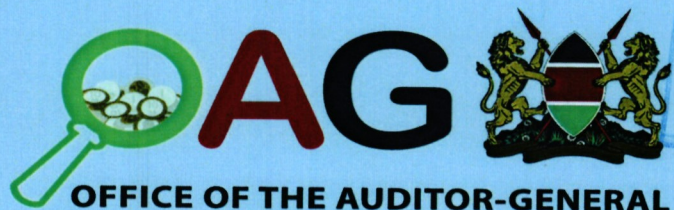


REPUBLIC OF KENYA



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REPORT

OF

THE AUDITOR-GENERAL

ON

UWEZO FUND

FOR THE YEAR ENDED
30 JUNE, 2021

THE NATIONAL ASSEMBLY	
DATE:	25 MAY 2022
TABLED BY:	MAJORITY WHIP Hon. Emmanuel Wangwe
CLERK-AT-THE-TABLE:	A. Kadihi



UWEZO FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2021

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

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For the Year Ended June 30, 2021

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1. 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 the Ministry of Public Service and Gender, who is responsible for the general policy and strategic direction of the 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 equitable social economic transformation of the youth, women and persons with disabilities. The mission is to provide accessible and affordable loans, capacity enhancement, market linkages to youth, women and persons with disabilities for sustainable enterprises.

(c) Key Management

Uwezo Fund's 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

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KEY UWEZO FUND INFORMATION AND MANAGEMENT (Continued)

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June, 2021 and who had direct fiduciary responsibility were:

- | | |
|--|--------------------------------------|
| 1. Principal Secretary | Prof.Collette. A. Suda,PhD,FKNAS,CBS |
| 2. Head of Secretariat | Peter L. Lengapiani |
| 3. Head of Finance and Accounts | CPA. John M. Makai |
| 4. Supply Chain Management | Justus Ireri |
| 5. Administration Coordination | Eunice M'mboga |
| 6. Programme Coordination | Danson Kamanda |
| 7. Human Resource Management and Development | Gad Etyang |
| 8. Corporate Affairs & 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 Resource Mobilization Committee
- e. Human Resource and Administration Committee
- f. Audit and Risk Management Committee

(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) 776 156 204
E-mail: info@uwezo.go.ke
Website: www.uwezo.go.ke

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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

i. Independent Auditors

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

j. Principal Legal Adviser

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

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2. THE BOARD OF DIRECTORS

Name/Responsibility	Passport Size Photo	Professional/Academic Qualifications	Tenure/independent or Alternate	Experience
Prof. Losenge Turoop- Chairman		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 Chairperson - FRM		D. O. B 1954 Full Secretarial Course Higher English Certificate	17/10/2019 to 17/10/2022 Independent Director.	Office Administration, Entrepreneur and experience in managing business exports and Imports.

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Name/Responsibility	Passport Size Photo	Professional/Academic Qualifications	Tenure/independent or Alternate	Experience
Nicholas Longole Tepeso Chairperson HRA		D. O. B 1971 Bachelor of Education (Arts),	17/10/2019 To 17/10/2022 <i>Independent Director</i>	Diploma in Management, Kenya Institute of Management
Florence Chemutai		Date of Birth 29/04/1969 MBA (Strategic Management)	17/10/2019 <i>Alternate to PS-State department of gender</i>	B Ed, Entrepreneurship Capacity Building, HRM, Certificate in Computer, Strategic Management Course, Strategic Leadership Course
Kasembeli W. Nasiuma		Date of Birth 1963 MBA - Moi University 2008	14/10/2015 <i>Alternate to PS – National Treasury</i>	25-year experience in Public Financial Management, currently serving as a Deputy Director of Budget at the national Treasury

UWEZO FUND**Annual reports and Financial Statements****For the Year Ended June 30, 2021**

Name/Responsibility	Passport Size Photo	Professional/Academic Qualifications	Tenure/independent or Alternate	Experience
CPA. Joyce Wanjiru Munyua Chairperson ARM		Date of Birth 1970 MSc On going BCOM and CPA(K) and Member of ICPAK	20/01/2017 to 19/01/2020 Independent Director	18 years of experience as Accountant; Public and Private sectors.
Peter L. Lengapiani		MA (Project Planning and Management)- University of Nairobi CPA K Member of ICPAK		15 years 'experience in administration and Management. Currently serving as the Head of Secretariat- Uwezo Fund

UWEZO FUND**Annual reports and Financial Statements****For the Year Ended June 30, 2021****3. 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
4.	Eunice Mmboga		Master in Business Admin (Strategic Management) BA Business Admin (Human Resource Management) HND (Human Resource) Diploma (Personnel Management)	Administration

UWEZO FUND**Annual reports and Financial Statements****For the Year Ended June 30, 2021**

	Name	Passport Size Photo	Professional/Academic Qualifications	Area of Responsibility
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
7.	Jane Chebet		BA (Mass Communication) Diploma Public Relations Management	Corporate Affairs and Communication

UWEZO FUND

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4. CHAIRMAN'S STATEMENT

As the Uwezo Fund is now in its seventh year of operation, I take pride in the achievements made towards realizing economic empowerment of groups that would otherwise not benefit from the mainstream banking spheres.

The Board has promoted the Governments' agenda of the "Big Four" by prioritizing funding of activities directly contributing to 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 2020/21 FY. I cannot emphasize 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 a 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 2020/21 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 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 have 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 2020/21.



PROF. LOSENGE TUROOP

CHAIRPERSON

UWEZO FUND

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For the Year Ended June 30, 2021

5. REPORT OF THE HEAD OF SECRETARIAT

It's a pleasure to present the Financial Report for the Uwezo Fund Oversight Board. This report highlights the milestones achieved by the Fund during the Financial Year 2020/2021.

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. 6,654,087,019 to the 290 constituencies as loan Fund since its inception. Out of this Fund, Kshs. 6.91 billion has been loaned to 74884 groups comprising 47,720 women groups, 25,264 youth groups and 1,900 PWD groups. This amount includes Kshs.1.229 billion which has been revolved in 134 constituencies. In the period under review the Fund lend a cumulative amount of Kshs. 664,478,500 to 6,452 groups (4,589 Women Groups, 1,671 Youth groups and 192 groups of PWD)

The Fund's current cumulative repayment stands at Kshs. 2.357 billion which translates to a 39% 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.243 million in the year under reporting, against the backdrop of challenges posed by COVID-19 pandemic.

In addition to funding the 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 training, 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 vis-a-vis the Funds allocated to Constituencies which has been affected by budget cuts. I believe that increased Funding would sufficiently address these challenges.

Low repayment rates recorded across some constituencies is also a key challenge affecting the Fund. This limits the funds available for re-lending to 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

UWEZO FUND

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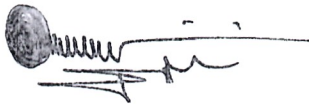
For the Year Ended June 30, 2021

structure of the Fund's management which domiciles its operations in the constituencies. This has convoluted the timeliness and accuracy of the reports from the constituencies. The Fund through the support of public service internship program has eased the staffing challenge at constituency level.

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 passion 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 2020/2021 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

UWEZO FUND

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6. STATEMENT OF UWEZO FUND PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021

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

Pillar 5: Monitoring and evaluation

Uwezo Fund develops its annual work plans based on the above pillars. The assessment of the Fund's performance against its annual work plan is done on a quarterly basis. The Fund achieved its performance targets set for the FY 2020/2021 period for its strategic pillars, as indicated in the diagram below

Strategic Pillar	Objective	Key Performance Indicators	Activity	Achievements
Fund Management and Resource Mobilization	To enhance financial base for loaning and technical development	No. of groups funded	Disbursement of loan funds to groups at the constituencies	6,452 groups of youth, women and PWDs issued with loans
	Effective and efficient operation of CUFMCs	No. of constituencies facilitated	Facilitation of CUFMCs	290 constituencies facilitated with Kshs. 120,406,400.
	Empowerment of group members on entrepreneurship and value addition	No. of groups trained	Training of the beneficiary groups	5,900 groups trained
	Effective implementation of the Fund	No. of CUFMCs Secretariat trained	Capacity building of the CUFMCs Secretariat in 100 constituencies	84 officers trained in 7 constituencies

UWEZO FUND**Annual reports and Financial Statements****For the Year Ended June 30, 2021**

Strategic Pillar	Objective	Key Performance Indicators	Activity	Achievements
Leadership and Governance	To promote good governance/policy direction for the Fund	No. of Board meetings held	Full Board Meetings	4 meetings held
	Compliance with the regulations of the fund and PFM for effectiveness	No. of Audits	Audits the operation of the Fund in the constituencies and headquarters	Audit in 138 constituencies and headquarters
Awareness creation	To increase awareness and visibility of the Fund	No. of trade fairs and exhibitions attended	Trade Fairs, Conferences and Exhibitions	2 trade fairs
	Itemized, Forward and Supplementary budgets	No. of Reports prepared	Preparation of annual reports on financial status	All financial reports prepared
	Provide opportunities for youth to acquire skills on the job	No. of interns engaged	Internship engagement	219 interns engaged
Strengthening Institutional Capacity and Infrastructure	Renewal of Microsoft Office	No. of licenses renewed	Enhanced Data Safety and Security	12 licenses acquire
	Involvement of a service provider creation of accounts for users on Uwezo System training of users	Bulk SMS to enhance loan recovery	Operationalize Bulk SMS services	Piloting done in 9 constituencies

UWEZO FUND**Annual reports and Financial Statements****For the Year Ended June 30, 2021**

Strategic Pillar	Objective	Key Performance Indicators	Activity	Achievements
	Effective operations	No. of goods and services procured	Procurement of office equipment and consumables	Kshs.28.7Million for the promotion of local content and Kshs 14.3M 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

7. 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 MOPSG 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.

The functions of the Board as outlined in section 6 of the Public Finance Management (Uwezo Fund) Regulations, 2014 include to provide overall management, design and oversight of the Fund, to develop relevant guidelines and review them as the need arises, to guide the operations and implementation of the Fund amongst others. The board continued to discharge these duties with utmost diligence.

Board Remuneration

The directors' emolument in the year were in the amounts of Kshs.5,365,224 comprising of Chairman's honoraria of Kshs. 880,000 and directors' allowances amounting to Kshs,4,485,224.

Board and Committee Membership

The Board currently comprises of six members, two of whom are Principal Secretaries or representatives from MOPSG and National Treasury and four 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 2021 Reports and Financial Statements.

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

out below:

	Director		Board Meetings		Committee Meetings				
			Board meetings attended	Special Board Meeting	Finance and Resource Mobilization	Human Resource & Administration	Programmes and Publicity	Audit and Risk Management	TOTAL
		BOARD/MEETINGS HELD	4	2	3	3	4	3	19
1	Prof.Losenge Turoop	Chairman	4	2	-	-	-	-	6
2	Lucy Magelo	Independent	4	2	3	3	4		16
3	CPA. Joyce Munyua	Independent	1	1	-	-	-	3	5
4	Nicholas Tepeso	Independent	4	2	-	3	4	-	13
5	Kasembeli W. Nasiuma	Representative PS – National Treasury	4	2	-	-	-	2	8
6	Florence chemtai	Representative PS- State department of gender	4	2	3	3	4	3	19
7	Peter Lengapiani	Head of secretariat (secretary to the board)	4	2	-	-	-	-	6

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.

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.

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Secretariat

The Fund is managed by the secretariats for the Board and for each of the constituencies. The Cabinet Secretary MOPSG has deployed 27 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 composed 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/implementation gaps 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.

Conflict of Interest

In adherence to accountability and transparency, the board members sign registers to declare conflict of interest for all matters tabled during meetings.

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8. MANAGEMENT DISCUSSION AND ANALYSIS

The printed estimate budgetary allocation for the Fund was Kshs.82,000,000 for Development and Kshs.145,000,000 for recurrent totaling Kshs.227,000,000. The Fund however, received exchequers of Kshs. 41,000,000 and Kshs. 108,750,000 for development and recurrent respectively totaling to Kshs. 149,750,000

Sustainability of the Fund

The budgetary allocation for the financial year 2020/2021 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

i. 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 the community by engaging casuals during pre- harvest as well as during harvesting period.



Figure 1: Young Kamagaga Youth Group at their plantation at Ahero Irrigation Scheme where they have leased 2 acres of rice farm in Muhoroni, Kisumu County. The group engages in rice farming and table banking. Uwezo Fund loans enabled the group to expand their rice plantation hence creation of employment to the members and other youths

UWEZO FUND

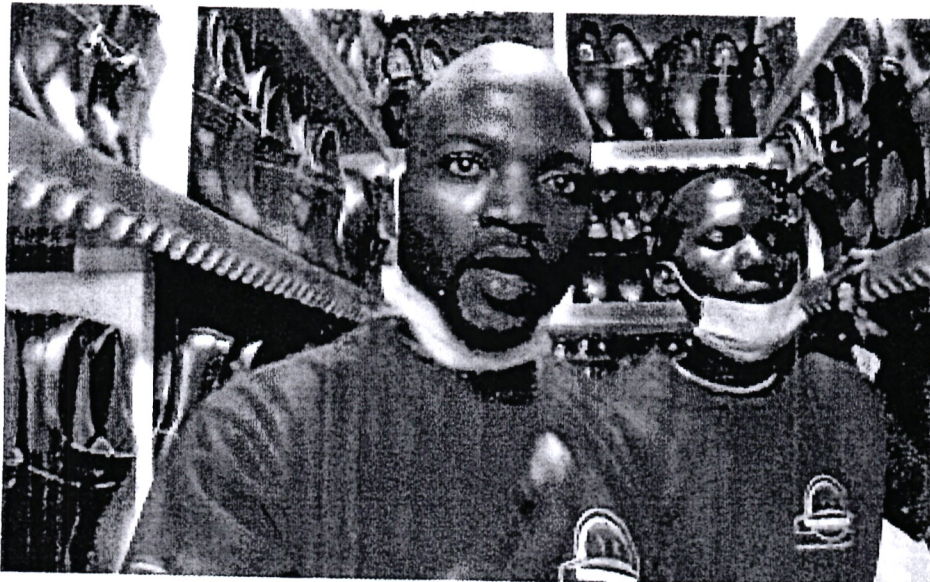
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Casual labourers for Young Kamagaga Youth Group during rice harvesting at their Ahero Irrigation Scheme farm.

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.



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Figure 2: Mathare Jirani Mwema Self-Help Group ,in Mathare Constituency operating their business operations in Kariokor market. The group engages in making leather shoes, belts, and table banking. Uwezo Fund has enabled the group to grow their business and they have started constructing rental houses.



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For the Year Ended June 30, 2021

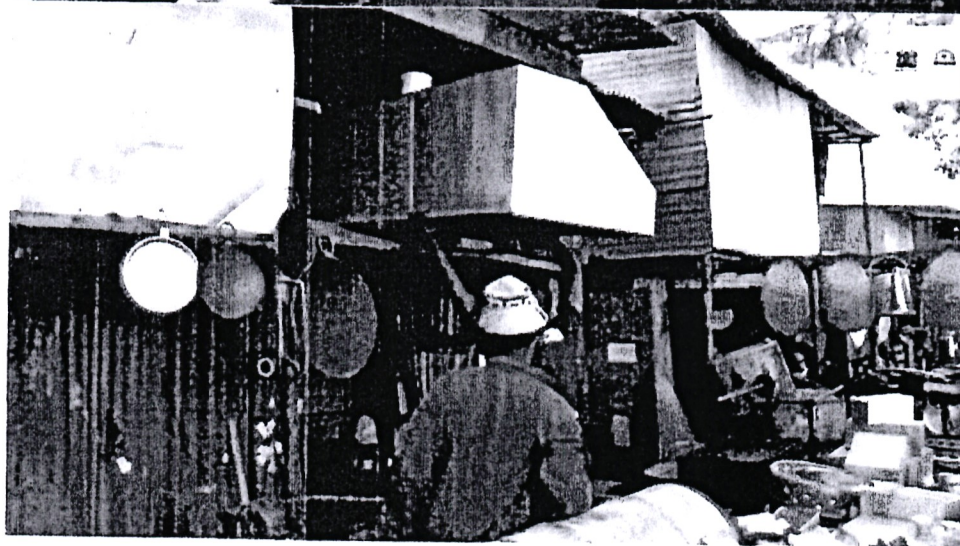
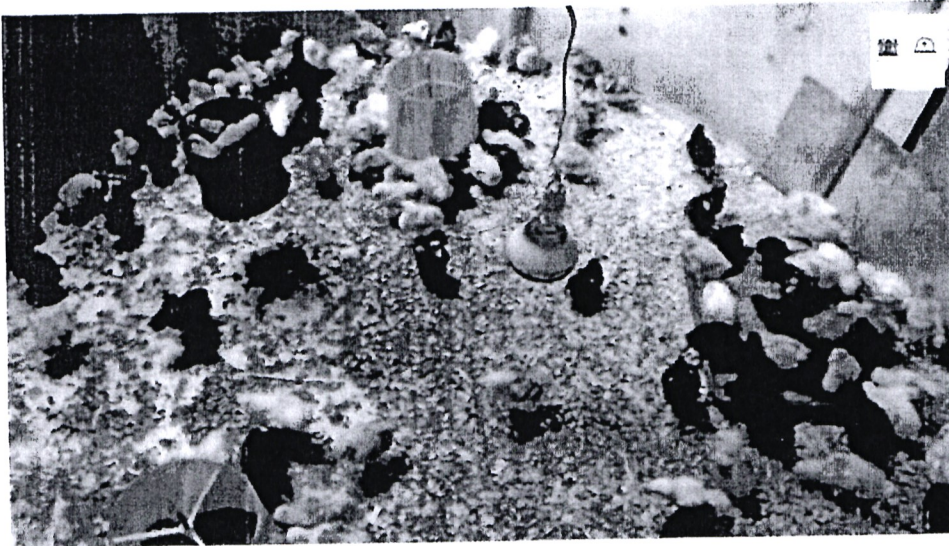


Fig 3: Juworkers is based in Thika Constituency and they engage in the manufacture of steel products, table banking and bee keeping.



Olkeri Youth Empowerment Group

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*Figure 4: Olkeri Youth Empowerment Group, based in Olkeri Ward in Kajiado North Constituency. The group specializes in chicken farming, selling chicken feeds, selling plastic wire-mesh for constructing poultry houses, and offering consultancy services for chicken farming. They market their products through various digital platforms and they have an active facebook page called **Kerry farm hatcheries- KF**.*

iii. 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.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Uwezo Fund exists to transform lives, this is the purpose for its existence, the driving force behind everything we do. It's what guides the Fund to deliver its strategy by putting the citizens first, affording credit to the most vulnerable people within the society and improving operational excellence.

i). Sustainability strategy and profile

Uwezo Fund Board of Directors is charged with overseeing the management and administration of the Fund to ensure the 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.

ii). Environmental performance

The Fund in collaboration with other stakeholders has engaged in its activities that are geared into conservation of environment. The Fund has partnered with Equity bank in planting of trees in various parts of the country.

iii). Employee welfare

The Fund has a staff establishment that is anchored in its strategic plan. In the year under review it has a staff establishment of 27 members of staff that have gender spread. The Fund in its effort to develop employee's welfare considers staff training as an essential aspect of employee development. The fund has continuous upgrading of its officer's core competencies, knowledge, skills and aptitudes inducing their ability to assimilate technology.

iv). Corporate Social Responsibility / Community Engagements

Uwezo Fund has its share of concern towards undertaking corporate social responsibility activities and other forms of community engagements. During the year under review, the Fund supported a programme by MOPSG on issuance of food and non-food items by donating branded lessos with Covid-19 messages and sanitary towels to women-led constituencies which reached over 5,000 members of the public. In addition, the Fund engaged in tree planting activities in some parts of the Country in collaboration with Equity Bank to plant 80,000 trees.

UWEZO FUND
Annual reports and Financial Statements
For the Year Ended June 30, 2021



Fig 6: The Board participated in tree planting exercise during cheque issuance in Mwingi Central Constituency that was presided over by the Board Chairperson, Prof. Losenge Turoop



Fig 7: The Board participated in tree planting exercise at Ol Kalou. Uwezo Fund Oversight Board Director Madam Joyce Munyua led this exercise.



Fig 7: The Uwezo Fund CEO supporting food and non-food donations to parliamentary women caucus for distribution to the most vulnerable families across the country to cushion them during the Covid-19 period.

UWEZO FUND

Annual reports and Financial Statements For the Year Ended June 30, 2021

10.REPORT OF THE DIRECTORS

The Directors submit this report together with the financial statements for the year ended June 30th, 2021 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 30th% government procurement preference. Uwezo Fund, therefore, is an avenue for incubating enterprises, catalyzing innovation, promoting industry, creating employment, and growing the economy.

Results

The results of the entity for the year ended June 30, 2021 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 (vii) and (ix) 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.

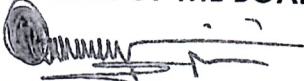
Dividends/ surplus remission

The entity posted a loss for the year ended June 30, 2021 because of reduction of the exchequer receipts.

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.....14/10/22.....

UWEZO FUND

Annual reports and Financial Statements

For the Year Ended June 30, 2021

11.STATEMENT OF DIRECTORS' RESPONSIBILITIES

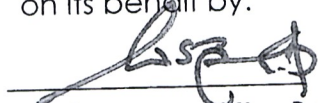
Section 81 of the Public Finance Management Act, 2012 and section 11 (e) of the Public Fund Management (Uwezo Fund) regulations, 2014 require the Directors to prepare financial statements in respect of Uwezo Fund, which give a true and fair view of the state of affairs of the Fund at the end of the financial year and the operating results of the Fund for the year 2020/2021. 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.

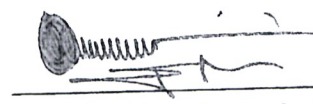
The Directors are responsible for the preparation and presentation of the Uwezo Fund financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30th, 2021. This responsibility includes: maintaining adequate financial 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 30th, 2021, and the Fund's financial position as at June 30th 2021. 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

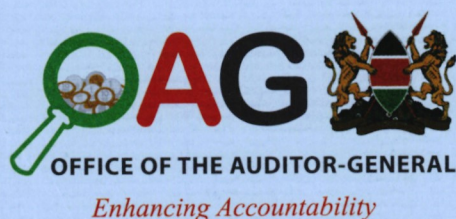
The Fund's financial statements were approved by the Board on 14.09 2021 and signed on its behalf by:


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, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Uwezo Fund set out on pages 1 to 29, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of cash flows, statement of changes

Report of the Auditor-General on Uwezo Fund for the year ended 30 June, 2021

in net assets and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Uwezo Fund as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported and Unreconciled Cash and Cash Equivalents

The statement of financial position reflects a balance of Kshs.2,308,751,932 under cash and cash equivalents. However, the schedule presented in support of the balance reflected an amount of Kshs.2,308,718,934 resulting in an unexplained variance of Kshs.32,998. Further, as disclosed in Note 15 to the financial statements, included in the balance is Kshs.1,997,846,287 held in eight commercial banks with each of the 290 Constituencies maintaining three (3) types of bank accounts namely; main, administration and loan accounts. However, supporting documents including bank reconciliation statements, certificate of bank balance confirmation, board of survey reports and copies of cash book extracts for the 291 bank accounts were not provided for audit review. Further, the reported bank balance was derived from the bank statement balances as at 30 June, 2021 instead of the cash book balances. This is a departure from the generally accepted accounting principles and practices.

In addition, the loan accounts schedules submitted in support of individual constituencies balances amounted to Kshs.1,128,137,461 which varied with the reported balance in the financial statements of Kshs.1,132,555,536, resulting to an unexplained and unreconciled variance of Kshs.4,418,074.

Consequently, the accuracy and completeness of the reported cash and cash equivalents balance of Kshs.2,308,751,932 could not be confirmed.

2. Unsupported Long-Term Receivables -Outstanding Loans

The statement of financial position reflects a balance of Kshs.4,640,480,509 in respect of long term receivables - outstanding loans to groups as 30 June, 2021. The balance has been derived by adjusting loan capital fund grants of Kshs.6,654,087,019 for amount of monies presumably held at the Central Bank of Kenya, loan repayments and main accounts of Kshs.48,702,119, Kshs.1,132,555,536 and Kshs.832,348,855, respectively. However, the presumed bank balances were not supported. Further, as previously

Report of the Auditor-General on Uwezo Fund for the year ended 30 June, 2021

reported, 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 were no comprehensive loan listings or aging analysis in support of the loans.

In the circumstances, the accuracy and completeness of the reported receivables-outstanding balance of Kshs.4,640,480,509 could not be confirmed.

3. Constituencies' Administration Costs

The statement of financial performance reflects constituencies' administration costs of Kshs.173,113,419. However, out of 290 constituencies, only 213 constituencies submitted their respective expenditure returns totaling to Kshs.130,468,263, leaving a balance of Kshs.42,645,156 in respect of 77 constituencies which was not supported by comprehensive expenditure returns. Further, examination of the submitted returns from Turkana Central Constituency revealed unsupported expenditure of Kshs.293,000 during the year. Cash sale receipts were also not supported with electronic tax receipts as required.

In the circumstances, the accuracy and completeness of the constituencies' administration costs of Kshs.173,113,419 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

Various prior year audit issues remained unresolved as at 30 June, 2021. Management has not provided reasons for the delay in resolving the prior year audit issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Report of the Auditor-General on Uwezo Fund for the year ended 30 June, 2021

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Internal Control Weaknesses in Fund Administration at the Constituency Level

As disclosed in Note 17 to the financial statements, the statement of financial position reflects a balance of Kshs.4,640,480,509 under long term receivables- outstanding loans. The balance relates to outstanding loans to various groups issued since inception of the Fund. However, a review of records maintained at sampled Constituency Uwezo Fund offices revealed the following internal control weaknesses:

- i. Failure to institute measures for effective follow up of beneficiaries of loans leading to high loan defaulters.
- ii. The Fund Management did not carry out reconciliations of loans records. As a result, repayments in bank statements were not reconciled to the loan registers leading to un-cleared suspense ledger balances in Kasipul-Kabondo and Khwisero Constituencies.
- iii. Several Constituencies did not update loan registers, bank reconciliation statements and loan repayments.
- iv. The records further revealed deficiency in documentation, authorization and approvals of loans to prevent irregular loans. Individual loan accounts and details of loans beneficiaries were not maintained in Muhoroni and Khwisero Constituencies. Further, some groups were given loans yet there was no evidence of approval and completed application forms.

- v. The Uwezo Fund operations in Bureti Constituency appear to have been dormant since 2016 and as a result, outstanding loans may not be recovered.

In view of the above, the effective management and recoverability of the loans may not be achieved. This raises doubt on the internal controls put in place to implement the activities of the Fund to achieve the intended purpose.

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) 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 the Fund's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations. Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

13 May, 2022

UWEZO FUND**Annual reports and Financial Statements****For the Year Ended June 30, 2021****13.STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE, 2021**

	Notes	2020-2021 Kshs	2019-2020 Kshs
Revenue from non-exchange transactions			
Government grants and subsidies	6	108,750,000	170,800,000
Finance income			
Transfer from other governments-gifts and services in kind	7	<u>27,791,445</u>	<u>25,959,080</u>
Total revenue		<u>136,541,445</u>	<u>196,759,080</u>
Expenses			
Transfer from other governments-gifts services-in-kind	7	27,791,445	25,959,080
Employee costs	8	5,107,948	6,164,160
Use of goods and services	9	73,700,233	51,877,333*
Remuneration of directors	10	5,365,224	4,406,679*
Depreciation and amortization expense	11	4,113,034	2,548,250
Repairs and maintenance	12	4,075,091	5,792,173
Grants and subsidies	13	-	150,000
Constituencies' Administration Costs	14	<u>173,113,419</u>	<u>94,064,891</u>
Total expenses		<u>293,266,394</u>	<u>190,922,566</u>
Net Surplus for the year		<u>(156,724,949)</u>	<u>5,836,514</u>

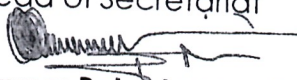
The notes set out on pages 9 to 24 form an integral part of these Financial Statements

UWEZO FUND**Annual reports and Financial Statements****For the Year Ended June 30, 2021****14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021**

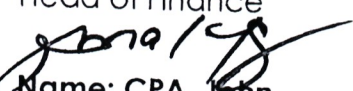
	Notes	2020-2021 Kshs	2019-2020 Kshs
Assets Current assets			
Cash and cash equivalents	15	2,308,751,932	2,959,082,841
Work-in-Progress	16	<u>19,522,765</u>	<u>19,522,765</u>
		2,328,274,697	2,978,605,606
Non-current assets			
Long term receivables – outstanding loans	17	4,640,480,509	4,111,156,213
Property, plant and equipment	18	10,587,129	8,504,009
Total assets		<u>4,651,067,638</u>	<u>4,119,660,222</u>
Liabilities Current liabilities			
Trade other exchange payables transactions	19	2,087,911	5,286,455
		2,087,911	5,286,455
Net assets		<u>6,977,254,424</u>	<u>7,092,979,373</u>
Accumulated surplus		226,154,420	382,879,369
Capital Fund		<u>6,751,100,004</u>	<u>6,710,100,004</u>
Total net assets and liabilities		<u>6,977,254,424</u>	<u>7,092,979,373</u>

The Financial Statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:

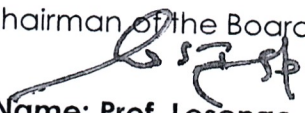
Head of Secretariat


Name: Peter Lengapiani
Date: 14/4/22

Head of Finance


Name: CPA. John Mwangangi
ICPAK Member
Number: 4223
Date: 14/4/2022

Chairman of the Board


Name: Prof. Losenge Turoop
Date: 14.4.22

UWEZO FUND**Annual reports and Financial Statements****For the Year Ended June 30, 2021****15.STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021**

	Retained Surplus	GOK Development grants - Loan Fund	Total
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
Total comprehensive deficit (Surplus)	(156,724,949)		(156,724,949)
Development grants received during the year		41,000,000	41,000,000
At June 30, 2021	226,154,420	6,751,100,004	6,977,254,424

**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.*

UWEZO FUND

Annual reports and Financial Statements

For the Year Ended June 30, 2021

16.STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

		2020-2021	2019-2020
		Kshs	Kshs
Cash flows from operating activities Receipts			
Government grants and subsidies	6	108,750,000	170,800,000
Finance income	7		
Total Receipts Payments		108,750,000	170,800,000
Employee Costs	8	5,107,948	6,164,160
Goods and services	9	73,700,233	51,837,333*
Remuneration of Directors	10	5,365,224	4,406,679*
Repairs and Maintenance	12	4,075,091	5,792,173
Grants and Subsidies		-	150,000
Administration Costs	14	173,113,419	94,064,891
Total		261,361,915	162,415,236
Net cash flows from operating activities		(152,611,915)	8,384,764
Cash used in Operating Activities			
Decrease in Receivables			
Decrease in Payables	19	(3,198,544)	1,114,669
Net Cash used in Operating Activities		(155,810,459)	9,499,433
Cash flows From Investing Activities			
Purchase of property, plant, equipment and intangible assets	20	(6,196,154)	861,000
Non-current receivables	21	(529,324,296)	(118,282,728)
Net cash flows used in investing activities		(535,520,450)	(117,421,728)
Cash flows from financing activities			
Grant for capital loan fund from GOK		41,000,000	185,700,000
Net Cash flows from financing activities		41,000,000	185,700,000
Net increase/(decrease) in cash and cash equivalents		(650,330,909)	77,777,705
Cash and cash equivalents at 1st July, 2020		<u>2,959,082,841</u>	<u>2,881,805,135</u>
Cash and cash equivalents at 30th June, 2021		<u>2,308,751,932</u>	<u>2,959,082,841</u>

UWEZO FUND

**Annual reports and Financial Statements
For the Year Ended June 30, 2021**

**17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL
AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021**

Item	Details	Budget	Actual	Variance	Absorption rate%	Explanation of material variances
	REVENUE					
	Government grants and subsidies	145,000,000	108,750,000	36,250,000	75	Austerity measure
	Total income	145,000,000	108,750,000	36,250,000		
				0		
	EXPENSES					
2110201	Basic Salaries - Temporary Employees	900,000	800,000	100,000	89%	Fewer interns reported
2110302	Honoraria	960,000	880,000	80,000	92%	One-month salary not Paid
2110315	Extraneous Duty Allowance	5,520,000	4,307,948	1,212,052	78%	Some officers left to their respective state departments
2210101	Electricity	1,600,000	1,113,796	486,204	70%	Austerity measure
2210201	Telephone, Telex, Facsimile and Mobile Phone Services	1,440,000	1,112,254	327,746	77%	Covid-19 Measures
2210203	Courier and Postal Services	320,000	217,404	102,596	68%	Covid-19 Measures
2210301	Travel costs (airlines, bus, railway, Mileage Allowance etc)	7,251,000	2,458,655	4,792,345	34%	Covid-19 Measures
2210302	Accommodation - Domestic Travel	21,544,800	18,628,157	2,916,643	86%	Covid-19 Measures
2210303	Daily Subsistence Allowance	13,500,000	8,018,195	5,481,805	59%	Covid-19 Measures
2210304	Sundry Items	472,000	5,000	467,000	1%	Covid-19 Measures
2210502	Publishing and Printing Services	200,000	52,823	147,177	26%	Austerity measures
2210503	Subscriptions to Newspaper Magazines and periodicals			0		Austerity Measures

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Item	Details	Budget	Actual	Variance	Absorption rate%	Explanation of material variances
2210504	Advertising Awareness and Publicity Campaigns	12,571,500	9,425,049	3,146,451	75%	Austerity Measures
2210505	Trade Shows and Exhibitions	1,500,000	234,320	1,265,680	16%	Austerity Measures
2210603	Payment of Rents and Rates - Residential	15,125,796	14,813,385	312,411	98%	Late receipt of Payment documents
	Hire of Transport			0		Austerity Measures
2210701	Travel Allowance		0	0		Austerity Measures
2210702	Remuneration of Instructors and Contract Based Training Services	4,830,000	735620	4,094,380	15%	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	11,418,462	4,923,980	6,494,482	43%	Covid-19 Measures
2210712	Training Allowances	1,134,000		1,134,000	0%	Covid-19 Measures
2210801	Catering Services (receptions), Accommodation, Gift, Food and Drinks	3,500,000	1,235,439	2,264,561	35%	Covid-19 Measures
2210802	Boards, Committee, Conference and Seminars Allowances	5,920,000		5,920,000	0%	Covid-19 Measures
2210809	Board Allowance	5,800,000	4,485,224	1,314,776	77%	Covid-19 Measures
2210910	Medical Insurance	825,000		825,000	0%	Covid-19 Measures
2211011	Purchase/Production of Photographic and Audio-Visual Materials	1,000,000	458280	541,720	46%	Late receipt of Payment documents
2211016	Purchase of Uniforms and Clothing	640,000	340000	300,000	53%	Late receipt of Payment documents

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Item	Details	Budget	Actual	Variance	Absorption rate%	Explanation of material variances
2211101	General office supplies (papers, pencils, forms, small office equipment etc)	1,150,000	613,667	536,333	53%	Late receipt of Payment documents
2211102	Supplies and Accessories for Computers and Printers	3,116,000	2,454,954	661,046	79%	Late receipt of Payment documents
2211103	Sanitary and Cleaning Materials, Supplies and Services	4,450,000	1,485,287.00	2,964,713	33%	
2211201	Refined Fuels and Lubricants for Transport	3,500,000	2,957,971	542,029	85%	Austerity measures
2211301	Bank Services Commission and Charges	500,000	260,060	239,940	52%	Austerity measures
2211305	Contracted Guards and Cleaning Services	2,760,000	2,024,408	735,592	73%	Austerity measures
2211306	Membership Fees, Dues and Subscriptions to Professional Bodies	200,000	131,529	68,471	66%	Austerity measures
2211310	Contracted Professional services	6,500,000	0	6,500,000	0%	Austerity measures
2220101	Maintenance Expenses - Motor Vehicles	5,000,000	2,607,500	2,392,500	52%	Austerity measures
2220202	Maintenance of office Equipment	0	0	0		Late receipt of Payment documents
2220205	Maintenance of Building			0		Late receipt of Payment documents
3110302	Refurbishment of Non-Residential Buildings	500,000	240,956.00	259,044	48%	
2220210	Maintenance of Computer software and networks	1,451,450	1,226,635	224,815	85%	Late receipt of Payment documents

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Item	Details	Budget	Actual	Variance	Absorption rate%	Explanation of material variances
3111001	Purchase of Office Equipment and Fittings	100,000		100,000	0%	Late receipt of Payment documents
2640503	CUFMCs costs	224,553,750	173,113,419	51,440,331	77%	Non qualification by Some Constituencies
	Total expenditure	371,853,758	261,361,916	110,491,842	70.3%	Covid-19 Measures
	Surplus		-152,611,916	152,611,916		
	Reconciliation		Amount (Kshs)			
	Surplus as per the Statement of Financial Performance		(156,724,949.48)			
	Suplus as per the statement of comparison of budgeted and actuals		(152,611,915.53)			
	Difference		(4,113,033.95)			
	Depreciation		4,113,033.95			

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18. 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 5.

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.

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2021

Standard	Effective date	Applicable	Impact
IPSAS 40: Public Sector Combination s	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 maybe applicable later.

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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 2021

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • 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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Standard	Effective date and impact:
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 2021.

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 realized 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 2020/2021 was approved by the Board on 14th September, 2020. 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 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

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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.

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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 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, 2021.

UWEZO FUND**Annual reports and Financial Statements****For the Year Ended June 30, 2021****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	2020-2021	2019-2020
Unconditional grants	KShs.	KShs.
Operational grant	108,750,000	170,800,000
Total government grants and subsidies	108,750,000	170,800,000

(b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount recognized in capital fund.	Total grant income during the year	2019-2020
	KShs.	KShs.	KShs.	KShs.
	Recurrent	Development		
Ministry of Public service, Youth and Gender, State Department of Gender	108,750,000	41,000,000	159,750,000	356,500,000
Total	108,750,000	41,000,000	159,750,000	356,500,000

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7. 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. 27,791,445

8. EMPLOYEE COSTS

	2020-2021 KShs.	2019-2020 KShs
Extraneous allowance to employees	4,307,948	4,095,883
Wages to temporary employees-interns	<u>800,000</u>	<u>2,068,277</u>
Employee costs	<u>5,107,948</u>	<u>6,164,160</u>
Permanent Employees- Management	27	24

9. USE OF GOODS AND SERVICES

Description	2020-2021 KShs.	2019-2020 KShs
Electricity	1,113,796	510,493
Security and cleaning services	2,024,408	2,583,900
Subscriptions	131,529	82,620
Transportation service and supplies	29,110,007	21,063,313
Conferences and delegations-Hospitality	1,235,439	1,715,755
Specialized materials and supplies	798,280	0
Consumables-office and general supplies	4,553,907	1,949,993
Fuel, oil and lubricants	2,957,971	2,792,099
Printing and stationery	9,712,192	6,958,748
Rental	14,813,385	8,851,507
Postage, telecommunication services	1,329,659	1,153,396
Training	5,659,600	3,931,592*
Others-Bank charges	<u>260,060</u>	<u>243,917</u>
Total	<u>73,700,233</u>	<u>51,837,333</u>

10. REMUNERATION OF DIRECTORS

Description	2020-2021 KShs	2019-2020 KShs
Chairman's Honoraria	880,000	601,290
Directors emoluments	4,485,224	2,275,000
Other allowances	0	1,350,700*
Mileage and taxis	0	39,150
Insurance	0	<u>140,539</u>
Total director emoluments	<u>5,365,224</u>	<u>4,406,679</u>

*Directors cost of training of Kshs. 240,000 that had been captured under training had been charged to directors' emoluments in F/Y 2019-2020.

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Description	2020-2021 KShs	2019-2020 KShs
Property, plant and equipment	4,113,034	2,548,250
Total depreciation and amortization	<u>4,113,034</u>	<u>2,548,250</u>

12. REPAIRS AND MAINTENANCE

Description	2020-2021 KShs	2019-2020 KShs
Vehicles	2,607,500.00	4,919,241
Furniture and fittings		70,100
Computers and accessories	1,226,635	488,352
Others	240,956	314,480
Total repairs and maintenance	<u>4,075,091</u>	<u>5,792,173</u>

13. GRANTS AND SUBSIDIES

Description	2020-2021 KShs	2019-2020 KShs
Community development- Beyond zero campaign	0	150,000
Total grants and subsidies	<u>0</u>	<u>150,000</u>

14. ADMINISTRATION COSTS

Description	2020-2021 KShs	2019-2020 KShs
Balance B/F	85,648,915	58,753,806
Cash in Transit/Headquarters Bank Account	0	0
Transfers	120,406,400	120,960,000
Sub-total	<u>206,055,315</u>	<u>179,713,806</u>
Unutilized Funds-Constituencies' bank balances	32,941,896	85,648,915
Cash in Headquarters bank account	0	0
Sub-total	<u>32,941,896</u>	<u>85,648,915</u>
Total Cost incurred	<u>173,113,419</u>	<u>94,064,891</u>

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15. (a) CASH AND CASH EQUIVALENTS

Description	2020-2021 KShs	2019-2020 KShs
Current & Fixed deposit accounts	2,307,193,753	2,957,158,737
Others- Staff imprest	<u>1,558,179</u>	<u>1,924,104</u>
Total cash and cash equivalents	<u>2,308,751,932</u>	<u>2,959,082,841</u>

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

Financial institution		2020-2021 KShs	2019-2020 KShs
CURRENT ACCOUNT			
Central Bank of Kenya	1000203714	289,992,407	451,792,472
Cooperative bank (Headquarters)	1141530596600	<u>19,355,060</u>	<u>75,971,191</u>
Sub-total		<u>309,347,467</u>	<u>527,763,663</u>
African Banking Cooperation	Various	5,432,352	5,257,487
Chase Bank/SBM	Various	0	946,392
Consolidated Bank	Various	16,356,842	21,881,124
Co-operative Bank	Various	536,843,621	626,768,156
Equity Bank	Various	747,883,796	932,768,024
Family Bank	Various	65,367,521	87,882,839
First Community Bank	Various	92,745,994	91,803,817
Kenya commercial bank	Various	525,676,408	653,571,580
National Bank of Kenya	Various	7,539,753	6,902,802
Sub-total		<u>1,997,846,287</u>	<u>2,427,782,221</u>
Grant - Total		2,307,193,753	2,955,545,884
(ii) Fixed deposits account			
SBM		0	1,612,852
Sub- total		<u>0</u>	<u>1,612,852</u>
Grand total		<u>2,307,193,753</u>	<u>2,957,158,737</u>

16. WORK IN PROGRESS

Description	2020-2021 KShs	2019-2020 KShs
ERP	<u>19,522,765</u>	<u>19,522,765</u>
Total	<u>19,522,765</u>	<u>19,522,765</u>

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

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Description	2020-2021 KShs	2019-2020 KShs
Loan Capital Fund	6,499,650,004	6,299,400,004
Transfers to Loan Fund A/C	<u>154,437,015</u>	200,250,000
Sub-total	6,654,087,019	6,499,650,004
Bank Balance in CBK A/C	48,702,119	44,747,632
Bank Balance in Loan Repayment A/C	1,132,555,536	1,267,738,578
Bank Balance in Main A/C	<u>832,348,855</u>	1,076,007,578
Sub-total	<u>2,013,606,510</u>	<u>2,388,493,791</u>
	<u>4,640,480,509</u>	<u>4,111,156,213</u>

18. PROPERTY, PLANT AND EQUIPMENT

	2020-2021 KShs	2019-2020 KShs
Motor Vehicles	2,900,000	2,900,000
Office Equipment	3,315,671	2,881,533
Office Furniture and Fittings	1,234,355	2,577,143
Computers	<u>3,137,102</u>	<u>145,333</u>
Total	<u>10,587,128</u>	<u>8,504,009</u>

Schedule of Fixed Assets.

Description	Motor vehicles	Office Furniture & Fittings	Computers & Related Equipment	Office Equipment	Total
COST	Kshs	Kshs	Kshs	Kshs	Kshs
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
Additions			4,536,154	1,660,000	6,196,154
End of Year- June 2020	58,587,800	10,742,301	15,309,042	11,314,016	95,953,160
DEPRECIATION AND IMPAIREMENT					
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

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Description	Motor vehicles	Office Furniture & Fittings	Computers & Related Equipment	Office Equipment	Total
COST	Kshs	Kshs	Kshs	Kshs	Kshs
At June 30, 2020	58,587,800	8,165,158	10,675,888	6,772,483	84,201,328
Depreciation		1,342,788	1,544,385	1,225,862	4,113,034
Transfers/Adjustments					
At June 30, 2021	58,587,800	9,507,946	12,220,273	7,998,345	88,314,362
Net Book Values.					
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
At June 30, 2021	2,900,000	1,234,355	3,137,102	3,315,671	10,587,129

**No depreciation was provided for motor vehicles and some computers as they have reached their salvage value but are still in use.*

19. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description Current Liabilities	Description Current Liabilities	2020-2021 KShs	2019-2020 KShs
Opening Balance		5,286,455	4,171,786
Increase/(decrease)		(3,198,544)	1,114,669
Closing Balance		<u>2,087,911</u>	<u>5,286,455</u>

20. CASHFLOWS ON PURCHASE OF COMPUTERS AND OTHER RELATED EQUIPMENT

Description	2020-2021 KShs	2019-2020 KShs
Computers & Related equipment	(6,196,154)	(97,000.00)
Computers (prior year Adjustment)	<u>0</u>	<u>958,000</u>
	<u>(6,196,154)</u>	<u>861,000</u>

21. NON-CURRENT RECEIVABLES

Description Outstanding Loans	2020-2021 KShs	2019-2020 KShs
Opening Balance	4,111,156,213	3,992,873,484
Increase/(decrease)	<u>529,324,296</u>	<u>118,282,729</u>
Closing Balance	<u>4,640,480,509</u>	<u>4,111,156,213</u>

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22. 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.

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

23. 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;

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Capital commitments	2020-2021	2019-2020
	KShs	KShs
Loan Fund for disbursement to constituencies	48,702,119	44,747,632
Administration Fund for disbursement to constituencies	126,432,650	73,980,000
Total	175,134,769	118,727,632

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.

25. EVENTS AFTER THE REPORTING PERIOD

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

26. 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.

UWEZO FUND**Annual reports and Financial Statements****For the Year Ended June 30, 2021****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)
1	Accuracy of the financial statements				
	1. The variance of Kshs. 198, 734, 777 between the total actual expenses (Ksh. 389,657,343) and statement of financial performance (Kshs. 190,922,566) has not been explained or reconciled 2. Statement of cash flow balances of Kshs. 1,114,669 and Kshs. 118,282,727 under trade and other payables and non-current receivables- No supporting documents by way of detailed ledgers were availed for audit verification	The variance has been correctly captured in the revised Financial statements This a movement of cash in the year, which requires no supporting documents	John Makai (DAG)	Not Resolved	Immediately
2	Irregular extraneous allowance and gift and services in kind				
	The statement of financial performance reflects employee costs of Kshs. 4,095,883 which includes extraneous allowance of Kshs. 141,071 paid to an officer as an extraneous allowance and no indication of continued service to the Fund	Payments made to the officer were regular and the officer rendered services to the Fund.	John Makai (DAG)	Not Resolved	Immediately
3	Unreconciled Remuneration of Directors				

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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)
	1.Statement of financial performance reflects Kshs. 4,166,679 as remuneration of directors, the reported balance excludes Kshs. 240,000 paid to Board Members while attending corporate governance training held between 21 st and 23 rd November, 2019. The amount has been wrongly charged to staff training expenses.	This has been adjusted in the current financial statements	John Makai (DAG)	Not Resolved	Immediately
5	Unsupported Constituencies' Administration Costs				
	The statement of financial performance reflects Constituencies' Administration of Kshs. 94,064,891 which was unsupported by way of comprehensive expenditure returns from the Constituencies.	As at the time when the financial statements were prepared, the expenditure returns from 290 constituencies had not been all received. The Fund has since collated the expenditure returns for 201 constituencies totaling to Kshs. 68,278,588.03	John Makai (DAG)	Not Resolved	Immediately
6	Unsupported and Unreconciled Cash and Cash Equivalents				
	1.Kshs. 2,959,082,841 under cash and cash equivalents, include the balance of Kshs. 2,427,782,222 held at nine commercial banks with each of the 290 Constituencies. Supporting documents for 343 Bank Account balances not availed (Bank reconciliation statements, certificate of bank balance confirmation, board of survey reports and copies of cash book extracts).	At the time of Audit, the Fund had not received provide supporting documents from all the constituencies. ii. The amount of Kshs. 13,372,033 appearing as direct credit in the	John Makai (DAG)	Not Resolved	Immediately

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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)
	2. The balance of Kshs. 13,372,033 indicated as direct in bank accounts for eleven constituencies not explained. 3. Unexplained/unreconciled variances of Kshs. 1,866,745 and Kshs. 253,890 in respect to loan and main bank account balances for constituencies.	bank accounts of the sampled constituencies has been explained. iii. The anomaly was noted and has since been rectified.			
6	Unsupported and Unaccounted for Loans to Groups				
	1. Statement of financial position reflects a balance of Kshs 4,111,156,213 being outstanding loans to groups as at 30th June, 2020, which is a derived figure from bank balances (CBK, constituencies' main and loan accounts). 2. There were no debtors' ledgers detailing loans issued and repayments made over the years. 3. No comprehensive loan listings or aging analysis in support of the outstanding loans.	The Fund has collated beneficiary groups' listing for 163 constituencies amounting to Kshs. 2,334,708,927.	John Makai (DAG)	Not Resolved	Immediately
7	Work-in-progress (WIP)				
	The supply, installation and commissioning of the application is yet to be made although part payment was made four years back. Recoverability and likely utilization of part payment of Kshs. 19,522,765 in respect of Enterprise Resource Planning (ERP) is doubtful	The payment was done in honor of the Fund's contractual obligation. Further, the contract was not called off but the Fund has been in consultations with relevant offices to jump start the project.	John Makai (DAG)	Not Resolved	Immediately

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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)
8	Property, Plant and Equipment (PPE)				
	<i>The reversal adjustments of Kshs.1,437,000 and their accounting treatment have not been supported.</i>	For fair presentation of the financial statements and for them to be consistent with the books of accounts the entry of Kshs. 1,437,000 was expunged from the schedule of fixed assets and disclosure of the reversal is indicated as a footnote in the financial statements.	John Makai (DAG)	Not Resolved	Immediately
9.	Non-Compliance with the Law				
	<i>The Fund did not have a Public Finance Management Standing Committee, contrary to the provision of Sections 18(1) of the Public Finance Management (National Government) Regulations, 2015</i>	The management has a Finance Administration Committee that undertakes the functions of the Public Finance Management Standing Committee.	John Makai (DAG)	Not Resolved	Immediately
10.	Irregular Procurements				
10.1.1	<u>Supply and Delivery of Toners</u> <i>Purchase orders numbers 2944635, 2944636 and 2944637 were issued on 16th December 2019, ahead of the professional opinion approval on 23rd December, 2019</i>	The Local Purchase Orders were raised on 16 th December 2019 and were approved by the Head of Secretariat on 13/01/2020; no procurement approval was made retrospectively to any date earlier than the date on which it is made.	John Makai (DAG)	Resolved	Immediately
10.1.2	<u>Supply and Delivery of Publicity Materials</u>	order no. 2944627 was raised on 16 th	John Makai (DAG)	Not Resolved	Immediately

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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)
	1. The requisition by the user department of 4th December, 2019 was later than the request for quotation date. 2. Purchase order number 2944627 was issued on 16 December, 2019 ahead of the professional opinion approval of 23 December, 2019.	December 2019 but was approved by the Head of Secretariat on 13/01/2020. In the circumstances, no procurement approval was done retrospectively to a date earlier than the date on which it was made.			
10.2.1	<u>Motor Vehicle Repairs</u> 1. The acknowledgement of receipt of the quotations by the Fund was dated 21st February, 2020, which was earlier than the date of bidders' submission (inconsistency not explained).	The issue date for quotation was 21st February, 2020 and the final submission date was not later than 28th February, 2020.	John Makai (DAG)	Resolved	Immediately
	2. Documents to support expenditure cost of Kshs.1,156,305 paid to service providers for repairs and servicing of motor vehicles were not made available for review to confirm if the due procurement process was adhered to.	The Fund used the list of approved garages by the Ministry of Transport and Infrastructure which has a contractual agreement with the dealers on behalf of all MDAs and the garages have been pre-qualified to service all government vehicles.	John Makai (DAG)	Not Resolved	Immediately
10.2.2	<u>Repair of printers and ICT Equipment</u> Tax Compliance Certificates for the winning bidders had expired and were therefore ineligible to bid for the works	The evaluation committee ascertained the validity of the Tax Compliance Certificate, which was valid up to 20.01.2020	John Makai (DAG)	Resolved	Immediately
10.2.3	<u>Procurement of motor Vehicle Tyres</u>	The procurement of tyres was done	John Makai (DAG)	Resolved	Immediately

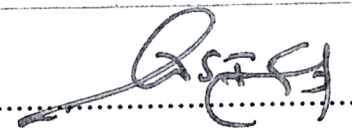
UWEZO FUND

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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)
	<i>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.</i>	using prices that were quoted by the suppliers that were prevailing at the time. The process of procurement was competitive and prices quoted were not in any way inflated			
11.	Transportation Service and Supplies				
	<i>Expenditure of Kshs. 21,063,313 in respect to transportation services include payments of Kshs. 1,882,060 by way of daily subsistence allowance 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 therefore no justification for the decision to undertake routine tasks outside the office.</i>	The above payments were done to officers who were involved in preparation of the strategic plan for the Fund which required involvement of external experts to provide their technical expertise to develop a standard policy document for both internal and external use.	John Makai (DAG)	Not Resolved	Immediately


Head of Secretariat
Peter Lengapiani

Date.....14/4/22.....


Chairman of the Board
Prof. Losenge Turoop

Date.....14.4.22.....

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 2020/2021			
a.	Recurrent Grants		
Ref. No	Bank Statement Date	Amount (Kshs)	Financial Year
FT202965MJR5	22-Oct-20	36,250,000.00	2020/2021
FT21013KX6Y5	13-Jan-21	36,250,000.00	2020/2021
FT2103508R4M	4-Feb-21	36,250,000.00	2020/2021
Sub-Total		108,750,000	
b.			
FT21018FHXR7	18-Jan-21	41,000,000.00	2020/2021
Sub-Total		41,000,000.00	
Grand Total		149,750,000	

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

Head of Finance & Accounts
Uwezo Fund

Sign

Head of Accounting Unit

State Department for Gender

Sign