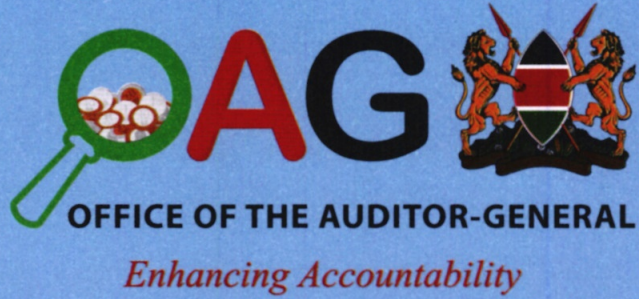
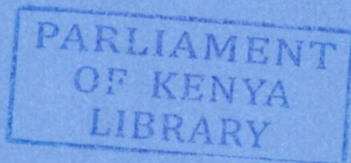


REPUBLIC OF KENYA



REPORT



OF

THE AUDITOR-GENERAL

PAPERS LAID	
DATE	16/04/2024 ON
TABLED BY	Majority leader
COMMITTEE	Finance & Budget
CLERK AT THE TABLE	C. cherop

ELGEYO MARAKWET ALCOHOLIC DRINKS CONTROL FUND

FOR THE YEAR ENDED
30 JUNE, 2023



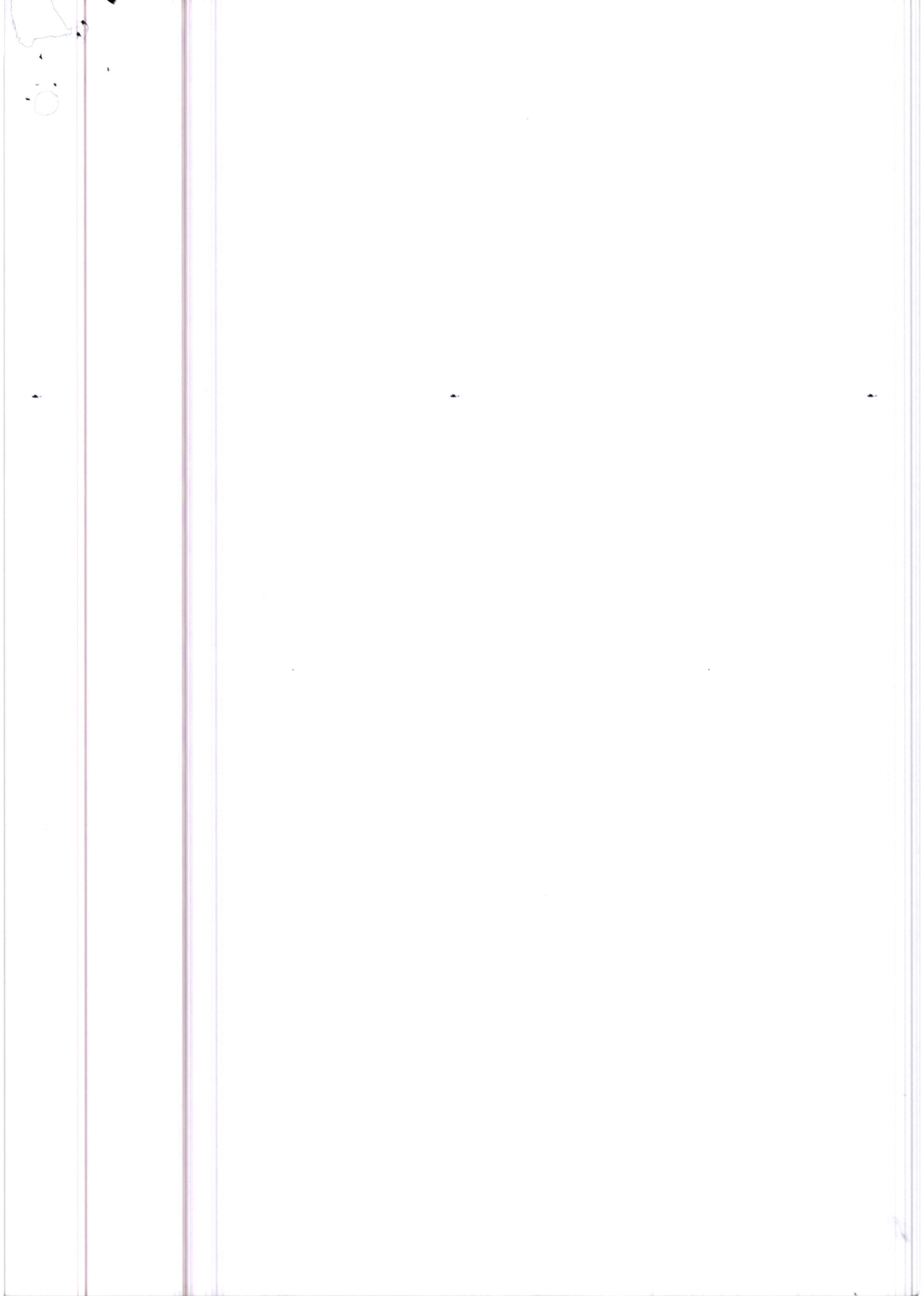
COUNTY GOVERNMENT OF ELGEYO MARAKWET

**ELGEYO MARAKWET COUNTY ALCOHOLIC DRINKS
CONTROL FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2023**

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





**Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

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**Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

1. Acronyms and Glossary of Terms

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

b) Glossary of Terms

Fiduciary Management - The key management personnel who had financial responsibility

**Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

2. Key Entity Information and Management

a) Background information

The Elgeyo Marakwet County Alcoholic Drinks Control fund as established by Elgeyo Marakwet County Alcoholic Drinks Control Act, 2014.

The Elgeyo Marakwet County Alcoholic Drinks Control fund is established by and derives its authority and accountability from Elgeyo Marakwet County Alcoholic Drinks Control Act, 2014. The Fund is wholly owned by the County Government of Elgeyo Marakwet and is domiciled in Kenya.

The fund's objective is to reduce and mitigate the negative health, social and economic impact on communities resulting from production, sale and consumption of Alcoholic Drinks in Elgeyo Marakwet County.

b) Principal Activities

The principal activity is to ensure fair and ethical business practices related to production, distribution, promotion and sale of Alcoholic Drinks Control in Elgeyo Marakwet.

c) Board of Trustees/Fund Administration Committee

1	Monicah Rotich	Chairperson of the Fund
2	David Kandie	Ag. Chief Officer PSM/Fund administrator
3	Alphaeus K. Tanui	CEC Finance & Economic planning
4	JohnKeen Murkeu Jairo	Director of Accounting Services
5	Daniel Chepsoi	Ag.Sub-County Revenue Officer-Keiyo North
6	Andrew Kiplagat	Ag.Sub-County Revenue Officer-Marakwet West
7	Philip Kiptoo	Sub-County Revenue Officer-Keiyo South
8	Flomency Kosgei	Sub-County Revenue Officer-Marakwet East

d) Key Management Steam

1	David Kandie	Ag. Chief Officer –Public Service Management /Fund Administrator
2	JohnKeen Murkeu Jairo	Director of Accounting Services

**Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

The key fiduciary oversight arrangements include:

1	Directorate Internal Audit	Barnabas Chemesis
2		
3		

f) Registered Offices

P.O. Box 220-30700
Elgeyo Marakwet County Building
Iten

g) Fund Contacts

Telephone: 053-4142277
E-mail: elgeyomarakwet.go.ke
Website: www.elgeyomarakwet.go.ke

h) Fund Bankers

(i) Access Bank Ltd

P.O. Box 34353-00200
Nairobi

(ii) Kenya Commercial Bank Ltd

P.O. Box 456-30700
Iten

Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Key Entity and Management (Continued)

i) Independent Auditors






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

j) Principal Legal Adviser




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

**Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

3. Fund Administration Committee



Ref	Name	Details of qualifications and experience
1	<p>Monicah Rotich</p> 	<p>Date of Birth: 15-11-1983 Qualification: BSC Computer Science & PGDE Experience: 14 years</p>
2	<p>Alphaeus K.Tanui</p> 	<p>Date of Birth: 11-10-1987 Qualification: masters of finance Experience: 11 years</p>
3	<p>JohnKeen Murkeu Jairo</p> 	<p>Date of Birth:12-02-1969 Qualification: MBA-Finance, CPA(K) Experience: 31 years</p>
4	<p>Daniel Chepsoi</p> 	<p>Date of Birth:01-01-1987 Qualification: Diploma in Business Administration Experience: 9 years</p>
5	<p>Fromency Kosgei Cherop</p> 	<p>Date of Birth:10-01-1987 Qualification: BBM(Accounting option) ,CPA(K) Experience: 12 years</p>

**Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

6	<p>Philip Kiptoo Tanui</p> 	<p>Date of Birth:01-09-1982 Qualification: MBA Financial Management Experience: 12 years</p>
7	<p>Andrew Kiplagat</p> 	<p>Date of Birth:4-8-1972 Qualification: BBM (Accounting option),CPA(K) Experience: 29 years</p>
8	<p>David Kandie</p> 	<p>Date of Birth:14-11-1975 Qualification: B.ED-Education (Arts) Experience: 27 years</p>

**Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

4. Management Team

Ref	Name	Details of qualifications and experience
1	JohnKeen Murkeu Jairo 	Date of Birth: 12-02-1969 Qualification: MBA-Finance, CPA(K) Experience: 31 years
2	David Kandie 	Date of Birth: 14-11-1975 Qualification: B.ED-Education (Arts) Experience: 27 years

Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023

5. Fund Chairperson’s Report

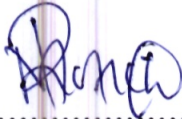
The Elgeyo Marakwet County Alcoholic Drinks Control fund as established by Elgeyo Marakwet County Alcoholic Drinks Control Act, 2014.

The Elgeyo Marakwet County Alcoholic Drinks Control Fund operates Account numbers 000180923 at Access Bank and 1277448698 at Kenya Commercial Bank.

The fund’s objective is to reduce and mitigate the negative health, social and economic impact on communities resulting from production, sale and consumption of Alcoholic Drinks Control in Elgeyo Marakwet.

The principal activity is to ensure fair and ethical business practices related to production, distribution, promotion and sale of Alcoholic Drinks Control in Elgeyo Marakwet.

The financial statements for Elgeyo Marakwet Drinks Control Fund for the year ended 30th June, 2023 have been prepared to comply with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya.



**PUBLIC SERVICE MANAGEMENT &
COUNTY ADMINISTRATION
CECM - PSM & CA
P. O. Box 220-30700, ITEN**
Sign.....

.....
Name: Monicah Rotich

Fund Chairperson -Elgeyo Marakwet County Alcoholic Drinks Control Fund

**Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

6. Report of The Fund Administrator

The financial statements for Elgeyo Marakwet Drinks Control Fund for the year ended 30th June, 2023 have been prepared to comply with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya.

During the year ended 30th June, 2023 the Elgeyo Marakwet Alcoholic Drinks Control Fund realized receipts amounting to Sh. 5,968,950 as reflected in the statement of financial performance. The payments of Sh. 5,025,391 relate to the general expenses and administrative costs incurred during the period.

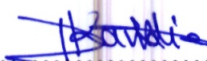
During the year, the Alcoholic Drinks Control Fund budgeted Sh.7,000,000. The main sources are Alcoholic drinks Liquor licence Permits and application fees.

The Elgeyo Marakwet Alcoholic Drinks Control Fund operates two Bank accounts. The Cash book balances as at 30th June, 2023 is as follows;

✓ Access Bank account No. 000180923	-	Sh. 1,765,600
✓ KCB Alcoholic Drinks Control Fund	-	Sh. 1,554

The challenges experienced included:

- Insecurity in Marakwet East Sub-County and parts of Marakwet West Sub-County limited operations of bars hence limited inspection was done by the Sub-county Alcoholic Drinks Regulation Committee. Subsequently, there was drop in revenue collected and compliance in the affected Sub-Counties.
- Some premises were closed at the time of inspection.
- There was poor disposal of beer bottles.
- Businesses flouted operating time/hours.
- Some premises operated from temporary structures.
- Complaints and non-payment of licence by business operators due to insecurity challenges that reduced business hours.
- Infiltration of second-generation alcoholic drinks.
- Hide and seek games from licence defaulters.
- Poor sanitation in some premises.
- Collusion between alcoholic operators and the security agencies.


Name: David Kandie

Fund Administrator- Elgeyo Marakwet County Alcoholic Drinks Control Fund



**Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

7. Statement of Performance Against the County Fund’s Predetermined Objectives

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity’s performance against predetermined objectives.

The Elgeyo Marakwet County Alcoholic Drinks Control Fund principal objective is to reduce and mitigate the negative health, social and economic impact on communities resulting from production, sale and consumption of Alcoholic Drinks Control in Elgeyo Marakwet.

Progress on attainment of Strategic objectives for Elgeyo Marakwet County Alcoholic Drinks Control Fund.

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Enforcement and Compliance	Ensure fair and ethical business practices related to production, distribution, promotion and sale of alcoholic drinks;	❖ Compliance with Elgeyo Marakwet Alcoholic drinks Act, 2014 and other relevant Acts.	❖ No. of enforcement exercise done across the County in 2022/2023 FY.	Enforcement was done twice in the FY 2022/2023
Renovation and Equipping of Iten County Referral Hospital Rehabilitation Centre.	Reduce and mitigate the negative health, social and economic impact on communities resulting from production, sale and Consumptions of alcoholic drinks.	❖ Reduced number of alcoholic drinks consumer ❖ Peaceful and orderly homes.	❖ No of addicted clients rehabilitated.	The facility was renovated, equipped and (11)Clients were admitted and have since graduated having undergone rehabilitation.

**Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Program	Objective	Outcome	Indicator	Performance
Public education and advocacy on effects of alcoholic drinks and drug abuse.	Educate the residents on the harmful health, economic and social consequences of alcoholic drinks.	<ul style="list-style-type: none"> ❖ Reduction of the number of persons dependent on alcohol. ❖ Reduction of illicit trade in alcohol including smuggling, illicit manufacturing and counterfeiting. 	<ul style="list-style-type: none"> ❖ No. of illicit brewer residents reached and educated. 	<ul style="list-style-type: none"> ❖ 160 women brewers were reached and educated. ❖ 80 % of Bar owners and 500 residents were sensitized.
Inspection of alcoholic drinks outlets	Inspection of all alcoholic drinks control outlets in the four sub-counties	<ul style="list-style-type: none"> ❖ Improved compliance on Alcoholic Drinks Control Act 2014 	<ul style="list-style-type: none"> ❖ No of Alcoholic Drinks Control outlets inspected 	<ul style="list-style-type: none"> ❖ 400 alcoholic outlets inspected.
Program	Objective	Outcome	Indicator	Performance
Gazettement of approved liquor applicants	Ensure fair and ethical business practices, related to production and sale of alcoholic drinks.	<ul style="list-style-type: none"> ❖ Compliance with EMC Alcoholic drinks control Act 2014 and other relevant laws. 	<ul style="list-style-type: none"> ❖ No. of bars and distributors gazetted. 	Gazettement done
Program	Objective	Outcome	Indicator	Performance
Guiding and counselling of County staff addicted to drug and substance abuse.	Reduce and mitigate the negative health, social and economic impact on communities resulting from production, sale and Consumptions of alcoholic drinks.	<ul style="list-style-type: none"> ❖ Reduction on the number of staff dependant on drugs. ❖ Improved production and service delivery to residents 	No. of staff guided and counselled.	80 County Staff drawn from various departments counselled.
Procurement and supply of alcoholic miscellaneous and licence books	To facilitate proper collection and accountability of permits and applications	<ul style="list-style-type: none"> ❖ Increased revenue and enhanced accountability 	Increased revenue	100 miscellaneous books and 40 licence booklets received.

Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023

8. Management Discussion and Analysis

During the year ended 30th June, 2023 the Elgeyo Marakwet Alcoholic Drinks Control Fund realized receipts amounting to Sh. 5,968,950 as reflected in the statement of financial performance (*Note 5 to the financial statements*). The payments of Sh. 5,025,391 consist of Sh. 145,678 for the general expenses and sh. 4,879,713 for fund administration cost incurred during the year ended 30th June, 2023.

The total receipts of Sh. 5,968,950 received during the year translates to 90% of total receipts of Sh.5,670,800 for the comparative figure of the previous year.

9. Environmental and Sustainability Reporting

The sustainability standards and certifications used by the directorate of alcoholic drinks control enables it together with producers, manufacturers, distributors, trailers, retailers and other service produces: it's the alcoholic drinks business to ensure good environmental, social, ethical and good safety practices that foster an environmental of readiness and resilience.

During the year ended 30th June 2023, businesses operating as alcoholic outlets ensured ambient quality standards in the products, they trade in.

Companies producing and distributing alcoholic drinks and other legit drugs licensed production and specification standards were adhered to.

Further, alcoholic outlets committed themselves to social responsibility in the management of solid wastes generated from their business by recycling, re-using, repurposing reducing and disposal in designated dumping sites with the help of the county government. This ensured minimum impact on society and environment.

Additionally, businesses operators' ensured beer for consumption was packed and sold in glass bottles. This was adhered to as witnessed during surveillance.

Finally, all alcoholic drinks and cigarettes sold by operators must have been certified by Kenya Bureau of Standards for sale and consumption in the county.

Punitive measures are in place for careless disposal of waste by alcoholic operators, a strategy to ensure a clean and sustainable business environment.

**Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

10. Report of The Trustees

The Fund submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund is to ensure fair and ethical business practices related to production, distribution, promotion and sale of Alcoholic Drinks Control in Elgeyo Marakwet.

Results

The results of the Fund for the year ended June 30, 2023 are set out on page 1 to 6.

Fund Administration Committee

The members of the Fund who served during the year are shown on page (iv) under the key entity information and management. The changes in the Board during the financial year are as shown below:

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the Elgeyo Marakwet County Alcoholic Drinks Control Fund for the year ended June 30, 2023.

By Order of the Board



Name: Monicah Rotich

Chair of the Fund Administration Committee

Date: 21st November, 2023

**Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

11. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of Elgeyo Marakwet County Alcoholic Drinks Control fund established by Elgeyo Marakwet County Alcoholic Drinks Control Act, 2014 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 Elgeyo Marakwet County Alcoholic Drinks Control fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

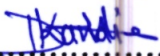
The Administrator of the Elgeyo Marakwet County Alcoholic Drinks Control fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Elgeyo Marakwet County Alcoholic Drinks Control Act, 2014. 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, 2023, 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 Elgeyo Marakwet County Alcoholic Drinks Control fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. OR

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 Board on **21st November, 2023** and signed on its behalf by:

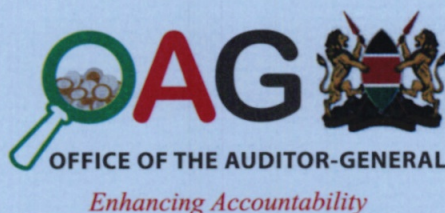

.....

DIRECTOR
ALCOHOLIC DRINKS CONTROL
ELGEYO MARAKWET COUNTY
P. O. Box 220-30700,

Administrator of the Elgeyo Marakwet County Alcoholic Drinks Control fund

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 ELGEYO MARAKWET ALCOHOLIC DRINKS CONTROL FUND FOR THE YEAR ENDED 30 JUNE, 2023

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 the 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 Elgeyo Marakwet Alcoholic Drinks Control Fund set out on pages 1 to 41, which comprise the statement of financial position as at 30 June, 2023, and the 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 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 the Elgeyo Marakwet Alcoholic Drinks Control Fund as at 30 June, 2023, 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 Elgeyo Marakwet County Alcoholic Drinks Control Act, 2014 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unsupported Current Portion of Long-Term Receivables from Exchange Transactions Balance

The statement of financial position and Note 13 to the financial statements reflects current portion of long-term receivables from exchange transactions balance of Kshs.931,500 which relates to other exchange debtors. However, Management has not provided aging analysis of debtors together with measures put in place to ensure full collection of the receivables. In addition, there is no evidence that Management has made any provisions for non-collection of the receivables while the balance of Kshs.931,500 being the credit risk in the receivables, is disclosed in Note No. 28(a) to the financial statements, as due from the past.

In the circumstances, the accuracy, completeness and recoverability of receivables could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Elgeyo Marakwet Alcoholic Drinks Control 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.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.7,000,000 and Kshs.5,968,950 respectively resulting to an under-funding of Kshs.1,031,050 or 15% of the budget. Similarly, the Fund expended Kshs.5,025,391 against an approved budget of Kshs.7,000,000 resulting to an under-expenditure of Kshs.1,974,609 or 28 % of the budget. The underfunding and

underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

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 during the year under review.

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, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Delayed Operationalization of the Iten Rehabilitation Centre

As previously reported, review of records provided revealed that construction of Iten Rehabilitation Centre was funded by the National Authority for Campaign Against Alcohol and Drug Abuse (NACADA). After commissioning in April, 2019, it was handed over to the County Government of Elgeyo Marakwet. However, the County rehabilitation centre has not been operational.

The non-operationalization of the Rehabilitation Centre denies the residents of Elgeyo Marakwet County the benefits accruing from the completed Centre.

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

Failure to Appoint a Substantive Director for the Alcoholic Drinks Control Directorate

As previously reported, the Elgeyo Marakwet Alcoholic Drinks Control Act, 2014 established the Alcoholic Drinks Control Directorate. However, as at the time of the audit in the month of December, 2023, the Elgeyo Marakwet County Public Service Board had not appointed a substantive Director to head the Directorate.

In the circumstances, the Directorate may not be in a position to fully achieve its mandate.

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 the Board of Trustees

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 controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of 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 Fund's financial reporting process, reviewing the effectiveness of how 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

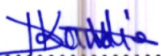

05 February, 2024

Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023

13. Statement of Financial Performance for the Year Ended 30th June 2023

Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	-	-
Fines, Penalties and Other Levies	3	-	-
		-	-
Revenue From Exchange Transactions			
Interest Income	4	-	-
Other Income- Application and Single Business permit	5	5,968,950	6,631,000
Total Revenue		5,968,950	6,631,000
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	5,025,391	5,128,225
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
Total Expenses		5,025,391	5,128,225
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on fair value of investments	11	-	-
Surplus/(Deficit) for the Period		943,559	1,502,775

(The notes set out on pages 8 to 39 form an integral part of these Financial Statements)

 DIRECTOR ALCOHOLIC DRINKS CONTROL ELGEYO MARAKWET COUNTY P.O. BOX 220-30700, ITEN	
Name: David Kandie Administrator of the Fund	Name: John Keen Murkeu Jairo Director of Accounting Services ICPAK Member Number: 8112

Elgeyo Marakwet County Alcoholic Drinks Control Fund
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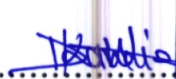
14. Statement of Financial Position As at 30 June 2023

Description			
Assets			
Current Assets			
Cash and Cash Equivalents	12	1,767,154	2,276,405
Current Portion of Long- Term Receivables From Exchange Transactions	13	931,500	960,200
Prepayments	14	-	-
Inventories	15	-	-
Investments in financial assets	16	-	-
Total current assets		2,698,654	3,236,605
Non-Current Assets			
Property, Plant and Equipment	17	1,481,510	-
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	-	-
Investment Property	19	-	-
Total non- current assets		1,481,510	-
Total Assets		4,180,164	3,236,605
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	-	-
Current Portion of Borrowings	21	-	-
Employee Benefit Obligations	22	-	-
Social benefit liabilities	23	-	-
Total current liabilities		-	-
Non-Current Liabilities			
Long Term Portion of Borrowings	21	-	-
Non-Current Employee Benefit Obligation	22	-	-
Social benefit liabilities	23	-	-
Total Liabilities		-	-

Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Description			
Net Assets		4,180,164	3,236,605
Revolving Fund		-	-
Reserves		-	-
Accumulated Surplus		4,180,164	3,236,605
Total Net Assets and Liabilities		4,180,164	3,236,605

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 21st November, 2023 and signed by:

<p>.....  DIRECTOR ALCOHOLIC DRINKS CONTROL ELGEYO MARAKWET COUNTY P.O. Box 220-30700, ITEN</p> <p>Name: David Kandie Administrator of the Fund</p>	<p>..... </p> <p>Name: JohnKeen Murkeu Jairo Director of Accounting Services ICPAK Member Number: 8112</p>
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Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023

15. Statement Of Changes in Net Assets for the year ended 30th June 2023

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
	Kshs	Kshs	Kshs	Kshs
Balance As At 1 July 2021	-	-	1,733,830	1,733,830
Surplus/(Deficit) For the Period	-	-	1,502,775	1,502,775
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2022	-	-	3,236,605	3,236,605
	-	-	-	-
Balance As At 1 July 2022	-	-	3,236,605	3,236,605
Surplus/(Deficit) For the Period	-	-	943,559	943,559
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023	-	-	4,180,164	4,180,164

Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023

16. Statement of Cash Flows for The Year Ended 30th June 2023

Statement of Cash Flows for The Year Ended 30 th June 2023			
Cash flows from operating activities			
Receipts			
Public contributions and donations	1	-	-
Transfers from the county government	2	-	-
Fines, Penalties and Other Levies	3	-	-
Interest income	4	-	-
Other Income- Application and Single Business permit	5	5,968,950	6,631,000
Total receipts		5,968,950	6,631,000
Payments			
Employee Costs	6	-	-
Use of goods and services	7	(5,025,391)	(5,128,225)
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
Adjusted for:			
Decrease/(Increase in Accounts Receivable		28,700	(960,200)
Decrease/(Increase in Accounts Payable			
Net cash flows from operating activities	24	(972,259)	542,575
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets	17	1,481,510	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
Net cash flows used in investing activities		1,481,510	-
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-

**Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		(509,251)	542,575
Cash and cash equivalents at 1 July 2022		2,276,405	1,733,830
Cash and cash equivalents at 30 June,2023		1,767,154	2,276,405

Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023

17. Statement Of Comparison Of Budget And Actual Amounts For The Period ended 30th June 2023

	a	B	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Public Contributions and Donations	-	-	-	-	-	-
Transfers From County Govt.	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-
Other Income	7,000,000	-	7,000,000	5,968,950	1,031,050	85%
Total Income	7,000,000	-	7,000,000	5,968,950	1,031,050	85%
Expenses						
Employee Costs						
Use of goods and services	7,000,000	-	7,000,000	5,025,391	1,974,609	72%
Depreciation and Amortization Expense	-	-	-	-	-	-
Total Expenditure	7,000,000	-	7,000,000	5,025,391	1,974,609	72%
Surplus For the Period	-	-	-	943,559		
	-	-	-	-	-	
Capital expenditure	-	-	-	-	-	

Budget notes

1. The other income of Sh. 5,968,950 is from Single Business Permits and Application fees received during the year.
2. The payments of Sh. 5,025,391 relate to administration costs, bank charges incurred during the year.

18. Notes to the Financial Statements

1. General Information

Elgeyo Marakwet County Alcoholic Drinks Control Fund entity is established by and derives its authority and accountability from Elgeyo Marakwet County Alcoholic Drinks Control Fund Act. The entity is wholly owned by the Elgeyo Marakwet County Government and is domiciled in Kenya. The entity’s principal activity is reduce and mitigate the negative health, social and economic impact on communities resulting from production, sale and consumption of Alcoholic Drinks Control in Elgeyo Marakwet.

2. 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.

3. Adoption of new and revised standards

(i) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023*

IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p>
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Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023

	<ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.

**Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p>
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Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023

	The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

(iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year.

Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 2022-2023 for Elgeyo Marakwet County Government was approved by the County Assembly on 23rd May, 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded no additional appropriations in the FY 2022-2023 budget following the governing body's approval.

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

Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023

comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

Summary of Significant Accounting Policies (Continued)

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

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

c) 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.

d) 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.

e) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Summary of Significant Accounting Policies (Continued)

f) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Summary of Significant Accounting Policies (Continued)

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL)

Elgeyo Marakwet County Alcoholic Drinks Control Fund
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Significant Accounting Policies (Continued)

Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

g) Inventories

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

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

h) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

i) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Summary of Significant Accounting Policies (Continued)

j) 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.

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.

k) 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.*

l) 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.

m) Employee benefits – Retirement benefit plans

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

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

Summary of Significant Accounting Policies (Continued)

n) 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.

o) 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.

p) Related parties

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

q) 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.

r) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

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.

State all judgements, estimates and assumptions made e.g.

a) 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.

b) 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

c) Provisions

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

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

6. Notes To The Financial Statements

Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023

1. Public contributions and donations

Description	Kshs.	Kshs.
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

2. Transfers from County Government

Description	Kshs.	Kshs.
Transfers From County Govt. –Operations	-	-
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
Total	-	-

3. Fines, penalties and other levies

Description	Kshs.	Kshs.
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	Kshs.	Kshs.
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	-	-
Total Interest Income	-	-

Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements Continued

5. Other income

Description	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income - Applications and SBP	5,968,950	6,631,000
Total Other Income	5,968,950	6,631,000

6. Employee Costs

Description	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other (<i>Specify</i>)	-	-
Total	-	-

7. Use of Goods and Services

General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	4,879,713	4,956,294
Committee Allowances		
Bank Charges	7,231	11,931
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	108,447	-

Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Catering	30,000	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other (<i>Specify</i>)-Transfer to EMC	-	160,000
Social benefit expenses	-	-
Total	5,025,391	5,128,225

8. Depreciation and Amortization Expense

Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

9. Finance costs

Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

10. Gain/(loss) on disposal of assets

Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

Elgeyo Marakwet County Alcoholic Drinks Control Fund
 Annual Report and Financial Statements for the year ended June 30, 2023

11. Gain/ (loss) on Fair Value Investments

Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
Total Gain	-	-

12. Cash and cash equivalents

Description	Kshs	Kshs
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Access Bank Ltd Account no. 000180923	1,765,600	2,274,660
Others-KCB Account no.1277448698	1,554	1,745
Total Cash And Cash Equivalents	1,767,154	2,276,405

Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements Continued

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

Financial Institution	Account number	Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) Current Account			
Kenya Commercial bank	1277448698	1,554	1,745
Access Bank Ltd	000180923	1,765,600	2,274,660
Sub- total		1,767,154	2,276,405
d) Others(Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		1,767,154	2,276,405

13. Receivables from exchange transactions

Current Receivables		
Interest Receivable	-	-
Current Loan Repayments Due	-	-
Other Exchange Debtors	931,500	960,200
Less: Impairment Allowance	-	-
Total Current Receivables		
Non-Current Receivables		
Long Term Loan Repayments Due	-	-
Total Non- Current Receivables	-	-
Total Receivables From Exchange Transactions	931,500	960,200

Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements Continued

Additional disclosure on interest receivable

Description	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

14. Prepayments

Description	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments (<i>Specify</i>)	-	-
Total	-	-

15. Inventories

Description	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (<i>Specify</i>)	-	-
Total Inventories at The Lower of Cost and Net Realizable Value	-	-

Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements Continued

16. Investments in financial assets

a.	Investment in Treasury bills and bonds	
	Financial institution	
	CBK	-
	CBK	-
	Sub- total	-
b.	Investment with Financial Institutions/ Banks	
	Bank x	-
	Bank y	-
	Sub- total	-
c.	Equity investments (specify)	
	Equity/ shares	-
	Sub- total	-
	Grand total	-

Movement of Equity Investments

	At the beginning of the year	-
	Purchase of investments in the year	-
	Sale of investments during the year	-
	Gain/(loss) in fair value of investments through surplus or deficit	-
	At the end of the year	-

e) Shareholding in other entities

	%	%	%	Kshs	Kshs	Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

Elgeyo Marakwet County Alcoholic Drinks Control Fund
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Notes To The Financial Statements (Continued)

17. Property, plant and equipment

	Land and buildings Kshs	Motor vehicles Kshs	Furniture and fittings Kshs	Computers and office equipment Kshs	Total Kshs
At 1st July 2022	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30th June 2022	-	-	-	-	-
At 1st July 2022	-	-	-	-	-
Additions	999,940	-	-	481,570	1,481,510
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30th June 2023	999,940	-	-	481,570	1,481,510
Depreciation And Impairment	-	-	-	-	-
At 1 st July 2022	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2022	-	-	-	-	-
At 1st July 2022	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
At 30th June 2023	-	-	-	-	-
Net Book Values	-	-	-	-	-
At 30th June 2022	-	-	-	-	-
At 30th June 2023	999,940	-	481,570.00	-	1,481,510

Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

18. Intangible assets

Description	Kshs	Kshs
Cost		
At Beginning of The Year	-	-
Additions	-	-
At End of The Year	-	-
Amortization And Impairment		
At Beginning of The Year	-	-
Amortization	-	-
At End of The Year	-	-
Impairment Loss	-	-
At End of The Year	-	-
NBV	-	-

19. Investment Property

At beginning of the year	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
At end of the year	-	-

Elgeyo Marakwet County Alcoholic Drinks Control Fund
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Notes To The Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
Total Trade and Other Payables	-		-	
Ageing analysis (Trade and other payables)	2022-2023	% of the Total	2021-2022	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-		-	

21. Provisions

	Leave Provision	Bonus Provision	Other Provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At the Beginning Of The Year	-	-	-	-
Additional Provisions	-	-	-	-
Provision Utilised	-	-	-	-
Change Due To Discount And Time Value For Money	-	-	-	-
Transfers From Non -Current Provisions	-	-	-	-
Balance At The End of The Year	-	-	-	-

Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

22. Borrowings

Description	Kshs	Kshs
Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments Of External Borrowings During the Period	-	-
Repayments Of Domestic Borrowings During the Period	-	-
Balance At End of The Period	-	-

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

	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organization'	-	-
Sterling Pound Denominated Loan From 'Y Organization'	-	-
Euro Denominated Loan from Z Organization'	-	-
Domestic Borrowings		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End of The Year	-	-

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

Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

23. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

24. Social Benefit Liabilities

Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
Current social benefits	-	-
Non-current social benefits	-	-
Total (tie to totals above)	-	-

Elgeyo Marakwet County Alcoholic Drinks Control Fund
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Notes To The Financial Statements (Continued)

25. Cash generated from operations

Description	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	943,559	1,502,775
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	28,700	(960,200)
Increase In Payables	-	-
Net Cash Flow From Operating Activities	972,259	542,575

Elgeyo Marakwet County Alcoholic Drinks Control Fund
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Notes To The Financial Statements (Continued)

26. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

Board Of Trustees	-	-
Key Management Compensation	4,879,713	4,956,294
Total	4,879,713	4,956,294

d) Due from related parties

Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Other Disclosures Continued

e) Due to related parties

Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

27. Contingent assets and contingent liabilities

Court Case Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

Note: There is no pending litigation against the fund.

Notes To The Financial Statements (Continued)

28. 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:

At 30 June 2023				
Receivables From Exchange Transactions	931,500	-	931,500	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	1,767,154	1,767,154	-	-
Total	2,698,654	1,767,154	931,500	-
At 30 June 2022				
Receivables From Exchange Transactions	960,200	28,700	931,500	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	2,276,405	2,276,405	-	-
Total	3,236,605	2,305,105	931,500	-

Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

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

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

b) Liquidity risk management

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

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

At 30 June 2023				
Trade Payables	-	-	-	-
Current Portion of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2022				
Trade Payables	-	-	-	-
Current Portion of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To the Financial Statements (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:

At 30 June 2023			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Notes To The Financial Statements (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.

2023			
Euro	10%	-	-
USD	10%	-	-
2022			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Elgeyo Marakwet County Alcoholic Drinks Control Fund
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Notes To The Financial Statements (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:

Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	4,180,164	3,236,605
Total funds	4,180,164	3,236,605
Total borrowings	-	-
Less: cash and bank balances	1,767,154	2,276,405
Net debt/ (excess cash and cash equivalents)	-	-
Gearing	0%	0%

29. Events after the reporting period

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

30. Ultimate and Holding Entity

The entity is a County Public Fund established by Elgeyo Marakwet County Alcoholic Drinks Control Act, 2014 under the department of Public Service Public service, Devolution. Administration & ICT. Its ultimate parent is the County Government of Elgeyo Marakwet

31. Currency

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

**Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

19. Annexes

Annex I: Progress on Follow Up of Prior Year Auditor's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

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.;	Delayed Operationalization of the Iten County Referral Rehabilitation Centre.	The delayed operationalization of Iten County Referral Rehabilitation Centre was due to lack of funds to procure basic and key equipment necessary to effectively operationalize. The directorate of alcoholic drinks budgeted ksh.1,000,000 in the financial year 2022/2023	Fund administrator	Resolved	
2	Failure to Appoint a Substantive Director for the Alcoholic Drinks Control Directorate	The staff working in the directorate of Alcoholic Drinks Control Fund were deployed. However the County Government is in the process of appointing substantive director	CEC PSM/County Public Service Board	Not resolved	6 months

Sign *[Signature]*.....

Date: 21st November, 2023

DIRECTOR
ALCOHOLIC DRINKS CONTROL
ELGEYO MARAKWET COUNTY
P. O. Box 220-30700,
ITEN

**Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Annex II: Inter-Fund Confirmation Letter



*Elgeyo Marakwet County Alcoholic Drinks Control Fund
P.O.Box 220-30700 Iten*

The Elgeyo Marakwet County Alcoholic Drinks Control Fund wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Fund] as at 30 th June 23							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 th June 20xx				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 20xx (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

In confirm that there were transfers to the fund during the period

Head of Accountants department of beneficiary Fund:

Name DAVID KANDIE Sign [Signature] Date 21st November, 2023.

DIRECTOR
ALCOHOLIC DRINKS CONTROL
ELGEYO MARAKWET COUNTY
P. O. Box 220-30700,
ITEN

Annex III: Reporting of Climate Relevant Expenditures

				Q1	Q2	Q3	Q4		

Notes:

The fund did not carry out any activity on Climate change during the period.

**Elgeyo Marakwet County Alcoholic Drinks Control Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Annex IV: Reporting on Disaster Management Expenditure

[Redacted]						

Notes:

The fund did not carry out any activity on disaster management during the period.

