

REPUBLIC OF KENYA



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# REPORT

OF

**THE AUDITOR-GENERAL**

ON

PAPERS LAID	
DATE	22/2/22
TABLED BY	DEP. MAJORITY
COMMITTEE	WHIP
CLERK AT THE TABLE	M. ADIBDOL

**BARINGO COUNTY LAKE BOGORIA  
COMMUNITY GRANT**

**FOR THE YEAR ENDED  
30 JUNE, 2018**

**LAKE BOGORIA COMMUNITY GRANT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

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**BARINGO COUNTY GOVERNMENT**

**LAKE BOGORIA COMMUNITY GRANT**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**  
**JUNE 30, 2018**

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

**LAKE BOGORIA COMMUNITY GRANT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

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**1. KEY ENTITY () INFORMATION AND MANAGEMENT**

**a) Background information**

The reserve was a community grazing area before 1970s when it was made a wildlife conservation area. Livestock grazing has, however, continued within the reserve, resulting in competition for pastures, diseases transmission, poaching and other forms of human-wildlife conflict. Grazing is especially severe during the dry season as the reserve is regarded by the community as a “grass bank.”

LBNR adjacent communities bear many of the direct and indirect costs of wildlife conservation, both through human-wildlife conflicts and the loss of access to land and natural resources at the reserve which they see as their own land. As such and in line with the Cabinet Memo (County Government of Baringo on Guidelines for Lake Bogoria Community grant) that directs that 10% of revenue from LBNR in every financial year is allocated to community development projects, activities under this programme will aim to mitigate the costs of wildlife conservation incurred by the reserve-adjacent communities, and increase the direct benefits communities receive from the LBNR.

**b) Principal Activities**

The principal activity/mission/ mandate of the grant is to

**1. Communities and other stakeholders are awareness of the LBNR's values and importance**

According to Baringo CIDP, section 4.1.2.3 on Natural Environment, County Government of Baringo will create environmental awareness through public education and sensitisation. In line with this action, activities under this programme will improve the scope, content and structure of LBNR conservation education programme, and focus partnership activities in community areas where support for conservation is poor, or where there are critical conservation issues that need to be addressed.

**2. Build community and stakeholder capacity on resource management**

Effective and sustainable management of the LBNR resource is dependent on the ability of the indigenous and local community and relevant stakeholders' understanding of the importance of LBNR and their obligations in resource

## **LAKE BOGORIA COMMUNITY GRANT**

### **Reports and Financial Statements**

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management. However, capacity building is required for all interested and affected by LBNR resources on the expected roles and obligations to ensure sustainable management of the resource. While implementing this action, special emphasis will be made to address capacity needs and priorities of women as required in Article 22 of the Nagoya Protocol. Capacity building will also aim at empowering the indigenous people and relevant stakeholders on access and benefit sharing, fairness and equity in negotiating mutually agreed terms.

### **3. Strengthen of benefit sharing mechanisms**

County Government of Baringo has established LBNR grant committee for the sole purpose of sharing revenue accruing from tourism activities in LBNR as well other revenue accruing from Gene trade e.g. Novozyme case. Currently, the 10% grant has focussed on revenue from tourism whereas there other benefits that can be derived from resources in the area. Hence, under this action the scope and mandate of the grant committee will be expanded to include rights and responsibilities over other identified benefits.

In this regards there is need to review the guidelines and functions of the grant committee in line with relevant laws and policies. Towards this, County Government of Baringo in liaison with KWS will review the current grant policy to ensure that it conforms to relevant laws such as The Constitution of Kenya, Act of parliament/Assembly, Wildlife management act 2013, EMCA, finance bills both National treasure and County etc.

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

Ref	Name	Position
1	John Kisang-Chairperson	Chief Officer Finance
2	Richard Rutto-Member	Chief Officer Tourism and Wildlife
3	Chairperson Kimeli Moses	Lake Bogoria community grants

#### **d) Key Management**

Ref	Name	Position
1	John Kisang-Chairperson	Chief Officer Finance
2	Richard Rutto-Fund administrator	Chief Officer Tourism and wildlife
3	William Kimosop-Member	County Chief Warden
4	Evans Kipturgo- Member	County Director Tourism and wildlife
5	Grant Committee	Lake Bogoria community grants
6	James Kimaru- Site Warden	Game Warden Lake Bogoria N. Reserve
7		

**LAKE BOGORIA COMMUNITY GRANT****Reports and Financial Statements****For the year ended June 30, 2018**

No	Name	ID	Tel
1.	Reserve Warden. (James Kimaru)	20214082	0722446262
2.	Wilson Kipkazi-CEO Endorois Welfare Council	5750589	0721549649
3.	Samuel Marigat-Chairman Endorois Welfare Council	10744049	0722346816
4.	Richard Tumeiyo- Ward Administrator, Mochongoi Ward (County Government)	22624182	0715855296
5.	Job Kiprop- Chief Koibos representative Administration (National Government)	9676567	0712178055
6.	Rev: Richard Ruto-Religious leader	7533356	0721340631
7.	Ambrose Kibet-Youth representative Endorois W. Council	21249049	0729420220
8.	Pauline Korir- Women representative Endorois	10744703	0715483533
9.	Christine Jepkemoi- representative Endorois People living with disability	23678297	0726017464
10.	Moses Kimeli- Chairman benefit sharing representative Endorois	7899218	0722615989
<b>In Attendances members to Management</b>			
11.	Dr. Maureen Rotich – CEC Tourism and Wildlife	12633847	0722218197
12.	John Kidogo- C.O Tourism and Wildlife		0722403457
13.	Hon; KiprutoKimosop- Mochongoi Ward	22624457	0726533851
14.	Hon; Kibarar Paul-Emining Ward		0721843579
15.	Hon; Jacob Cheboiwo- - Kisanana Ward	12850834	0724507434
16.	William Kimosop – County Chief Warden	7400553	0720317760

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**For the year ended June 30, 2018**

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**e) Registered Offices**

P.O. Box 53-30400  
JAMABA Building  
Kabarnet-County Commissioners offices  
Kabarnet, KENYA

**f) Fund Contacts**

Telephone:053-22290  
E-mail: cectreasurybaringo@gmail.com.  
Website: www.baringo.go.ke

**g) FundBankers**

Access Bank Kenya PLC  
Kabarnet  
Acct no 0140130000004

**h) Independent Auditors**

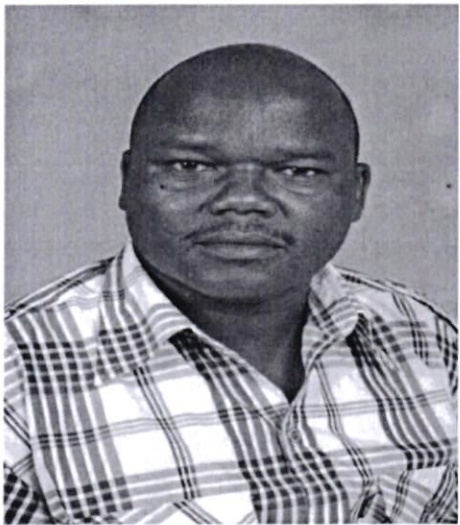

Office of the Auditor General  
Anniversary Towers, University Way  
P.O.Box 30084  
GPO 00100  
Nairobi, Kenya

**i) 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. MANAGEMENT TEAM ( PASSPORT AND QUALIFICATION)**

Name	Details of qualifications and experience	PASSPORT
1. John Kisang- chairperson of the Fund	Year of birth:1972 Key Qualifications: B.SC Natural Resources Management (Egerton University)	
2. Richard Rutto-fund administrator	Year of Birth: 1968 Key Qualifications: BSC (AGEN) , M SC (WATER) PGD (PM) Senior Management Course	

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**3 BOARD CHAIRPERSON'S /FUND ADMIN REPORT**

During the years under review, the fund did not witness any change in the composition of its board and management team. Despite late disbursement and COVID 19 pandemic, the fund was able to utilize the available resources at its disposal to meet its objectives. For a fruitful impact, the fund should be disbursed promptly.

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

John Kisang

Chief Officer -Treasury and Economic Planning



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**4. REPORT OF THE FUND ADMINISTRATOR**

The performance of the fund was tabulated using 10% of the total revenue collected from the Entrances gates resources hence could meet the funds objectives as stipulated in the law. With increasing incidences of Human Wildlife coexistence, need for conservation and appreciation from host community, and the fund should be enhanced to avoid incidences of shortfall.

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



Richard Rutto

Chief Officer - Environment, Tourism and Wildlife.

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**5. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a Lake Bogoria Community grant established by *the Public Finance Management Act 2012* shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the Lake Bogoria Community Grants is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2020.

This responsibility officer administering the Grant includes: -

- (a) Shall supervise and control the administration of the Grant.
- (b) May impose conditions on the use of any moneys in the Grant and may also impose any reasonable restriction or other requirement concerning such use;
- (c) Shall cause to be kept proper books of accounts and other books and records in relation to the Grant and for all projects financed from the Grant.
- (d) Shall prepare, sign and transmit to the Auditor-General in respect of each financial year and within three months after the end thereof, a statement of accounts relating to the Grant, prepared and signed by the officer specifying the income of the Grant and showing the expenditure incurred from the Grant, in such details as the Executive Committee member may, from time to time, direct in accordance with Act;
- (e) Shall cause the safe keeping of legal document acquired under the Grant.
- (f) Shall furnish such additional information as he or she may deem proper and sufficient

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for the purpose of examination and audit by the Auditor-General.

The Administrator of the Lake Bogoria Grant accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Lake Bogoria Grant 2015. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2020, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

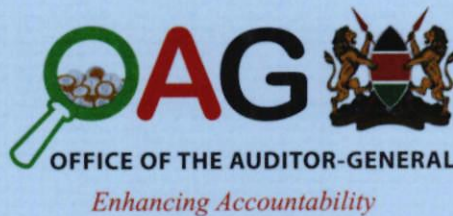
**Approval of the financial statements**

The Fund's financial statements were approved by the Lake Bogoria Community Grant Fund Management Committee on \_\_\_\_\_ and signed on its behalf by:

Administrator of the Lake Bogoria Community Grant

# REPUBLIC OF KENYA



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

## **REPORT OF THE AUDITOR-GENERAL ON BARINGO COUNTY LAKE BOGORIA COMMUNITY GRANT FOR THE YEAR ENDED 30 JUNE, 2018**

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### REPORT ON THE FINANCIAL STATEMENTS

#### **Disclaimer of Opinion**

I have audited the accompanying financial statements of Baringo County Lake Bogoria Community Grant set out on pages 12 to 47, which comprise of the statement of financial position as at 30 June, 2018, statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

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

#### **Basis for Disclaimer of Opinion**

##### **1. Late Submission of Financial Statements for Audit**

The financial statements for the financial year ended 30 June, 2018 were submitted on 9 April, 2021, two years seven months after the end of the fiscal year to which the accounts relate. This is contrary to Section 47(1) of the Public Audit Act, 2015, which states that the financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

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

##### **2. Errors in Presentation and Disclosure of Financial Statements**

The financial statements prepared and presented for audit were not as per the presentation framework issued by the Public Sector Accounting Standards Board as highlighted below:

2.1 The cover page erroneously included a header;

- 2.2 Corporate governance statement, management discussion and analysis, corporate social responsibility statement/sustainability report, report of the trustees have not been incorporated in the annual report and financial statements,
- 2.3 Page 9 and 10 on statement of management responsibility erroneously indicates financial year ended 30 June, 2020 instead of 30 June, 2018;
- 2.4 Page 12 is erroneously headed statement of financial position instead of statement financial performance;
- 2.5 The statement of financial performance, statement of financial position, statement of cash flows and the notes to the financial statements do not reflect comparative figures;
- 2.6 The statement of financial performance indicates Note 7, 8 and 9 which are not aligned to the note to the financial statements;
- 2.7 The statement of cash flows has not made reference to the notes to the financial statements;
- 2.8 Page 18 Note (c) on early adoption of standards refers to the year 2019 instead of 2018;
- 2.9 Page 19 paragraph 4 on the budget information refer to section 12.5 which is not incorporated in the annual report and financial statements;

Consequently, the annual report and financial statements prepared and presented did not comply with the requirements of International Financial Reporting Standards and as prescribed by the Public Sector Accounting Standards Board.

### **3. Inaccuracies in the Financial Statements**

The financial statements for the year ended 30 June, 2018 prepared and presented had the following inconsistencies: -

- 3.1 The statement of financial performance reflects interest income of Kshs.26,856 while Note 4 to the financial statements reflects a nil balance resulting to an unreconciled and unexplained variance of Kshs.26,856;
- 3.2 The statement of financial performance reflects other income (Balance b/f) of Kshs.1,108,144 while Note 5 to the financial statements reflects a nil balance resulting to an unreconciled and unexplained variance of Kshs.1,108,144;
- 3.3 The statement of financial performance reflects fund administration expenses of Kshs.654,400 while Note 6 to the financial statements reflects a balance of Kshs.4,530 resulting to an unreconciled and unexplained variance of Kshs.649,870;
- 3.4 The statement of financial performance reflects general expenses of Kshs.4,083,557 while Note 8 to the financial statements reflects a balance of Kshs.4,530 resulting to unreconciled nor explained variance of Kshs.4,079,027;

- 3.5 The statement of financial performance reflects finance costs of Kshs.4,530 while Note 9 to the financial statements reflects a nil balance resulting to an unreconciled and unexplained variance of Kshs.4,530;
- 3.6 The statement of financial position reflects a nil balance on current portion of long term receivables from exchange transactions while Note 12 to the financial statements reflects a balance Kshs.26,856 resulting to an unreconciled and unexplained variance of Kshs.26,856;
- 3.7 The statement of financial performance reflect a surplus for the period of Kshs.3,125,998 while the statement of change in net assets reflect a nil balance resulting to an unreconciled and unexplained variance of Kshs.3,125,998;
- 3.8 The statement of cash flows reflects a nil balance on net increase in cash and cash equivalent while re-casting of the statement revealed a total of Kshs.3,152,854 resulting to an unreconciled and unexplained variance of Kshs.3,152,854;
- 3.9 The statement of cash flows has omitted cash and cash equivalent at the beginning of the period;
- 3.10 The statement of cash flows reflects cash and cash equivalents balance as at 30 June, 2018 of Kshs.4,275,998 while re-casting revealed a balance of Kshs.3,152,854 resulting to an unreconciled and unexplained variance of Kshs.1,123,144;

Consequently, the accuracy and completeness of the financial statements for the year ended 30 June, 2018 could not be confirmed.

#### 4. Variance Between the Financial Statements and Supporting Schedules

The financial statements prepared and presented had variances with supporting schedules provided for audit amounting to Kshs.279,236 as detailed below;

Component	Financial Statements (Kshs.)	Schedules (Kshs.)	Variance (Kshs.)
Balance Brought Forward	1,108,144	1,476,494	(368,350)
Fund Administration Expense	654,400	994,400	(340,000)
General Expenses	4,083,557	4,247,057	(163,500)
Finance Cost	4,530	3,444	1086
Cash and Cash Equivalent	4,275,998	3,125,998	1,150,000
<b>Total</b>	<b>10,126,629</b>	<b>9,847,393</b>	<b>279,236</b>

Consequently, the accuracy and completeness of the above balances included in the financial statements for the year ended 30 June, 2018 could not be confirmed.

## 5. Unsupported Administration Expenses

The statement of financial performance reflects administration expenses of Kshs.654,400. However, the presented schedules did not indicate details of the payees, activities undertaken, when and where they were undertaken, participants and the rates paid. In addition, the respective payment vouchers and supporting documents were not provided for audit.

In the circumstances, the accuracy and completeness of fund administration expenses of Kshs.654,400 for the year ended 30 June, 2018 could not be confirmed.

## 6. General Expenses

The statement of financial performance reflects general expenses of Kshs.4,083,557. However, the following unsatisfactory matters were observed: -

### 6.1 Unsupported Bursary Payments

The expenditure includes Kshs.3,097,500 as bursary payments to needy students. However, names of the institutions that received bursary disbursement of Kshs.93,000 for twelve (12) beneficiaries were not indicated. In addition, three (3) students with an allocation of Kshs.26,000 had no admission numbers indicated.

In the circumstance, the accuracy and completeness of bursary payments of Kshs.3,097,500 for the year ended 30 June, 2018 could not be confirmed.

### 6.2 Unsupported Expenditure on Projects

Included in general expenses is payments totalling Kshs.993,057 on projects which had some anomalies as detailed below: -

No.	Project Beneficiary and Details	Amount (Kshs.)	Audit Observations
1.	Green Siracho Stores - Building Materials - Maji Moto Chief Office	220,700	The construction of the chief's office was allocated Kshs.400,000 but only Kshs.220,700 was disbursed. Physical verification revealed that the project is complete and in use but not branded/labelled. It was therefore difficult to determine the project financing period and the financier.
2.	Tegat Ltd - Construction of classroom for Olkokwe secondary school	74,197	The payment is for completion of the partially funded project. However, there was no evidence of advertisement, quotation to pre-qualified suppliers, evaluation and award. Therefore, the contractor may have been single sourced.
3.	Rotalink Eng. Ltd - Opening of Kabtobes-Tabarweche Road	698,160	There was no evidence of advertisement, quotation to pre-qualified suppliers, evaluation and award. Therefore, the supplier

No.	Project Beneficiary and Details	Amount (Kshs.)	Audit Observations
			may have been single sourced. In addition, the bill of quantities was not provided to confirm material categorization, details and quantities and other cost items including labour cost. Further, the payment was made without certificates of practical completion. Further, the amounts were paid without withholding retention money or value added tax (VAT). There was no signage for the road to indicate the financing entity, the period, distance of construction among other details.
4.	<b>Total</b>	<b>993,057</b>	

No satisfactory explanation was provided for the anomalies noted and the delivery of services was affected. The residents did not receive the intended benefits from the projects.

In the circumstance, the accuracy and completeness of general expenses of Kshs.4,083,557 for the year ended 30 June, 2018 could not be confirmed.

#### **7. Cash and Bank Balance**

The statement of financial position reflects cash and cash equivalents of Kshs.4,275,998 as disclosed under Note 11 to the financial statements. However, the amount was not supported by a certificate of bank balance. In addition, an analysis of bank reconciliation statements revealed that the bank balance was Kshs.21,290 resulting to an unreconciled and unexplained variance of Kshs.4,254,708. Further, the bank reconciliation statements revealed fifty-four (54) unpresented cheques of Kshs.962,500 without cheque dates. In addition, nine (9) cheques amounting to Kshs.85,500 were stale, some dating back to the year 2016. The Management did not explain why the cheques were not reversed in the cashbook.

In the circumstance, the accuracy and completeness of cash and cash equivalents balance of Kshs.4,275,998 as at 30 June, 2018 could not be confirmed.

#### **8. Lack of Approved Budget**

The statement of comparison of budget and actual amounts for the year ended 30 June, 2018 reflects total income and total expenditure of Kshs.7,868,485 and Kshs.4,742,487 respectively against no budget. In addition, the approved budget estimates were not provided for audit. This is contrary to Section 31(a) of the Public Financial Management (County Governments) Regulations, 2015 which requires that all revenue and expenditure shall be entered into the county government budget estimates and approved for one year only and Section 99(2) of the Public Financial Management (County Governments) Regulations, 2015 which requires that the approved budget

estimates of expenditure shall form the basis of the financial statements for the financial year.

In the circumstances, the transfers made from the County Treasury and payments incurred were in breach of the law.

#### **9. Unapproved Regulations**

The Grant was established vide Cabinet Memoranda dated January, 2015 which was not approved by the County Executive Committee or the County Assembly. This is contrary to Section 116(1) of the Public Finance Management Act, 2012 which states that establishment of public funds should be approved by the County Executive Committee and the County Assembly.

To this extent, the legality of operations of the Lake Bogoria Community Grant could not be confirmed.

#### **10. Duplicated Bursary Fund**

The statement of financial performance reflects general expenses of Kshs.4,083,557 which include Kshs.3,097,500 on bursary to needy students. However, the county government established Baringo County Bursary and Scholarship Fund through the Public Finance Management (Baringo County Bursary and Scholarship Fund) Regulations, 2018. The objectives of the Baringo County Bursary and Scholarship Fund as per Section 3 of these Regulations is to provide financial assistance to needy but bright students and vocational trainees from Baringo County.

In the circumstances, the issuance of bursaries through Baringo County Lake Bogoria Community Grant duplicates the objectives of the Baringo County Bursary and Scholarship Fund.

#### **11. Lack of Fire and Risk Management Policy**

The Baringo County Lake Bogoria Community Grant did not have a fire and risk management strategy contrary to Section 158(1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer to develop risk management strategies, which include fraud prevention mechanism and internal control that builds robust business operations.

In the circumstances, risk management, development of strategies and controls may not have been implemented in an orderly manner.

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

#### **Conclusion**

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have

not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

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

### **Conclusion**

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

### **Responsibilities of Management and those Charged with Governance**

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

In preparing the financial statements, Management is responsible for assessing the 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 Fund monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of Baringo County Lake Bogoria Community Grant financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) and to issue an auditor's report that includes my opinion in

accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them, and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution. I also consider internal control, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. However, because of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources, and Internal Controls, Risk Management and Governance sections of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion.

I am independent of the Baringo County Lake Bogoria Community Grant 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.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

24 January, 2022

7. FINANCIAL STATEMENTS

7.1 STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30<sup>th</sup> JUNE 18

	Note	2017/2018
		KShs
<b>Revenue from non-exchange transactions</b>		
Public contributions and donations	1	0
Transfers from the County Government	2	6,733,485
Fines, penalties and other levies	3	-
<b>Revenue from exchange transactions</b>		
Interest income	4	26,856
Other income ( Balance B/F)	5	1,108,144
<b>Total revenue</b>		<b>7,868,485</b>
<b>Expenses</b>		
Fund administration expenses	6	654,400
General expenses	7	4,083,557
Finance costs	8	4,530
<b>Total expenses</b>		<b>4,742,487</b>
<b>Other gains/losses</b>		
Gain/loss on disposal of assets	9	
<b>Surplus/( deficit) for the period</b>		<b>3,125,998</b>

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**7.2 STATEMENT OF FINANCIAL POSITION AS AT 30<sup>th</sup> JUNE 2018**

	Note	2017/2018 Kshs.
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	11	4,275,998
Current portion of long term receivables from exchange transactions	12	0
Prepayments	13	0
Inventories	14	0
<b>Non-current assets</b>		
Property, plant and equipment	15	0
Intangible assets	16	0
Long term receivables from exchange transactions	12	0
<b>Total assets</b>		<b>4,275,998</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables from exchange transactions	17	0
Provisions	18	0
Current portion of borrowings	19	0
Employee benefit obligations	20	0
<b>Non-current liabilities</b>		
Non-current employee benefit obligation	20	0
Long term portion of borrowings	20	0
<b>Total liabilities</b>		<b>0</b>
<b>Net assets</b>		<b>0</b>
Revolving Fund		0
Reserves		0
Accumulated surplus		0
<b>Total net assets and liabilities</b>		<b>4,275,998</b>

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

Administrator of the Fund  
 Name: Richard Ruto



Fund Accountant  
 Name: William Ruto  
 ICPAK Member Number: 8377

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**7.3 STATEMENT OF CHANGES IN NET ASSETS AS AT 30<sup>th</sup> JUNE 2018**

	<b>Revolving Fund</b>	<b>10% Lake Bogoria grant</b>	<b>Accumulated surplus</b>	<b>Total</b>
		<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
<b>Balance as at 1 July 2016</b>	0	2,272,183	0	0
Surplus/(deficit) for the period	0	0	0	0
Funds received during the year	0	0	0	0
Revaluation gain	0	0	0	0
<b>Balance as at 30 June 2017</b>	0	1,476,494	0	0
<b>Balance as at 1 July 2017</b>	0	1,476,494	0	0
Surplus/(deficit) for the period	0	0	0	0
Funds received during the year	0	0	0	0
Revaluation gain	0	0	0	0
<b>Balance as at 30 June 2018</b>	0	4,275,998	0	0

**LAKE BOGORIA COMMUNITY GRANT****Reports and Financial Statements****For the year ended June 30, 2018****7.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2018**

	Note	2017/2018
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Public contributions and donations		0
Transfers from the County Government		6,733,485
Interest received		26,856
Receipts from other operating activities		0
<b>Balances brought forward</b>		<b>1,108,144</b>
<b>Total Receipts</b>		<b>7,868,485</b>
<b>Payments</b>		
Fund administration expenses		654,400
General expenses		4,083,557
Finance cost		4,530
<b>Total Payments</b>		<b>4,742,487</b>
<b>Net cash flows from operating activities</b>		
<b>Cash flows from investing activities</b>		
Purchase of property, plant, equipment and intangible assets		0
Proceeds from sale of property, plant and equipment		0
Proceeds from loan principal repayments		0
Loan disbursements paid out		0
<b>Net cash flows used in investing activities</b>		<b>0</b>
<b>Cash flows from financing activities</b>		
Proceeds from 10% fund receipts		26,856
Additional borrowings		0
Repayment of borrowings		0
<b>Net cash flows used in financing activities</b>		<b>0</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>0</b>
<b>Cash and cash equivalents at 30<sup>th</sup> JUNE 2018</b>	11	<b>4,275,998</b>



**7.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED  
30<sup>th</sup> JUNE 2018**

	Original budget	Adjustments / balance from previous year	Final budget	Actual on comparable basis	Performance difference	% utilization
	2018	2018	2018	2018	2018	2018
	KShs	KShs	KShs	KShs	KShs	
<b>Revenue</b>						
Public contributions and donations	0	0	0	0	0	0
Transfers from County Govt.		0	0	6,733,485	0	100%
Interest income	0	0	0	26,856	0	0,3464%
Other income ( balance B/F)	0	0	0	1,108,144	0	0
<b>Total income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Expenses</b>						
Fund administration expenses	0	0	0	654,400	0	2.570%
General expenses	0	0	0	4,083,557	0	47.195%
Finance cost ( banks Charges)	0	0	0	4,530	0	0.0519%
<b>Total expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,742,487</b>	<b>0</b>	<b>49.818%</b>
<b>Surplus for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,125,998</b>	<b>0</b>	<b>50.528%</b>

**2.1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. Statement of compliance and basis of preparation**

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

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

**2. Adoption of new and revised standards**

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

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

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

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

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Standard	Effective date and impact:
	<ul style="list-style-type: none"> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2022</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the entity’s financial performance, financial position and cash flows.</li> </ul>

**c) Early adoption of standards**

Lake Bogoria Community grant did not early – adopt any new or amended standards in year 2019.

## **7.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **3. Revenue recognition**

#### **i) Revenue from non-exchange transactions**

##### **Transfers from other government entities**

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

#### **ii) Revenue from exchange transactions**

##### **Interest income**

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

### **4. Budget information**

The original budget for FY 2017/2018 was approved by the County Assembly on 30<sup>th</sup> June 2017. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Lake Bogoria Community grant upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of nil on the FY 2017/2018 budget following the governing body's approval.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actual as per the statement of financial performance has been presented under section 12.5 of these financial statements.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**5. Property, plant and equipment**

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

**6. Intangible assets**

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

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

**7. Financial instruments**

*Financial assets*

*Initial recognition and measurement*

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

*Loans and receivables*

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Held-to-maturity***

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

***Impairment of financial assets***

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

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

***Financial liabilities***

***Initial recognition and measurement***

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Lake Bogoria Community grant determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

***Loans and borrowing***

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

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**8. Inventories**

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

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

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

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

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

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Lake Bogoria Community grant.

**9. Provisions**

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

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

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

***Contingent liabilities***

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Contingent assets***

The Lake Bogoria Community grant 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 Lake Bogoria Community grant in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**10. Nature and purpose of reserves**

The Lake Bogoria Community grant creates and maintains reserves in terms of specific requirements. 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.

**11. Employee benefits– Retirement benefit plans ( NOT applicable to Lake Bogoria Community grant**

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

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

**12. Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**13. Borrowing costs**

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

**14. Related parties**

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

**15. Cash and cash equivalents**

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

**16. Comparative figures**

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

**17. Events after the reporting period**

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

**18. Ultimate and Holding Entity**

The Lake Bogoria Community grant Fund is a County Public Fund established by Public Finance Management Act 2012 and Lake Bogoria Community grant guidelines 2015 under the department of Industrialization, Commerce, Tourism and Wildlife. Its ultimate parent is the County Government of Baringo.

**19. Currency**

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

State all judgements, estimates and assumptions made:

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

**Useful lives and residual values**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available.

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**21. Financial risk management**

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

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

**a) Credit risk**

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	<b>Total amount KShs</b>	<b>Fully performing KShs</b>	<b>Past due KShs</b>	<b>Impaired KShs</b>
<b>At 30 June 2017</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non exchange transactions	-	-	-	-
Bank balances	1,476,494	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2018</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non exchange transactions	-	-	-	-
Bank balances	4,275,998	-	-	-
<b>Total</b>	-	-	-	-

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

The entity has significant concentration of credit risk on amounts due from nil

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

**b) Liquidity risk management**

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	KShs	KShs	KShs	KShs
<b>At 30 June 2017</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2018</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**c) Market risk**

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

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

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

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

**i. Foreign currency risk**

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

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

		Other currencies	Total
	KShs	KShs	KShs
<b>At 30 June 2017</b>			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables	-	-	-
<b>Liabilities</b>			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Foreign currency sensitivity analysis**

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

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	KShs	KShs	KShs
<b>2017</b>			
Euro	0%	-	-
USD	0%	-	-
<b>2018</b>			
Euro	0%	-	-
USD	0%	-	-

**ii. Interest rate risk**

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

*Management of interest rate risk*

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

*Sensitivity analysis*

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**d) Capital risk management**

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

	<b>2018</b>
	<b>Kshs.</b>
Revaluation reserve	0
Revolving fund	0
Accumulated surplus	0
<b>Total funds</b>	0
	0
Total borrowings	0
Less: cash and bank balances	0
Net debt/(excess cash and cash equivalents)	0
<b>Gearing</b>	<b>0%</b>

**7.7 NOTES TO THE FINANCIAL STATEMENTS**

**1. Public contributions and donations**

Description	2017/2018
	Kshs.
Donation from development partners	0
Contributions from the public	0
<b>Total</b>	<b>0</b>

**2. Transfers from County Government**

Description	2017/2018
	Kshs.
Transfers from County Govt. – operations	6,733,485
Payments by County on behalf of the entity	
<b>Total</b>	<b>6,733,485</b>

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

Description	2017/2018
	KShs
Late payment penalties	-
Fines	-
<b>Total</b>	<b>-</b>

**4. Interest income**

Description	2017/2018
	Kshs.
Interest income from Mortgage loans	0
Interest income from car loans	0
Interest income from investments	0
Interest income on bank deposits	0
<b>Total interest income</b>	<b>0</b>

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**5. Other income**

Description	2017/2018
	KShs
Insurance recoveries	-
Income from sale of tender documents	-
Miscellaneous income	-
<b>Total other income</b>	<b>-</b>

**6. Fund administration expenses**

Description	2017/2018
	KShs
Staff costs (Note 7)	-
Loan processing costs	-
Professional services costs	-
Administration fees ( Bank Charges)	4,530
<b>Total</b>	<b>4,530</b>

**7. Staff costs**

Description	2017/2018
	KShs
Salaries and wages	-
Staff gratuity	-
Staff training expenses	-
Social security contribution	-
Other staff costs	-
<b>Total</b>	<b>-</b>

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

**8. General expenses**

<b>Description</b>	<b>2017/2018</b>
	<b>Kshs.</b>
Consumables	0
Electricity and water expenses	0
Fuel and oil costs	0
Insurance costs	0
Postage	0
Printing and stationery	0
Rental costs	0
Security costs	0
Telecommunication	0
Bank Charges	4,530
Hospitality	0
Depreciation and amortization costs	0
Other expenses	0
<b>Total</b>	<b>4,530</b>

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

**9. Finance costs**

Description	2017/2018
	KShs
Interest on Bankoverdrafts	-
Interest on loans from banks	-
<b>Total</b>	-

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

Description	2017/2018
	KShs
Property, plant and equipment	-
Intangible assets	-
<b>Total</b>	-

**11. Cash and cash equivalents**

Description	2017/2018
	Kshs.
Baringo County Car loan account	0
Baringo County mortgage account	0
Baringo County Emergency Fund Account	0
<b>Lake Bogoria Community grant</b>	
Fixed deposits account	0
On – call deposits	0
Current account	4,275,998
Others	0
<b>Total cash and cash equivalents</b>	<b>4,275,998</b>

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

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

		2017/18
Financial institution	Account number	Kshs.
<b>a) Fixed deposits account</b>		
Kenya Commercial bank		0
Equity Bank, etc		0
<b>Sub- total</b>		0
<b>b) On - call deposits</b>		
Kenya Commercial bank		0
Equity Bank - etc		0
<b>Sub- total</b>		0
<b>c) Current account</b>		
Transnational bank( Baringo County Lake Bogoria Community Grant)	142 -435-500-001	4,275,998
<b>Sub- total</b>		
<b>d) Others(specify)</b>		
Cash in transit		0
Cash in hand		0
M Pesa		0
<b>Sub- total</b>		0
<b>Grand total</b>		4,275,998

**12. Receivables from exchange transactions**

Description	2017/2018
	KShs
<b>Current Receivables</b>	
Interest receivable	26,856
Current loan repayments due	-
Otherexchangedebtors	-
Less:impairmentallowance	-
<b>Total Current receivables</b>	26,856
<b>Non Current receivables</b>	
Long term loan repayments due	-

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<b>Total Non- current receivables</b>	-
<b>Totalreceivables from exchange transactions</b>	-

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

**13. Prepayments**

<b>Description</b>	<b>2017/2018</b>
	<b>KShs</b>
Prepaid rent	-
Prepaid insurance	-
Prepaid electricity costs	-
Other prepayments(specify)	-
<b>Total</b>	<b>-</b>

**14. Inventories**

<b>Description</b>	<b>2017/2018</b>
	<b>KShs</b>
Consumable stores	-
Spare parts and meters	-
Catering	-
Other inventories(specify)	-
<b>Total inventories at the lower of cost and net realizable value</b>	<b>-</b>

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

<b>15. Property, plant and equipment</b>	<b>Land and Buildings</b>	<b>Motor vehicles</b>	<b>Furniture and fittings</b>	<b>Computers and office equipment</b>	<b>Total</b>
<b>Cost</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
<b>At 1<sup>st</sup> July 2017</b>	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June 2018</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July 2017</b>					
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June 2018</b>	-	-	-	-	-
<b>Depreciation and impairment</b>					
<b>At 1<sup>st</sup> July 2017</b>	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
<b>At 30<sup>th</sup> June 2018</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July 2017</b>					
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
<b>At 30<sup>th</sup> June 2018</b>	-	-	-	-	-
<b>Net book values</b>					
<b>At 30<sup>th</sup> June 2019</b>	-	-	-	-	-
<b>At 30<sup>th</sup> June 2020</b>	-	-	-	-	-

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

**16. Intangible assets-software**

Description	2017/2018
	KShs
<b>Cost</b>	
At beginning of the year	-
Additions	-
<b>At end of the year</b>	-
<b>Amortization and impairment</b>	
At beginning of the year	-
Amortization	-
<b>At end of the year</b>	-
Impairment loss	-
<b>At end of the year</b>	-
<b>NBV</b>	-

**17. Trade and other payables from exchange transactions**

Description	2017/2018
	KShs
Trade payables	-
Refundable deposits	-
Accrued expenses	-
Other payables	-
<b>Total trade and other payables</b>	-

**18. Provisions**

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year (1.07.2017)	-	-	-	<b>1,108,144</b>
Additional Provisions	-	-	-	6,733,485
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Transfers from non-current provisions	-	-	-	-
<b>Balance at the end of the year (30.06.2018)</b>	-	-	-	<b>4,275,998</b>

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

**19. Borrowings**

Description	2017/2018
	KShs
<b>Balance at beginning of the period</b>	-
External borrowings during the year	-
Domestic borrowings during the year	-
Repayments of external borrowings during the period	-
Repayments of domestics borrowings during the period	-
<b>Balance at end of the period</b>	-

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

	2017/2018
	KShs
<b>External Borrowings</b>	
Dollar denominated loan	-
Sterling Pound denominated loan	-
Euro denominated loan	-
<b>Domestic Borrowings</b>	-
Kenya Shilling loan from KCB	-
Kenya Shilling loan from Barclays Bank	-
Kenya Shilling loan from Consolidated Bank	-
Borrowings from other government institutions	-
<b>Total balance at end of the year</b>	-

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

Description	2017/2018
	KShs
Short term borrowings(current portion)	-
Long term borrowings	-
<b>Total</b>	-

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

**20. Employee benefit obligations**

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

**21. Cash generated from operations**

	2017/2018
	KShs
<b>Surplus/ (deficit) for the year before tax</b>	-
<b>Adjustedfor:</b>	
Depreciation	-
Amortisation	-
Gains/ lossesondisposalofassets	-
Interest income	-
Financecost	-
<b>Working Capital adjustments</b>	
Increaseininventory	-
Increaseinreceivables	-
Increaseinpayables	-
<b>Net cash flow from operating activities</b>	-

**22. Related party balances**

**a) Nature of related party relationships**

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

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

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

**b) Related party transactions**

	2017/2018
	Kshs.
Transfers from related parties'	0
Transfers to related parties	

**c) Key management remuneration**

	2017/2018
	KShs
Board of Trustees	-
Key Management Compensation	-
<b>Total</b>	-

**d) Due from related parties**

	2017/2018
	KShs
Due from parent Ministry	-
Due from County Government	-
<b>Total</b>	-

**e) Due to related parties**

	2017/2018
	KShs
Due to parent Ministry	-
Due to County Government	-
Due to Key management personnel	-
<b>Total</b>	-

**23. Contingent assets and contingent liabilities**

<b>Contingent liabilities</b>	2017/2018
	KShs
Court case against the Fund	-
Bank guarantees	-
<b>Total</b>	-

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**3. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<p><b>BARINGO C. LAKE BOGORIA CG. FUND 2017/2018</b></p> <p>DATED <b>5<sup>TH</sup> MAY 2021.</b></p>	<p>Failure to submit the financial statement for financial year ended 30<sup>TH</sup> June 2018</p> <p>Contrary to section 47 (10) (2) of the public audit Act 2015 and section 167 of the public financial Act 2012 which requires the administrator of the county public funds establish by the constitution and parliament or county legislation to prepare financial statement for the fund for each financial year. In financial year in a form</p>	<p>The bank statement Access <b>Bank Kenya Plc, County Lake Bogoria Community Grant) ac 0140130000004</b></p> <p>The grant gave community out of the total revenue collected 10% of which 60% goes to the school bursaries, 35% to community livelihood improvement and 5% administration in FY 2017/18.</p>	<p>Richard Rutto- Chief Officer</p>	<p>RESOLVED</p>	<p>IMMEDIATELY/ END OF EACH FINANCIAL YEAR</p>

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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)
	prescribe by accounting standard board	<ul style="list-style-type: none"> <li>- The financial statement has been amended to comply with the template issued.</li> <li>- Work in progress to clear all the stalled (unpresented cheques)</li> <li>- The financial statement has been amended to reflect the correct balances</li> <li>- The financial statement and schedules has been amended to reflect the correct position.</li> <li>- Going forward the financial statement shall be submitted to The Office auditor general as per the law.</li> <li>- The trial balance</li> </ul>			

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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)
		<ul style="list-style-type: none"> <li>has been prepared</li> <li>- Lake Bogoria Community grant shall adhere to approved estimates.</li> <li>- The County Executive committee member concerned has been advice to prepare regulations for the approval by the County assembly</li> <li>- The payment vouchers has been availed</li> <li>- In future will ensure that all beneficiaries have admissions before being processed.</li> <li>- Some acknowledgement as attached however strict measures will</li> </ul>			

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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)
		<p>be put in place to ensure that the acknowledgment for the same are receipt from the benefit institutions</p> <ul style="list-style-type: none"> <li>- The supporting is there.</li> <li>- The concerned department to develop the risk management policies</li> </ul> <p>The County transferred Ksh 6,733,485 and was fully utilized as per the attached copies.</p> <ul style="list-style-type: none"> <li>- Bank statement.</li> <li>- Payment vouchers</li> <li>- Bank certificate.</li> <li>- Minutes</li> </ul>			

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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)
		<ul style="list-style-type: none"> <li>- Trail balance</li> <li>- Grant guideline.</li> </ul>			

