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REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
TAITA TAVETA COUNTY DATU
SAWAZISHA FUND**

**FOR THE YEAR ENDED
30 JUNE 2017**



TAITA TAVETA DATU SAWAZISHA FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017

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

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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

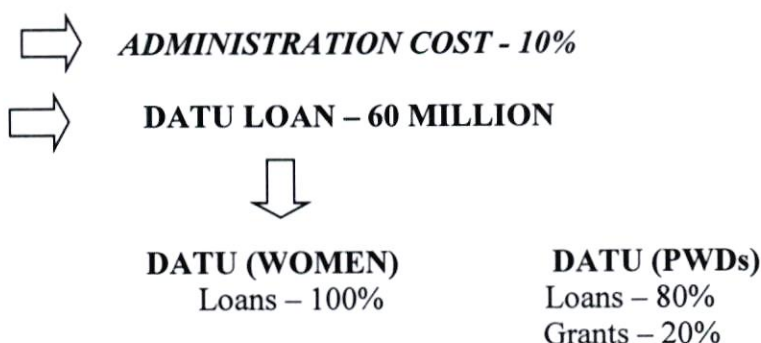
Datu Sawazisha Fund was launched in the year 2014 by the Taita Taveta County Government under the Taita Taveta County Datu Sawazisha Fund Act 2014.

DATU is an acronym that stands for “**DAWIDA TUWETA**”, meaning the people of Taita and Taveta.

The Datu Fund amount allocation as per the Datu Sawazisha Fund Act is 60 Million that mainly targets the vulnerable groups’ category namely the Youth, Women and Persons with Disability (PWDs) thus 20 Million each group category allocated respectively.

DISTRIBUTION OF THE FUND:

The division and usage of Datu fund is as follows;



OBJECTIVE:

The Fund strives to achieve the following;

- To improve and stimulate the economy and standards of living in the County.
- To provide credit facilities for Youth, Women and Persons with disabilities (PWDs) to enable them engage in profitable activities that enhance their economy and growth
- To promote and develop enterprises within the County

b) Key Management

The *DATU Sawazisha Fund* day-to-day management is under the following key organs:

	Position	Term
Mr. Dr. Boniface Mwandoto	- Board Chairman	November 2014- November 2017
Mr. Vitalis Kangero	- Board Member	November 2014- November 2017
Mr. Ramadhan Itambo	- Board Member	November 2014- November 2017
Mrs. Martha Kenio	- Board Member	November 2014- November 2017
Mr. Venant Mwabara	- Board Member	November 2014- November 2017
Mrs. Rosemary Mwazighe	- Board Member	November 2014- November 2017
Mr. Joel Shinga	- Board Member	November 2014- November 2017
Miss. Gladyness Maganga	- Board Member	November 2014- November 2017
Mrs. Juliah Mwale	- Board Member	November 2014- November 2017

c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Mr. Yassin Chalambo
2.	Board chairperson	Mr. Boniface Mwandotto
3.	Board Member	Mr. Ramadhan Itambo
4.	Board Member	Miss. Juliah Mwale
5.	Board Member	Mr. Vitalis Kangeroo
6.	Board Member	Mr. Venant Mwabara
7.	Board Member	Miss. Gladness Maganga
8.	Board Member	Mrs. Martha Kenio
9.	Board Member	Mr. Rosemary Mwazighe
10.	Board Member	Mr. Joel Shinga

d) Fiduciary Oversight Arrangements

Here, provide a high-level description of the key fiduciary oversight arrangements covering (say):

- *Audit and finance committee activities*
- *Parliamentary committee activities*
- *Development partner oversight activities*
- *Other oversight activities*

e) Entity Headquarters

P.O. Box 1066-10304
RED ELEPHANT BISTRO BUILDING
ALONG MSA-NAIROBI HIGHWAY
VOI, KENYA

f) Entity Contacts

Telephone: (254) 797014328
E-mail: datusawazishafund@yahoo.com
Website: www.go.ke

g) Entity Bankers

1. Cooperative Bank of Kenya
Voi, branch
Elganga Plaza
P.O. Box 770-80300
Voi, Kenya

2. Kenya Commercial Bank
Wundanyi Branch
P.O Box 1067-80304
Wundanyi, Kenya

h) Independent Auditors

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

i) Principal Legal Adviser

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

FORWARD BY THE BOARD CHAIRPERSON

The Taita Taveta Datu Sawazisha Fund came into existence after the enactment of Datu Sawazisha Fund Act 2014.

The object of the Fund is to

- (a) improve and stimulate the economy and standard of living in the County;
- (b) provide credit facilities for women, the youth and persons with disability to enable them engage in profitable activities that enhance their economic growth; and
- (c) promote and develop enterprises within the county

The Datu Sawazisha Fund is administered as follows:
The ward level through the ward Datu Committee;

Each ward of Taita Taveta County Government has elected Datu Ward committee to manage the allocation of funds to needy groups.

The committee at the ward level was elected under the supervision of the Sub County Administrator. The committee at the ward level receives and discusses all applications before awarding funds as they deem appropriate.

The Fund is managed by the Datu Sawazisha Fund Board, domiciled in the Executive Committee of Trade and Community Affairs.

The final distribution is by the board depending on the actual groups that have been approved by the committee.

Much has been achieved through this initiative though challenges persist as the Datu Fund allocation process is initiated, and awarding done at the Ward Committee level, with the payment process done at the Datu Board.

PERFORMANCE

Beneficiaries of the Fund include Youth, Women and Persons with Disability.

The ward committees are under pressure to award all applicants, but there is a need to put in place mechanisms that will enable to appraise and rank all the applicants and allocate only the most deserving cases.

The benefits of this Fund can only be effective where the group dynamics are taught to take beneficiaries. Deserving cases therefore need to be monitored with a view of helping them economically and sustainability in the projects undertaken by the groups.

RECOMMENDATIONS

TAITA TAVATE DATU SAWAZISHA FUND

Reports and Financial Statements

For the year ended June 30, 2017

For the financial year 2016/2017, the fund will not receive any funding from the County Government and the money to give out loans will originate from the repayments from the beneficiary groups since it's a revolving fund.

CONCLUSION

I take this opportunity to thank Hon. Flora Mtuweta (Executive Committee Member of Trade and Community Affairs and Pamela Dio (County Chief Officer of Trade and Community Affairs), for the assistance and guidance to the Board. I also thank the Board members and the secretariat for their continued support and services to the Datu Sawazisha Fund since its inception.

My advice is that all stake holders should remain focused to realize both the short term and long objectives of the Fund.



.....
DR. B.A.J MWANDOTTO.

DATU SAWAZISHA FUND BOARD CHAIRMAN.

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by The Taita Taveta County Gazette Supplementary No. 16, shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

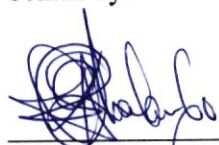
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Taita Taveta County Gazette Supplementary No. 16. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2017, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Fund's financial statements were approved on 19/07/19 2017 and signed on its behalf by:



Fund Administrator

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON TAITA TAVETA COUNTY DATU SAWAZISHA FUND FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Taita Taveta County Datu Sawazisha Fund set out on pages 10 to 37, which comprise the statement of financial position as at 30 June 2017, 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 of Taita Taveta County Datu Sawazisha Fund. 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. Change in Accounting Framework/Policy

The financial statements for the year ended 30 June 2017 availed for audit were prepared on accrual basis of International Public Sector Accounting Standards (IPSAS), being the initial adoption and application of IPSAS accrual accounting framework by Taita Taveta County Datu Sawazisha Fund. As a result of the change, the opening balances have been restated. However, no disclosure has been made in these financial statements to the effect that opening balances have been restated or details of adjustments provided for each line item affected. This is Contrary to Paragraph 27 of International Public Sector Accounting Standard (IPSAS) No.3 which states that 'when a change in accounting policy is applied retrospectively by accounting for a change in accounting policy resulting from initial application of an IPSAS, the entity shall adjust the opening balance of each affected component for the earliest period presented and the other comparative amounts disclosed for each prior period presented'.

Consequently, the financial statements do not comply with the accrual accounting framework and International Public Sector Accounting Standard No.3 on Accounting Policies, Changes in Accounting Estimates and Errors as prescribed by the Public Sector Accounting Standards Board.

Report of the Auditor-General on the Financial Statements of Taita Taveta County Datu Sawazisha Fund for the year ended 30 June 2017

2. Presentation of the Financial Statements

The financial statements for the year ended 30 June 2017 submitted for audit review had the following presentation anomalies:

- 2.1. Corporate Governance Statement, Management Discussion and Analysis, Report of the Board Members, Report of the Fund Administrator, Foreword Note by the County Executive Committee Member (CECM) for Finance and Planning are missing from these financial statements.
- 2.2. Management positions held, dates of appointment and dates when their terms end are not indicated.
- 2.3. The Board members' photos, qualifications, and experience as well as management team qualifications are not indicated.
- 2.4. The name 'Datu Sawazisha Fund' is misspelt in headers on cover page and pages 2 to 17 while the names "County Government of Taita Taveta Datu Sawazisha Fund" is used in the headers from page 18 to 37 instead of "Taita Taveta County Datu Sawazisha Fund" as per Part I Section 1 of the Taita Taveta County Datu Sawazisha Fund Board Act, 2014 which provides for the name of the Fund.
- 2.5. The name "County Public Fund" is used in the Statement of Management Responsibilities instead of "Taita Taveta County Datu Sawazisha Fund".
- 2.6. Progress on Follow up of Auditor Recommendations at page 37 of the financial statements is blank yet a qualified opinion was issued in the Report of the Auditor General for the year 2015/2016.
- 2.7. The comparative year is indicated as 2016/2017 instead of 2015/2016 in the statement of changes in net assets for the year ended 30 June 2017.
- 2.8. The year 2015/2016 comparative surplus of Kshs.16,035,360 is presented as a deficit or in brackets in the statement of financial performance for the year ended 30 June 2017.

Consequently, the financial statements for the year ended 30 June 2017 do not comply with the requirements of International Public Sector Accounting Standard No.1 on presentation of financial statements as prescribed by the Public Sector Accounting Standard Board.

3. Inaccuracies in the Financial Statements

The financial statements for the year ended 30 June 2017 availed for audit review contained the following inaccuracies:

- 3.1 The statement of financial position as at 30 June 2017 reflects comparative current portion of long term receivables nil balance yet the audited financial statements for the year 2015/2016 reflects a balance of Kshs.19,979,760, being outstanding loans from groups. The variance between the two figures have not been reconciled nor explained.
- 3.2 The statement of financial performance for the year ended 30 June 2017 reflects finance costs of Kshs.8,848 while the statement of cash flows reflects nil and no reconciliation or explanation has been provided for the variance.
- 3.3 The statement of financial performance for the year ended 30 June 2017 reflects a deficit of Kshs.13,572,938 while the re-casted figure is a surplus of Kshs.13,510,643.30, resulting to variance of Kshs.27,038,581.30 which has not been explained nor reconciled.

3.4 Variances in Opening Balances

Financial statements availed for audit review reflected variance between the financial statements and opening balances as per audited financial statements for the year 2015/2016 amounting to Kshs.89,855,806 as detailed below:

Descriptions	Note	Comparative Figures as Per 2016/17 Financial Statements (Kshs)	Audited Balances as per 2015/2016 Financial Statements (Kshs)	Variance (Kshs)
Statements of financial position				
Cash and cash equivalents	12	20,787,410	30,787,410	10,000,000
Accounts receivables- outstanding imprests	-	-	19,979,760	19,979,760
Accounts payables	-	-	19,979,760	19,979,760
Statements of cash flows				
Finance costs		-	11,501	11,501
Proceeds from principal repayments		-	17,947,789	17,947,789
loans disbursements paid out		-	21,936,996	21,936,996
Total		20,787,410	110,643,216	89,855,806

Consequently, the accuracy and completeness of these financial statements for the year ended 30 June 2017 could not be confirmed.

4. Cash and Cash Equivalents

The statement of financial position as at 30 June 2017 reflects cash and cash equivalents balance of Kshs.8,826,741.30 in respect of a bank balance in Kenya Commercial Bank Limited as disclosed in Note 12 to the financial statements. However, the support bank reconciliation statement, cash book and certificate of bank balance were not availed for audit review. Further, Note 12 to the financial statements reflects nil cash in hand balance as at 30 June 2017 whose support Board of Survey Certificate was not availed for audit review.

Consequently, the existence, accuracy and completeness of cash and cash equivalents balance of Kshs.8,826,741.30 as at 30 June 2017 could not be confirmed.

5. Other Income

The statement of financial performance for the year ended 30 June 2017 reflects other income of Kshs.22,873,121.30 in respect of loans repayments received during the year under review and comparative balance of Kshs.29,608,298 relating to year 2015/2016 as disclosed in Note 5 to the financial statements. However, the treatment of loans repayment as income is contrary to International Public Sector Accounting Standard (IPSAS) No.9 Section 11 which defines revenue sources as rendering of services, sale of goods and use by other of entity assets yielding interest royalties and dividends.

Further, the names of those who made the repayments and amounts repaid per person were not availed for audit review.

Consequently, the accuracy, validity and completeness of other income amount of Kshs.22,873,121.30 for the year ended 30 June 2017 could not be confirmed.

6. Unsupported Expenditure

The financial statements for the year ended 30 June 2017 contained expenditure amounting to Kshs.9,362,478 in respect of administration expenses and general expenses which were not supported with payment vouchers, and cash book as detailed below:

Expenditure	Note	Amount (Kshs)
Fund administrative expenses	6	1,966,784
General expenses	8	7,386,846
Finance costs	10	8,848
Total		9,362,478

This is contrary to Section 149(1) of the Public Finance Management Act, 2012 which requires the accounting officers to use resources in:- a) lawful and authorized; and (b) effective, efficient, economical and transparent manner.

Consequently, the propriety, accuracy, validity and completeness of expenditure amounting to Kshs.9,362,478 for the year ended 30 June 2017 could not confirmed.

7. Receivables from Exchange Transactions

The statement of financial position as at 30 June 2017 reflects nil balances for current portion of long term receivables from exchange transactions and long term receivables from exchange transactions. However, audited and certified financial statements for the year 2015/2016 show total loans disbursements of Kshs.21,936,996 whose evidence of full repayment by the beneficiaries has not be availed of audit verification.

Further, as previously reported, the loans of Kshs.21,936,996 were disbursed to groups without support cheque numbers and dates of disbursement, groups' registration certificates, lists of members, physical addresses of the groups and their development activities.

Consequently, the accuracy, validity and completeness of the nil balances for current portion of long term receivables from exchange transactions and long term receivables from exchange transactions as at 30 June 2017 could not be confirmed.

8. Loans Recoveries

The statement of cash flows for the year ended 30 June 2017 reflects receipts from other operating activities of Kshs.22,873,121 which represents loan recoveries as disclosed in Note 5 to the financial statements. However, a detailed schedule showing the names of beneficiaries, dates of repayments and amount repaid per beneficiary was not availed in support of the amount.

Consequently, the accuracy, validity and completeness of the loans recoveries figure of Kshs.22,73,121 for the year ended 30 June 2017 could not be confirmed.

9. Revolving Fund

The statement of changes in net assets for the year ended 30 June 2017 reflects nil revolving fund balance. However, the audited financial statements for the year ended 30 June 2016 reflect a fund balance of Kshs.25,349,555. Further, the audited financial statements for financial years 2014/2015 and 2015/2016 respectively reflected transfers from the County Treasury/exchequer releases of Kshs.58,742,005 and Kshs.23,000,000, all totalling Kshs.81,742,005 and which ought to have been treated as revolving funds.

Consequently, the accuracy and completeness of the nil revolving fund balance as at 30 June 2017 could not be confirmed.

10. Budgetary Control and Performance

During the year under review, Taita Taveta County Datu Sawazisha Fund had no approved budget. This is contrary to Section 42 (b) of the Public Finance Management

(County Government) regulations, 2015 which requires the accounting officer to ensure that public funds are applied only for purposes intended and appropriated by County Assembly. Further, this is contrary to Section 31(4) of the Taita Taveta County Datu Sawazisha Fund Board Act, 2014 which provides that 'except with the approval of the County Executive Committee Member in charge of Datu Sawazisha, no expenditure shall be incurred for the purposes of the Board except in accordance with the annual estimates'.

In absence of an approved expenditure budget, it has not possible to confirm the legality of expenditure incurred on the Fund's activities for the year ended 30 June 2017 and the Fund is in breach of the Law.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Late Submission of Financial Statements for Audit

Datu Sawazisha Fund financial statements for the year ended 30 June 2017 were submitted to the Auditor-General for audit on 8 February 2019, about sixteen (16) months after the statutory deadline of 30 September 2017, contrary to the provisions of section 47(1) of the Public Audit Act, 2015 and Section 116 of the Public Finance Management Act, 2012 which require management to submit the financial statements for audit within three months after the end of the financial year to which the accounts relate.

Consequently, the management is in breach of the Law.

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 and Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Basis for Conclusion

1. Lack of Risk Management Strategies

Datu Sawazisha Fund Management Board did not develop risk management strategies. Failure to develop a risk management strategy affects the effectiveness of the Board in managing a robust service delivery of the Fund. This is contrary to Section 158(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that 'the Accounting Officer shall ensure that (a) the county government entity develops risk management strategies, which include fraud prevention mechanism; and (b) the county government entity develops a system of risk management and internal control that builds robust service delivery'.

Consequently, the Fund management did not comply with the Law.

2. Non-Disclosure of Loan Interest

Part V Section 9 (c) of Taita Taveta County Datu Sawazisha Fund Board Act, 2014 provides that 'The fund shall consist of interest accrued from investment and loaning activities'. However, the rate of interest is neither indicated in the Act nor in the financial statements. In the absence of specific rate of interest on loans given, the same may be arbitrarily determined by the management, thus lacking objectivity and act as a disincentive to the intended beneficiaries.

3. Sustainability of Services

During the year under review, the Fund reported nil interest income from outstanding loans and nil exchequer receipts from the County Treasury against operating expenditure of Kshs.9,362,478. These expenses were therefore charged to revolving fund, a situation which is likely to deplete the same, thereby threatening its long term sustainability.

Responsibilities of Management and Those Charged with Governance

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

In preparing the financial statements, management is responsible for assessing Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the accruals basis of accounting unless the County Government either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Management is also responsible for the submission of Datu Sawazisha Fund's 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 Fund's 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.

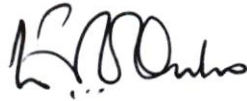
Those charged with governance are responsible for overseeing Fund's financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to 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 Taita Taveta County Datu Sawazisha Fund 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 Fund's 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 Datu Sawazisha Fund's 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 Conclusion on Lawfulness and Effectiveness in Use of Public Resources, and Internal Controls, Risk Management and Governance sections of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion.

I am independent of Taita Taveta County Datu Sawazisha Fund in accordance with ISSAI 30 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.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

16 May 2019

TAITA TAVATE DATU SAWAZISHA FUND
Reports and Financial Statements
For the year ended June 30, 2017

3. FINANCIAL STATEMENTS

3.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2017

	Note	FY 2016/2017 KShs	FY 2015/2016 KShs
Revenue from non-exchange transactions			
Public contributions and donations	1	-	-
Transfers from the County Government	2	-	-
Fines, penalties and other levies	3	-	-
Revenue from exchange transactions			
Interest income	4	-	-
Other income	5	22,873,121.30	29,608,298.00
Total revenue		22,873,121.30	29,608,298.00
Expenses			
Fund administration expenses	6	1,966,784.00	3,912,797.00
General expenses	8	7,386,846.00	9,648,640.00
Other Transfers	9	-	-
Finance costs	10	8,848.00	11,501.00
Total expenses		9,362,478.00	13,572,938.00
Other gains/losses			
Gain/loss on disposal of assets	11	-	-
Surplus/(deficit) for the period		(13,510,643.30)	(16,035,360.00)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 19/07/19 2017 and signed by:

Chief Officer
 Name: Leonard Langat

Fund Administrator
 Name: Chalumbo Salin

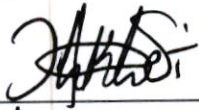
3.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	FY 2016/2017	FY 2015/2016
		KSh	KSh
Assets			
Current assets			
Cash and cash equivalents	12	8,826,741.30	20,787,409.60
Current portion of long term receivables from exchange transactions	13	-	-
Prepayments	14	-	-
Inventories	15	-	-
Non-current assets			
Property, plant and equipment	16	-	-
Intangible assets	17	-	-
Long term receivables from exchange transactions	13	-	-
Total assets		8,826,741.30	20,787,409.60
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	18	-	-
Provisions	19	-	-
Current portion of borrowings	20	-	-
Employee benefit obligations	21	-	-
Non-current liabilities			
Non-current employee benefit obligation	21	-	-
Long term portion of borrowings	20	-	-
Total liabilities		-	-

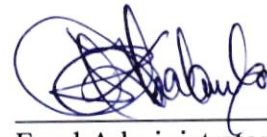
TAITA TAVATE DATU SAWAZISHA FUND
Reports and Financial Statements
For the year ended June 30, 2017

Net assets	<u>8,826,741.30</u>	<u>20,787,409.60</u>
Revolving Fund	-	-
Reserves	-	-
Accumulated surplus	<u>8,826,741.30</u>	<u>20,787,409.60</u>
Net Value of the Fund	<u>8,826,741.30</u>	<u>20,787,409.60</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 19/07/19 2017 and signed by:



Chief Officer
 Name: Leonard Langat



Fund Administrator
 Name: Othman Seli

TAITA TAVATA DATU SAWAZISHA FUND
Reports and Financial Statements
For the year ended June 30, 2017

3.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2017


	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
			KShs	KShs
Balance as at 1 July 2016		-	25,968,091.30	25,968,091.30
Surplus/(deficit) for the period	-	-	16,035,360.00	16,035,360.00
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2017			42,003,451.30	42,003,451.30
Balance as at 1 July 2016	-	-	42,003,451.30	42,003,451.30
Surplus/(deficit) for the period	-	-	13,510,643.30	13,510,643.30
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2017			55,514,094.60	55,514,094.60

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 19/06/17 2017 and signed by:



Chief Officer

Name: Leonard Lungat



Fund Administrator

Name: Chokumbo Selin

TAITA TAVATA DATU SAWAZISHA FUND
Reports and Financial Statements
For the year ended June 30, 2017

3.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

COUNTY GOVERNMENT OF TAITA TAVETA DATU SAWAZISHA
FUND
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Note	FY 2016/2017 KSh	FY 2015/2016 KSh
Cash flows from operating activities			
Receipts			
Public contributions and donations	1	0	0
Transfers from the County Government	2	0	0
Fines, penalties and other levies	3	0	0
Interest received	4	0	0
Receipts from other operating activities		22,873,121	29,608,298
Total Receipts		22,873,121	29,608,298
Payments			
Fund administration expenses	6	1,966,784	3,912,797
General expenses	8	7,386,846	9,648,640
Other Transfers	9	0	0
Finance cost	10		
		9,353,630	13,561,437
Total Payments		9,353,630	13,561,437
Net cash flows from operating activities		13,519,491	16,046,861
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		0	0
Proceeds from sale of property, plant and equipment		0	0
Proceeds from loan principal repayments		0	0
Loan disbursements paid out	13	0	0
Net cash flows used in investing activities		0	0
Cash flows from financing activities			
Proceeds from revolving fund receipts		0	0
Additional borrowings		0	0
Repayment of borrowings		0	0
Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash and cash equivalents		13,519,491	16,046,861
Cash and cash equivalents at 1 JULY	12	19,141,831	3,094,970
Cash and cash equivalents at 30 JUNE	12	32,661,322	19,141,831
Financial Position		8,826,741	20,787,410

TAITA TAVATE DATU SAWAZISHA FUND
Reports and Financial Statements
For the year ended June 30, 2017

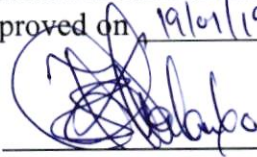
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 19/01/19 ~~2018~~ and signed by:



Chief Officer

Name:

Leonard Lungat



Fund Administrator

Name:

Reports and Financial Statements
For the year ended June 30, 2017


3.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2017

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2017	2017	2017	2017	2017	2017
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Public contributions and donations	-	-	-	-	-	0%
Transfers from County Govt.	-	-	-	-	-	0%
Interest income	-	-	-	-	-	0%
Other income	-	-	-	22,873,121.30	(22,873,121.30)	0%
Total income	-	-	-	22,873,121.30	(22,873,121.30)	#DIV/0!
Expenses						
Fund administration expenses	-	-	-	1,966,784.00	(1,966,784.00)	0.00%
General expenses	-	-	-	7,386,846.00	(7,386,846.00)	0.00%
Loans	-	-	-	8,848.00	(8,848.00)	0.00%
Total expenditure	-	-	-	9,362,478.00	- 9,362,478.00	0.00%
Surplus for the period	-	-	-	13,510,643.30	(13,510,643.30)	-


Reports and Financial Statements

For the year ended June 30, 2017

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on March 2017 and signed by:



Chief Officer
Name: Leonard Lanjet



Fund Administrator
Name: Chelimo Selin

3.6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

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

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

2. Adoption of new and revised standards

a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2018

Standard	Effective date and impact:
IPSAS 39: Employee Benefits	Applicable: 1st January 2018 The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2018

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

c) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2018.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

4. Budget information

The original budget for FY 2017/2018 was approved by the County Assembly 30th Jan 2016. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget..

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Property, plant and equipment

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

6. Intangible assets

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

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

7. Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

9. Provisions

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

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

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

Contingent liabilities

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent assets

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

10. 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Borrowing costs

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

12. Related parties

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

13. Cash and cash equivalents

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

14. Comparative figures

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

15. Events after the reporting period

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

16. Currency

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

COUNTY GOVERNMENT OF TAITA TAVETA DATU SAWAZISHA FUND
Reports and Financial Statements
For the year ended June 30, 2017

6.7 NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	FY2016/2017	FY2015/2016
	KSh	KSh
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

2. Transfers from County Government

Description	FY2016/2017	FY2015/2016
	KSh	KSh
Transfers from County Govt. – operations	-	-
Payments by County on behalf of the entity	-	-
Total	-	-

3. Fines, penalties and other levies

Description	FY2016/2017	FY2015/2016
	KSh	KSh
Late payment penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	FY2016/2017	FY2015/2016
	KSh	KSh
Interest income from loans (mortgage or Mortgage s	-	-
Total interest income	-	-

COUNTY GOVERNMENT OF TAITA TAVETA DATU SAWAZISHA FUND
Reports and Financial Statements
For the year ended June 30, 2017

5. Other income

Description	FY 2016/2017 KShs	FY 2015/2016 KShs
Loan recoveries	22,873,121.30	29,608,298.00
Income from sale of tender documents	-	-
Miscellaneous income		
Total other income	22,873,121.30	29,608,298.00

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

6. Fund administration expenses

Description	FY 2016/2017 KShs	FY 2015/2016 KShs
Staff costs (Note 7)	1,966,784.00	3,912,797.00
Loan processing costs	-	-
Professional services costs	-	-
Total	1,966,784.00	3,912,797.00

7. Staff costs

Description	FY 2016/2017 KShs	FY 2015/2016 KShs
Salaries and wages	751,884.00	868,997.00
Staff gratuity	-	-
Staff training expenses	1,214,900.00	3,043,800.00
Social security contribution	-	-
Other staff costs	-	-
Total	1,966,784.00	3,912,797.00

COUNTY GOVERNMENT OF TAITA TAVETA DATU SAWAZISHA FUND
Reports and Financial Statements
For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. General expenses

Description	PY 2016/2017	PY 2015/2016
	Kenya Sh.	Kenya Sh.
Consumables	4,893,346.00	7,981,640.00
Electricity and water expenses	-	-
Fuel and oil costs	-	-
Insurance costs	-	-
Postage	-	-
Printing and stationery	-	-
Rental costs	-	-
Security costs	-	-
Telecommunication	-	-
Hospitality	-	-
Depreciation and amortization costs	-	-
Other expenses-Bank charges	2,493,500.00	1,667,000.00
Total	7,386,846.00	9,648,640.00

COUNTY GOVERNMENT OF TAITA TAVETA DATU SAWAZISHA FUND
Reports and Financial Statements
For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Other Transfer

Description	FY 2016/2017	FY 2015/2016
	KShs	KShs
Transfers to Other Govt Units	-	-
Taita Taveta County Treasury Imprest	-	-
Taita Taveta County Education Fund	-	-
Taita Taveta County Car Loan	-	-
Total	-	-

10. Finance costs

Description	FY 2016/2017	FY 2015/2016
	KShs	KShs
Interest on Bank overdrafts	-	-
Interest on loans from banks	8,848.00	11,501.00
Total	8,848.00	11,501.00

11. Gain on disposal of assets

Description	FY 2016/2017	FY 2015/2016
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

12. Cash and cash equivalents

Description	FY 2016/2017	FY 2015/2016
	KShs	KShs
Fixed deposits account	-	-
On – call deposits	-	-
Current account	8,826,741.30	20,787,409.60
Total cash and cash equivalents	8,826,741.30	20,787,409.60

COUNTY GOVERNMENT OF TAITA TAVETA DATU SAWAZISHA FUND
Reports and Financial Statements
For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Financial Institution	Account Number	FY 2016/2017	FY 2015/2016
		KSh	KSh
a) Fixed deposits account			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
Sub- total		-	-
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
Sub- total		-	-
c) Current account			
Kenya Commercial bank			17,692,439.60
Bank B		8,826,741.30	3,094,970.00
Sub- total		8,826,741.30	20,787,409.60
d) Others(specify)			
Cash in transit		-	-
Cash in hand		-	-
M Pesa		-	-
Sub- total		-	-
Grand total		8,826,741.30	20,787,409.60

13. Receivables from exchange transactions

Description	FY 2016/2017	FY 2015/2016
	KSh	KSh
Current Receivables		
Interest receivable	-	-
Current loan repayments due	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total Current receivables	-	-
Non-Current receivables		
Long term loan repayments due	-	-
Total Non-current receivables	-	-

COUNTY GOVERNMENT OF TAITA TAVETA DATU SAWAZISHA FUND
Reports and Financial Statements
For the year ended June 30, 2017

Total receivables from exchange transactions	-	-
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COUNTY GOVERNMENT OF TAITA TAVETA DATU SAWAZISHA FUND
Reports and Financial Statements
For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Prepayments

Description	FY 2016/2017	FY 2015/2016
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	(-)	(-)
Total	-	-

15. Inventories

Description	FY 2016/2017	FY 2015/2016
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Total inventories at the lower of cost and net realizable value	-	-

COUNTY GOVERNMENT OF TAITA TAVETA DATU SAWAZISHA FUND
Reports and Financial Statements
For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
	KShs	KShs	KShs	KShs	KShs
At 1st July 2016	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	(-)	(-)	-	-	(-)
Transfers/adjustments	-	(-)	-	(-)	(-)
At 30th June 2017	-	-	-	-	-
At 1st July 2017	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	(-)	-	-	-	(-)
Transfer/adjustments	(-)	-	-	(-)	(-)
At 30th June 2018	-	-	-	-	-
Depreciation and impairment					
At 1 st July 2016	(-)	(-)	(-)	(-)	(-)
Depreciation	(-)	(-)	(-)	(-)	(-)
Impairment	(-)	-	-	-	(-)
At 30th June 2017	-	-	-	-	-
At 1st July 2017	-	-	-	-	-
Depreciation	(-)	(-)	(-)	-	(-)
Disposals	-	-	-	-	-
Impairment	(-)	(-)	-	-	(-)
Transfer/adjustment	-	(-)	(-)	-	-
At 30th June 2018	-	-	-	-	-
Net book values					
At 30 th June 2017	-	-	-	-	-
At 30 th June 2018	-	-	-	-	-

COUNTY GOVERNMENT OF TAITA TAVETA DATU SAWAZISHA FUND
Reports and Financial Statements
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Intangible assets-software

Description	FY 2016/2017	FY 2015/2016
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

18. Trade and other payables from exchange transactions

Description	FY 2016/2017	FY 2015/2016
	KShs	KShs
Trade payables	-	-
Refundable deposits	-	-
Accrued expenses	-	-
Other payables	-	-
Total trade and other payables	-	-

19. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	(-)	(-)	(-)	(-)
Change due to discount and time value for money	(-)	(-)	(-)	(-)
Transfers from non -current provisions	-	-	-	-
Total provisions	-	-	-	-

COUNTY GOVERNMENT OF TAITA TAVETA DATU SAWAZISHA FUND
Reports and Financial Statements
For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Borrowings

Description	FY 2016/2017	FY 2015/2016
	KShs	KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the period	(-)	(-)
Repayments of domestic borrowings during the period	(-)	(-)
Balance at end of the period	-	-

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

Description	FY 2016/2017	FY 2015/2016
	KShs	KShs
External Borrowings		
Dollar denominated loan from '- organisation'	-	-
Sterling Pound denominated loan from 'yyy organisation'	-	-
Euro denominated loan from zzz organisation'	-	-
Domestic Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
Total balance at end of the year	-	-

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

Description	FY 2016/2017	FY 2015/2016
	KShs	KShs
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
Total	-	-

(NB: the total of this statement should tie to note 18 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).

COUNTY GOVERNMENT OF TAITA TAVETA DATU SAWAZISHA FUND
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. Employee benefit obligations

	KShs	KShs	KShs	KShs
Current benefit obligation	-	-	-	-
Non-current benefit obligation	-	-	-	-
Total employee benefits obligation	-	-	-	-

22. Cash generated from operations

	FY 2017/2018	FY 2016/2017
	KShs	KShs
Surplus for the year before tax		
Adjusted for:		
Depreciation	-	-
Gains/ losses on disposal of assets	(-)	(-)
Interest income	(-)	(-)
Finance cost	-	-
Working Capital adjustments		
Increase in inventory	(-)	(-)
Increase in receivables	(-)	(-)
Increase in payables	-	-
Net cash flow from operating activities	-	-

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

23. Related party balances

a) Nature of related party relationships

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

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

COUNTY GOVERNMENT OF TAITA TAVETA DATU SAWAZISHA FUND
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b) Related party transactions

	FY 2016/2017	FY 2015/2016
	KShs	KShs
Transfers from related parties'	-	-
Transfers to related parties	-	-

c) Key management remuneration

	FY 2016/2017	FY 2015/2016
	KShs	KShs
Board of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

	FY 2016/2017	FY 2015/2016
	KShs	KShs
Due from parent Ministry	-	-
Due from County Government	-	-
Total	-	-

e) Due to related parties

	FY 2016/2017	FY 2015/2016
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Total	-	-

24. Contingent assets and contingent liabilities

Contingent liabilities	2016/2017	2015/2016
	KShs	KShs
Court case - against the Fund	-	-
Bank guarantees	-	-
Total	-	-

(Give details)

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4. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	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)

Guidance Notes:

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

PAYMENTS 2016-2017					
11.07.2016	CHALAMBO YASSIN	PAYMENT	105,000.00		
22.07.2016	CHALAMBO YASSIN	PAYMENT	386,000.00		
29.07.2016	BOARD ALLOWANCES	PAYMENT	1,423,500.00	board allowances/ward all	4,587,244.00
9.08.2016	CHALAMBO YASSIN	PAYMENT	465,000.00	m & E	3,858,250.00
11.08.2016	CHALAMBO YASSIN	PAYMENT	465,050.00	Trainings	3,023,830.00
01.10.2016	CHALAMBO YASSIN	PAYMENT	580,000.00	printing	257,400.00
22.12.2016	BOARD ALLOWANCES	PAYMENT	738,044.00	office supplies	204,300.00
06.01.2017	CHALAMBO YASSIN	PAYMENT	570,000.00		11,931,024.00
21.01.2017	BONIFACE MWANDOTO	PAYMENT	58,200.00		
23.01.2017	JULIAH NYACHE	PAYMENT	79,200.00		
23.01.2017	VITALI MUSA KANGEROO	PAYMENT	89,700.00		
23.01.2017	MARTHER KENIO	PAYMENT	82,200.00		
23.01.2017	RAMADHAN ITAMBO	PAYMENT	350,200.00		
24.01.2017	INHOUSE CHEQUE	PAYMENT	78,200.00		
25.01.2017	INHOUSE CHEQUE	PAYMENT	46,200.00		
25.01.2017	CHALAMBO YASSIN	PAYMENT	212,000.00		
30.01.2017	INHOUSE CHEQUE	PAYMENT	48,200.00		
10.02.2017	CHALAMBO YASSIN	PAYMENT	320,000.00		
04.02.2017	VENANT MWABARA	PAYMENT	48,200.00		
08.02.2017	CHALLA HOTEL LTD	PAYMENT	22,100.00		
08.02.2017	MARTHER KENIO	PAYMENT	21,000.00		
08.02.2017	VITALI MUSA KANGEROO	PAYMENT	24,500.00		
42980	CHQ NO.000044	PAYMENT	17,000.00		
42980	JUMWA MWANDOTT	PAYMENT	41,000.00		
42980	ITAMBO FT1703	PAYMENT	17,000.00		
42980	CHQ NO.000041	PAYMENT	17,000.00		
42980	MWALE FT	PAYMENT	17,000.00		
43010	YASSIN	PAYMENT	61,000.00		
14/2/2017	CHQ NO. 000049	PAYMENT	17,000.00		
30/3/2017	CHQ NO 000061	PAYMENT	21,000.00		
30/3/2017	CHQNO 000063	PAYMENT	21,000.00		
30/3/2017	ITAMBO FT1708	PAYMENT	47,000.00		
30/3/2017	MWALE FT	PAYMENT	34,000.00		
30/3/2017	KENIO F	PAYMENT	64,000.00		
30/3/2017	KANGERO FT	PAYMENT	40,500.00		
30/3/2016	YASSIN	PAYMENT	212,000.00		
30/3/2016	MWANDOTT	PAYMENT	55,000.00		
42739	MWABAR	PAYMENT	23,500.00		
42798	CHQ NO.000062	PAYMENT	21,000.00		
43043	CHQ NO.000067	PAYMENT	37,000.00		
43073	CHQ NO.000076	PAYMENT	23,000.00		
43073	KANGERO FT	PAYMENT	31,700.00		
43073	MWABAR	PAYMENT	19,500.00		
43073	MWANDOTT	PAYMENT	56,000.00		
43073	FT 1710	PAYMENT	32,000.00		
43073	MWALE FT	PAYMENT	47,000.00		
13/4/2017	CHQ NO.000078	PAYMENT	37,000.00		
13/4/2017	CHQ NO.000072	PAYMENT	23,000.00		
13/4/2017	YASSIN	PAYMENT	193,000.00		
13/4/2017	KENIO F	PAYMENT	74,200.00		
13/4/2017	AC-1166131580FT17	PAYMENT	550.00		
13/3/2017	AC-1166131580FT17	PAYMENT	550.00		
25/4/2017	YASSIN	PAYMENT	689,500.00		
28/4/2017	CHQ NO.000071	PAYMENT	35,000.00		
42860	YASSIN	PAYMENT	400,000.00		
15/5/2017	YASSIN	PAYMENT	250,000.00		
20/5/2017	YASSIN	PAYMENT	525,400.00		
43014	YASSIN	PAYMENT	535,400.00		
16/6/2017	AC -1166131580 FT1	PAYMENT	550.00		
16/6/2017	AC -1166131580 FT17	PAYMENT	550.00		
16/6/2017	YASSIN	PAYMENT	596,000.00		



20/6/2017	CHQ NO.000095	PAYMENT	129,000.00		
20/6/2016	CHQNO.000094	PAYMENT	103,000.00		
20/6/2017	MWANDOTT	PAYMENT	60,000.00		
20/6/2017	ITAMBO FT1717	PAYMENT	103,000.00		
20/6/2017	MWALE FT	PAYMENT	103,000.00		
20/6/2017	KANGERO FT	PAYMENT	159,500.00		
20/6/2017	KENIO F	PAYMENT	122,000.00		
27/6/2017	CHQ NO 000096	PAYMENT	119,000.00		
28/6/2017	VENANT	PAYMENT	486,000.00		
29/6/2017	CHQ.1166131580.0000002	PAYMENT	80.00		
29/6/2017	CHQ.1166131580.0000002	PAYMENT	250.00		
29/6/2017	CHQ.1166131580.000000	PAYMENT	800.00		
			11,931,024.00		

