-total	179,713,806	213,202,696
Unutilized Funds-Constituencies' bank balances	85,648,915	58,753,806
Cash in Headquarters bank account	0	38,880,000
Sub-total	<u>85,648,915</u>	<u>97,633,806</u>
Total Cost Incurred	<u>94,064,891</u>	<u>115,568,891</u>

17 (a) CASH AND CASH EQUIVALENTS

Current & Fixed deposit accounts	2,957,158,737	2,879,106,203
Others- Staff imprest	1,924,104	2,237,932
Total cash and cash equivalents	<u>2,959,082,841</u>	<u>2,881,305,135</u>

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The Bulk of the Cash at bank is held at Central Bank of Kenya, Equity Bank, Co-operative Bank and Kenya Commercial Bank. The Make-up of bank balances are as follows: -

(b). DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

Financial Institution		2019-2020	2018-2019
Account Number		KShs	KShs
(i) Current account			
Central Bank of Kenya	1000203714	451,792,472	436,528,070
Central Bank of Kenya - Constituency loan fund in headquarters account*			
Cooperative Bank of Kenya	1141530598800	75,971,191	106,392,037
Cooperative bank of Kenya- Constituencies' administration fund in headquarters' account*			
Sub- total		527,763,663	542,920,107
African Banking Cooperation	Various	5,257,487	7,680,424
Chase Bank/SBM	Various	946,392	0
Consolidated Bank	Various	21,881,124	19,449,196
Co-operative Bank of Kenya	Various	626,768,156	599,361,830
Equity Bank	Various	932,768,024	937,052,636
Family Bank	Various	87,882,839	86,628,910
First Community Bank	Various	91,803,817	64,112,991
Kenya Commercial Bank	Various	653,571,580	613,309,932
National Bank of Kenya	Various	6,902,802	6,122,363
Sub- total		2,427,782,222	2,333,718,282
Grand - Total		2,955,545,885	2,876,638,389

(ii) Fixed deposits account

SBM	1,612,852	2,428,814
Sub- total	1,612,852	2,428,814
Grand total	2,957,158,737	2,879,067,203

18 WORK IN PROGRESS

Description	2019-2020	2018-2019
	KShs	KShs
ERP	19,522,765	19,522,765
Total	19,522,765	19,522,765

Enterprise resource planning (ERP) *Kshs. 19, 522,765 relates to 40% first instalment payment for software.

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19 LOAN TO GROUPS

Loan Capital Fund	6,299,400,004	5,854,400,004
Transfers to Loan Fund A/C	200,250,000	445,000,000
Sub-total	6,499,650,004	6,299,400,004
Bank Balance in CBK A/C	44,747,632	29,133,230
Bank Balance in Loan Repayment A/C	1,267,738,578	1,318,113,323
Bank Balance in Main A/C	1,076,007,578	959,279,966
Sub-total	<u>(2,388,493,791)</u>	<u>(2,306,526,520)</u>
	<u>4,111,156,213</u>	<u>3,992,873,484</u>



20 (a) PROPERTY, PLANT AND EQUIPMENT

Motor Vehicles	2,900,000	2,900,000
Office Equipment	2,881,533	4,086,995
Office Furniture and Fittings	2,577,143	3,919,930
Computers	145,333	1,006,334
Total	<u>8,504,009</u>	<u>11,913,259</u>

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20 (b) Schedule of Fixed Assets.

Description	Motor Vehicle	Office Furniture & Fittings	Computers & Related Equipment	Office Equipment	Total
COST	Kshs	Kshs	Kshs	Kshs	Kshs
End of Year-June 2018	58,587,800	10,742,301	10,675,888	9,528,016	89,534,006
Additions	-	-	1,437,000	126,000	1,563,000
End of Year-June 2019	58,587,800	10,742,301	12,112,888	9,654,016	91,097,006
Additions	-	-	97,000	-	97,000
Transfers/Adjustments	-	-	(1,437,000)	-	(1,437,000)
End of Year- June 2020	58,587,800	10,742,301	10,772,888	9,654,016	89,757,006
DEPRECIATION					
	AN				
DIMPAIMENT					
At June 30, 2018	48,696,557	5,479,583	10,483,355	4,361,559	69,021,053
Depreciation	6,991,243	1,342,788	623,200	1,205,462	10,162,692
At June 30, 2019	55,687,800	6,822,371	11,106,555	5,567,021	79,183,745
Depreciation	0	1,342,788	0	1,205,462	2,548,250
Transfers/Adjustments	-	-	(479,000)	-	(479,000)
At June 30, 2020	58,587,800	8,165,158	10,675,888	6,772,483	84,201,328
Net Book Values.					
At June 30, 2018	9,891,243	5,262,718	192,534	5,166,457	20,512,952
At June 30, 2019	2,900,000	3,919,930	1,006,333	4,086,995	11,913,259
At June 30, 2020	2,900,000	2,577,143	145,333	2,881,533	8,504,009

**No depreciation was provided for motor vehicles and computers as they have reached their salvage value but are still in use. Asset bought during the year was not depreciated because it was bought at end of year. The management is in the process of revaluing the assets so that they can be restated in the books of accounts with the revalued amounts*

21 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2019	2020	2018	2019
Current liabilities	KShs		KShs	
Opening Balance		4,171,786		7,770,833
Increase/(decrease)		<u>1,114,669</u>		<u>(3,599,047)</u>
Closing Balance		<u>5,286,455</u>		<u>4,171,786</u>

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22. CASHFLOWS ON PURCHASE OF COMPUTERS AND OTHER RELATED EQUIPMENT

Description	2019-2020 KShs	2018-2019 KShs
Purchase of I-pad	-97,000	
Computers (prior year Adjustment) *	<u>958,000</u>	<u>1,563,000</u>
Total	861,000	1,563,000

**This is an adjustment of an asset that had been recognized in the financial statements for the 2018/19 FY but payment had not gone through the bank process.*

23 INCREASE (DECREASE) IN PAYABLES

Description	2019-2020 KShs	2018-2019 KShs
Current Liabilities		
Opening Balance	4,171,786	7,770,833
Increase/(decrease)	<u>1,114,669</u>	<u>3,599,047</u>
Closing Balance	<u>5,286,455</u>	<u>4,171,786</u>

24. NON-CURRENT RECEIVABLES

Description	2019-2020 KShs	2018-2019 KShs
Outstanding Loans		
Opening Balance	3,992,873,484	3,920,225,399
Increase/(decrease)	<u>118,282,729</u>	<u>72,648,086</u>
Closing Balance	<u>4,111,156,213</u>	<u>3,992,873,484</u>

25. ADJUSTMENT ON CASH AND CASH EQUIVALENTS

Description	2019-2020 KShs	2018-2019 KShs
Cash & cash Equivalents	-	2,766,254,314
Opening Balance	-	2,763,236,040
Adjustment on Cash & cash Equivalents	-	3,018,274

26. FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks. The fund's overall risk management programme focuses on unpredictability of loan repayment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund has structures in place to ensure that credit is given only to vetted registered groups within the constituency.

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

i) Credit risk

The Fund has exposure to credit risk, which is the risk that the government as the single financier will be unable to transfer exchequer equivalent to total budgetary allocation in full when due. Management causes disbursements only after the exchequer has been received.

The carrying amount of financial assets recorded in the financial statements representing the Fund's maximum exposure to credit risk.

ii) Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Fund's directors, who have built an appropriate liquidity risk management framework for the Management of the Fund's short, medium and long-term funding and liquidity management requirements. The Fund manages liquidity risk through continuous monitoring of budgetary allocation and actual cash flows as exchequer releases and movement of loan balances.

iii) Operating risk

The board has put in place internal audit functions to assist in assessing the risks faced by the Fund on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls

27 RELATED PARTY BALANCES

Nature of related party relationships

Entities and other parties related to the entity 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.

Government of Kenya

The Government of Kenya is the principal shareholder of Uwezo Fund, holding 100% of the Fund's equity interest. Other related parties include:

- i) The National Government;
- ii) The Parent Ministry;
- iii) Constituency and County Member of Parliament
- iv) CUFMCs
- v) Key management;
- vi) Board of directors;

28 CAPITAL COMMITMENTS

Capital commitments	2019-2020 KShs	2018-2019 KShs
Loan Fund for disbursement to constituencies	44,747,632	29,133,230
Administration Fund for disbursement to constituencies	73,980,000	38,880,000
Total	118,727,632	68,013,230

This is loan fund and administrative fund commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. The loan and administrative commitments are authorized by the board but at the end of the year had not been transferred to the respective constituencies.

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 National Fund under the Ministry of Public Service and Gender which is the ultimate parent is the Government of Kenya.

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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2.	Unsupported Constituencies Administration Costs				
	The failure to release of Kshs.38,880,000 to the Constituencies for administration costs. There were no comprehensive expenditure returns in support of the amount of Kshs.115,568,891 reported as administration costs for the year.	All the Balances have been explained	Naumy Kemboi (AAG)	Not Resolved	N/A
3.	Telecommunication Services				
	Ten (10) staff Members were irregularly	The issue of airtime was explained.	Naumy Kemboi (AAG)		N/A

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	allocated and paid airtime totaling Kshs.193,500 above their threshold as provided for in Office of the President Circular number OP/CAB.15 of 5 March 2010			Not Resolved	
4.	Cleaning Services				
	The service provider was engaged and paid Kshs.1,605,982 without a binding and valid contract for the period.	The circumstances of the payment were explained.	Naomy Kemboi (AAG)		N/A
5	Cash and Cash Equivalents				
	Availability of bank reconciliation statements, bank balance confirmation certificates, board of survey reports and copies of cash books,	Payment Vouchers presented and verified	Naomy Kemboi (AAG)	Not Resolved	N/A
6	Loans to Groups				

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management Comments	Point Person to resolve the issue (Name and designation)	Status (Resolved / Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
	Availability of debtors' ledgers and records of the loans advance to groups	Debtors' ledgers availed for confirmation	Naumy Kemboi (AAG)	Not Resolved	N/A
7	Work-in-Progress				
	Recoverability and utilization of the part payment of Kshs.19,522,765 for acquisition of ERP is doubtful	Project is in progress	Naumy Kemboi (AAG)	Not Resolved	N/A
8	Unsupported balances				
	Unsupported balances of Trade and other payables, of Kshs.4,171,786	Support documents collated-partially	Naumy Kemboi (AAG)	Not Resolved	N/A
	Unsupported balances Non-current receivables, note 24 – Kshs.72,648,086	Support documents availed	Naumy Kemboi (AAG)	Not Resolved	
	Adjustments of Kshs 3,018,274 being outstanding imprest	Adjustments Explained	Naumy Kemboi (AAG)	Resolved	
9.	Fixed Asset Register				

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Variance of Ksh.10,320 between the Asset register and financial statements not been explained or reconciled.	The variance was explained		Resolved	N/A



Head of Secretariat
 Peter Lengapiani

Date.....11/1/2021.....



Chairman of the Board

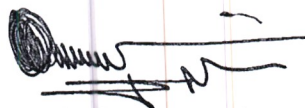
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APPENDIX II: INTER-ENTITY TRANSFERS

ENTITY NAME: UWEZO FUND				
Break down of Transfers from the State Department of Gender				
FY 19/20				
a.	Recurrent Grants			
	Ref. No	Bank Statement Date	Amount (Kshs)	Financial Year
	FT192873R87F	14/10/2019	42,700,000	2019/2020
	FT20048T1195	17/02/2020	42,700,000	2019/2020
	FT200486CG40	17/02/2020	42,700,000	2019/2020
	FT20154Q0TY3	04/06/2020	42,700,000	
	Total		170,800,000	
b.	Development Grants			
	FT20048D7W0G	17/02/2020	61,900,000	2019/2020
	FT20048PMB4M	17/02/2020	123,800,000	2019/2020
	Total		185,700,000	
	Grand Total		356,500,000	

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



Head of Secretariat

Peter Lengapiani

Date.....11/1/2021.....



Chairman of the Board

Pro. Losenge Turoop

Date.....11.01.2021.....

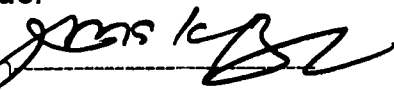
UWEZO FUND
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APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME: UWEZO FUND				
Break down of Transfers from the State Department of Gender				
FY 19/20				
a.	Recurrent Grants			
	Ref. No	Bank Statement Date	Amount (Kshs)	Financial Year
	FT192873R87F	14/10/2019	42,700,000	2019/2020
	FT20048T1195	17/02/2020	42,700,000	2019/2020
	FT200486CG40	17/02/2020	42,700,000	2019/2020
	FT20154Q0TY3	04/06/2020	42,700,000	2019/2020
	Total		170,800,000	
b.	Development Grants			
	FT20048D7W0G	17/02/2020	61,900,000	2019/2020
	FT20048PMB4M	17/02/2020	123,800,000	2019/2020
	Total		185,700,000	
	Grand Total		356,500,000	

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

Ministry Head of Finance & Accounts
Uwezo Fund
Gender

Sign 

Head of Accounting Unit
State Department of

Sign 