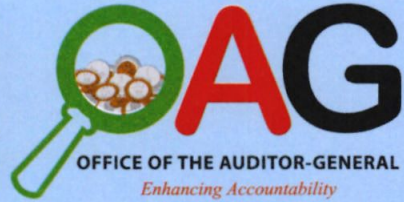


REPUBLIC OF KENYA



## REPORT

OF

THE AUDITOR-GENERAL



ON

WEST POKOT COUNTY CO-OPERATIVE  
DEVELOPMENT FUND

FOR THE YEAR ENDED  
30 JUNE, 2026

| PAPERS LAID        |           |
|--------------------|-----------|
| DATE               | 7/10/2024 |
| TABLED BY          | M.L.      |
| COMMITTEE          | -         |
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**WEST POKOT COUNTY CO-OPERATIVE DEVELOPMENT FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2026**

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









**WEST POKOT COUNTY CO-OPERATIVE DEVELOPMENT FUND**  
**Annual Report and Financial Statements for the year ended June 30, 2026.**

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**1. Acronyms**

|        |                                                    |
|--------|----------------------------------------------------|
| BCom   | Bachelor of Commerce                               |
| BSN    | Business School Netherlands                        |
| CBK    | Central Bank of Kenya                              |
| CECM   | County Executive Committee Member                  |
| CEO    | Chief Executive Officer                            |
| CIFA   | Certified Investment and Financial Analyst         |
| CO     | Chief Officer                                      |
| DG     | Director General                                   |
| ICPAK  | Institute of Certified Public Accountants of Kenya |
| ICS    | Institute of Certified Secretaries                 |
| IPSAS  | International Public Sector Accounting Standards   |
| KNUT   | Kenya National Union of Teachers                   |
| MBA    | Master of Business Administration                  |
| MD     | Managing Director                                  |
| NT     | National Treasury                                  |
| OAG    | Office of the Auditor General                      |
| OCOB   | Office of the Controller of Budget                 |
| OSHA   | Occupational Safety and Health Act of 2007         |
| PFM    | Public Finance Management                          |
| PPE    | Property Plant & Equipment                         |
| PSASB  | Public Sector Accounting Standards Board           |
| PWD    | People With Disability                             |
| SAGAs  | Semi-Autonomous Government Agencies                |
| SC     | State Corporations                                 |
| US     | United States                                      |
| USAID  | United States Agency for International Development |
| WB     | World Bank                                         |
| WPCCDF | West Pokot County Cooperative Development Fund     |

**West Pokot County Co-operative Development Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2026.**

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**2. Who We Are**

**(a) Background information**

The West Pokot County Cooperative Development Fund (WPCCDF) was established under the West Pokot County Cooperative Development Act on 24<sup>th</sup> May 2018. The Fund is wholly owned by the County Government of West Pokot and is domiciled in Kenya.

**(b) Principal Activities**

The principal activity of the Fund is to provide affordable and competitive credit to co-operatives involved in small-scale production.

**Functions of the Fund**

- (a) To provide affordable and competitive credit to the successful applicants; provide an opportunity to small scale entrepreneurs to gain commercial experience to enable them play their part in industrial and commercial development of the county;
- (b) provide enterprise development services;
- (c) enhance the small and medium enterprises' competitiveness as they graduate into bigger vibrant enterprises; and
- (d) perform any other lawful function for purposes of promoting enterprise and entrepreneurship development in the county.

**Mission of the Fund**

WPCCDF transforms livelihoods by providing affordable and competitive funds to the residents of West Pokot County.

**Vision of the Fund**

To provide affordable and competitive credit to co-operatives whose membership is composed of micro and small-scale registered business enterprises.

**Guiding Principles of the Fund.**

- a) Public participation and financial inclusiveness;
- (b) Donor linkages and participation;

**West Pokot County Co-operative Development Fund**  
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(c) Protection of the interests of the marginalized, persons living with disability, women and the youths; and local ownership and sustainability.

**(c) Assurance and Audit**

WPCCDF applies a combined assurance model to enhance the reliability of this report. Assurance is provided through:

- Management reviews
- Internal audit assessments overseen by the Board Audit, Risk, and Compliance Committee
- External audit of financial statements by the Office of the Auditor-General (OAG)

Legal, Compliance, and Corporate Governance Audits are conducted biannually to ensure adherence to applicable laws, regulations, and governance standards. The Board has applied its collective judgment to this report and confirms that it provides a balanced and accurate reflection of WPCCDF performance, strategy, and value-creation approach.

**(d) Registered Offices**

P.O. Box 222-30600

Cooperative Offices

Off the Kapenguria County Referral Hospital Road

Kapenguria, KENYA.

**(e) Fund Contacts**

Telephone: (254) 717869850

E-mail: [trade@westpokot.go.ke](mailto:trade@westpokot.go.ke)

Website: [www.westpokot.go.ke](http://www.westpokot.go.ke).

**West Pokot County Co-operative Development Fund**  
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**(f) Fund Bankers**

Kenya Commercial Bank  
P.O BOX 396- 30600  
**KAPENGURIA, KENYA**

**(g) Independent Auditor**

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

**(h) Principal Legal Adviser**

i) The Attorney General  
State Law Office and Department of Justice  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

ii) County Attorney  
P.O. Box 222-30600  
Kapenguria, Kenya



**West Pokot County Co-operative Development Fund**  
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**3. Chairman's Statement**

**For the Financial Year Ended 30 June 2026**

It gives me great pleasure, on behalf of the Board of the West Pokot County Cooperative Development Fund, to present this report for the Financial Year 2025/2026.

The Board remains committed to ensuring that the Fund continues to fulfil its mandate of promoting sustainable cooperative development through the provision of affordable financial support, strengthening governance, and enhancing the capacity of cooperative societies across West Pokot County. During the year under review, the Board provided strategic leadership and oversight to ensure that the Fund operated efficiently, transparently, and in accordance with the relevant legal and policy framework.

**Key Activities During the Year**

During the financial year under review, the Fund implemented several initiatives aimed at enhancing the growth and sustainability of Cooperative societies. The key activities undertaken included:

- Financing eligible cooperative societies to support agricultural production, value addition especially those dealing with milk products, marketing, and other income-generating activities.
- Monitoring and evaluating funded projects to ensure prudent utilization of loan facilities and compliance with funding conditions.
- Conducting capacity-building programs for cooperative leaders, management committees, and members on governance, financial management, loan management, and statutory compliance.
- Strengthening stakeholder engagement through consultations with the County Government, Cooperative Societies, financial institutions, and other development partners.
- Enhancing governance, risk management, and internal control systems to improve accountability and operational efficiency.

**Achievements**

Despite the prevailing economic challenges, the Fund registered notable achievements during the financial year. These included:

- Continued financial support by advancing a total of **Ksh. 10.8 million** to cooperative societies, enabling beneficiaries to expand productive investments and improve members' livelihoods.
- Improved governance and management practices among supported cooperative societies through continuous training and technical assistance.

**West Pokot County Co-operative Development Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2026.**

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- Enhanced monitoring of funded projects, resulting in improved accountability and utilization of financial resources.
- Increased awareness of the Fund's products and services among cooperative societies across the county.
- Strengthened collaboration between the Fund, the County Government, and key stakeholders in advancing cooperative development.
- These achievements demonstrate the Fund's continued contribution to economic empowerment, employment creation, financial inclusion, and poverty reduction within West Pokot County.
- We managed to recover fully from two Cooperative Societies availing funds for re-lending to new cooperatives.

**Challenges**

The Board recognizes that several challenges continued to affect the Fund's operations during the year, including:

- Growing demand for financial support that exceeded the Fund's available resources.
- Loan repayment delays and defaults by some beneficiary cooperative societies, affecting the sustainability of the revolving fund.
- Adverse weather conditions and other economic shocks that reduced the repayment capacity of agricultural cooperatives.
- Capacity gaps in governance and financial management within some cooperative societies.
- Rising operational costs associated with project monitoring, supervision, and technical support across the county.
- Non receipt of the USAID-Kuza grants occasioned by the termination of USAID activities in Africa by the US Government.

The Board continues to put in place appropriate measures to address these challenges while safeguarding the long-term sustainability of the Fund.

**Future Outlook**

Looking ahead, the Board remains optimistic about the future of the West Pokot County Cooperative Development Fund. During the 2026/2027 financial year, the Fund will focus on:

Expanding access to affordable financing to reach more eligible cooperative societies.

Strengthening loan appraisal, monitoring, and recovery mechanisms to improve the revolving capacity of the Fund by enhancing institutional capacity through continuous training of the board

**West Pokot County Co-operative Development Fund  
Annual Report and Financial Statements for the year ended June 30, 2026.**

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members, cooperative leaders, and members. We shall also be leveraging on technology to improve loan management, financial reporting, and service delivery. As always, we shall strengthen partnerships with the County Government, National Government agencies, financial institutions, and development partners to mobilize additional resources.

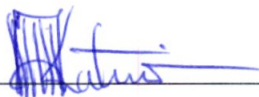
Promoting sustainable cooperative enterprises through value addition, climate-smart agriculture, market linkages, and financial inclusion initiatives will be among our priorities.

The Board remains committed to ensuring that the Fund continues to serve as a catalyst for inclusive economic growth, financial inclusivity and improved livelihoods for the people of West Pokot County.

**Appreciation**

On behalf of the Board, I sincerely thank the County Government of West Pokot for its unwavering support towards the Cooperative Development Fund. I also express my gratitude to fellow Board Members for their guidance and commitment, Management and staff for their professionalism and dedication, and cooperative societies for their continued partnership and confidence in the Fund.

Together, we will continue strengthening the cooperative movement as a key driver of sustainable socio-economic transformation in West Pokot County.



---

**Mr. Henry Katuria**

**Chairman**

**West Pokot County Cooperative Development Fund**

**September 11, 2026**



**West Pokot County Co-operative Development Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2026.**

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**4. Report of the Fund Administrator**

**For the Financial Year Ended 30 June 2026**

It is my humble pleasure to present the Fund Administrator's Report for the West Pokot County Cooperative Development Fund for the Financial Year ended 30 June 2026.

The year under review was characterized by the Fund's continued commitment to promoting cooperative development through the provision of affordable financial services, institutional strengthening, and sound financial management. Guided by the Board of Directors and in line with the Fund's strategic objectives, Management focused on improving service delivery, strengthening governance, enhancing accountability, and supporting cooperative societies to contribute meaningfully to the socio-economic development of West Pokot County.

**Operational Performance**

During the 2025/2026 financial year, the Fund continued to finance eligible cooperative societies undertaking viable economic activities in agriculture, livestock, trade, manufacturing, savings and credit, and other productive sectors. Loan appraisal, disbursement, monitoring, and recovery processes were strengthened to ensure prudent utilization of the Fund's resources.

Management conducted regular field monitoring and project evaluation visits to assess project implementation, provide technical support, and ensure compliance with the terms and conditions of funding. These visits also enabled the Fund to identify operational challenges facing beneficiary cooperatives and provide timely interventions that corrected the positions.

Capacity-building programs were organized for cooperative leaders, committee members, and staff to enhance governance, financial management, internal controls, loan management, and statutory compliance. These initiatives have continued to improve the management capacity and sustainability of cooperative societies across the county.

The Fund also strengthened collaboration with the County Government, the State Department for Cooperatives, financial institutions, and other stakeholders to enhance support for cooperative enterprises and expand opportunities for economic empowerment.

**Financial Performance**

The Fund maintained prudent financial management throughout the financial year despite the prevailing economic challenges. Revenue collection, expenditure management, and resource utilization were undertaken in accordance with approved budgets, applicable laws, and sound public financial management principles.

## **West Pokot County Co-operative Development Fund Annual Report and Financial Statements for the year ended June 30, 2026.**

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The financial statements presented in this Annual Report reflect the Fund's financial position, performance, and cash flows for the year ended 30 June 2026. Management remained focused on maintaining the sustainability of the revolving fund by strengthening loan recovery mechanisms, improving financial controls, and ensuring responsible stewardship of public resources as per recommendations of the Senate Public Investments Committee.

Overall, the Fund remained financially stable and continued to support cooperative societies while safeguarding its long-term sustainability. We were able to lend a total of **Ksh. 10.8 million** from loan recoveries made.

### **Key Achievements**

During the year under review, the Fund achieved several milestones, including:

- Continued financing of cooperative societies across West Pokot County.
- Improved monitoring and evaluation of funded projects.
- Enhanced governance and management capacity of beneficiary cooperatives through continuous training.
- Strengthened stakeholder engagement and partnerships.
- Improved internal controls, accountability, and financial management systems.
- Increased public awareness of the Fund's products and services.
- These achievements contributed to strengthening cooperative enterprises, improving household incomes, promoting employment opportunities, and enhancing economic resilience within the county.

### **Challenges**

Despite the progress made, the Fund experienced several operational challenges, including:

- Limited financial resources relative to the increasing demand for affordable credit.
- Loan repayment delays and defaults by some beneficiary cooperative societies.
- Lack of allocation from the County Treasury to the Fund.
- Adverse climatic conditions affecting agricultural productivity and the repayment capacity of cooperatives.
- Capacity gaps in governance, financial management, and record keeping among some cooperative societies.
- Rising operational costs associated with project monitoring, supervision, and service delivery.
- Management continues to implement appropriate mitigation measures, including strengthening loan recovery strategies, enhancing beneficiary training, improving risk



**West Pokot County Co-operative Development Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2026.**

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management practices, and promoting prudent financial management among cooperative societies.

**Future Outlook**

Looking ahead, Management will continue implementing initiatives aimed at strengthening the Fund's operational efficiency and expanding its impact. Key priorities for the 2026/2027 financial year include: Increasing access to affordable financing for eligible cooperative societies. Strengthening loan appraisal, monitoring, and recovery processes. Enhancing digital systems for financial management, reporting, and service delivery. Expanding capacity-building programs to improve governance and enterprise management. Mobilizing additional financial resources through strategic partnerships to reduce over-reliance on the County Treasury for allocations.

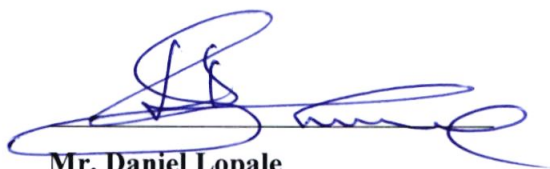
Management remains committed to implementing the Board's strategic direction while ensuring that the Fund continues to support inclusive economic growth, employment creation, and poverty reduction in West Pokot County.

**Appreciation**

I wish to sincerely thank the Board of Management for its strategic guidance and unwavering support throughout the financial year. I also acknowledge the County Government of West Pokot for its continued commitment to strengthening the cooperative sector.

I extend my appreciation to all members of staff for their professionalism, dedication, and hard work, as well as to our stakeholders, development partners, and the cooperative societies we serve for their continued cooperation and confidence in the Fund.

Together, we remain committed to building a vibrant, sustainable, and competitive cooperative movement that contributes to the socio-economic transformation of West Pokot County.



**Mr. Daniel Lopale**

**Fund Administrator**

**September 11, 2026**

**West Pokot County Co-operative Development Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2026.**

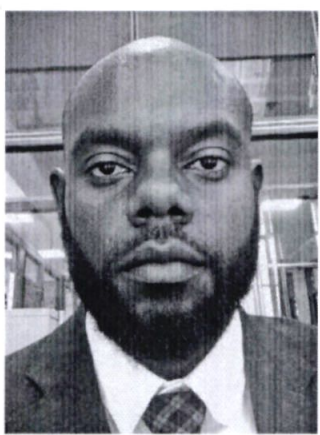
**5. Corporate Governance Statement**

**Part A: Board of Management profiles:**

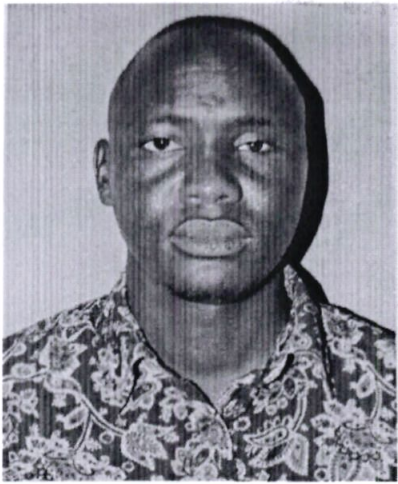
| Directors                                                                                                                                                     | Details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1. Henry Katuria Tepakwiang</p>  <p><i>Retired Education Officer</i></p>  | <p>Mr. Katuria is currently Chairperson of the West Pokot County Co-operative Development Fund. He was the Eco-pillar chairperson between 2003-2017, former District Education Officer of the Government of Kenya, Teacher Advisory Tutor, School Feeding Programme Officer, Principal and Head Teacher and a class teacher.</p> <p>He is a Seasoned actor in the Co-operative Movement.</p>                                                                                                                                                        |
| <p>2. Naomi Lemreng</p>  <p><i>Business Management Expert</i></p>           | <p>Ms. Naomi is a member of key management of the West Pokot County Cooperative Development Fund. She is also the Ag. Chief Officer Finance and Economic Planning at the County Government of West Pokot; she holds Master of Business Administration with over 10 years of experience in both Public and private sector</p>                                                                                                                                                                                                                        |
| <p>3. William Ntoina</p>  <p><i>Business Administration Specialist</i></p> | <p>Mr. Ntoina is a member of the Fund Management Board of the West Pokot County Cooperative Development Fund. He is currently the Director of Investment and Cooperative Development at the County Government of West Pokot; He is currently pursuing a Master of Business Administration (MBA-Food Security Option) from Business School Netherlands (BSN). He holds a Master of Science in Environmental Informatics from the University of Leicester, United Kingdom, several post graduate certificates and Bachelor of Science in Computer</p> |



**West Pokot County Co-operative Development Fund**  
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|                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|--------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                    | Science from Moi University with over 20 years of experience in both Public and private sector                                                                                                                                                                                                                                                                                                                                                                                            |
| <p>4. Josphine Relyne Kaiywo</p>  | <p>Ms. Josphine Relyne is a member of Fund Board of Management of the West Pokot County Co-operative Development Fund. She holds a certificate in Pastors enhancement training from Kisii University and Hotel and catering Supervision from Rehema Technical Training College with over 15 years of experience in both Public and private sectors.</p>                                                                                                                                   |
| <p>5. Caroline Cherotich</p>     | <p>Ms. Caroline is a member of the WPCCDF Board. She holds a Kenya Certificate of Secondary Education from St. Brigids Girls Kitale. She is a business woman and a youth representative.</p>                                                                                                                                                                                                                                                                                              |
| <p>6. Philip Magal</p>          | <p>Mr. Magal is a member of the Fund Management Board of WPCCDF. He is also the current County Solicitor, County Government of West Pokot. He is currently pursuing a PhD in Constitutional Law at the University of Cologne, Germany. He holds a Master of Law Degree in Crime and litigation from London South Bank University, United Kingdom and a bachelor of Law Degree from Moi University, Kenya. He has over 15 years working experience both in public and private sectors.</p> |
| <p>7. Joshua Rutto</p>                                                                                             | <p>Mr. Joshua who is 39 years old is a member of the board and a CECM for Trade, Industry, Energy, Investment and co-operative Development. He holds</p>                                                                                                                                                                                                                                                                                                                                  |

**West Pokot County Co-operative Development Fund**  
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|                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                     | <p>a Bachelor' Degree in Education from Moi University having graduated in 2009. He is currently pursuing a Master's Degree in Communication at the same institution. He brings in a wealth of experience having worked at the County Government of West Pokot as the Director Governor's Press, Kenya Commercial Bank Ltd and the Standard Gauge Railway where he was instrumental in embedding their corporate culture implementation. Joshua has attended various courses locally. He is also a community mobiliser having provided leadership in various community projects and activities within the County of West Pokot.</p>      |
| <p>8. Daniel Siwakech Lopale</p>  | <p>Mr. Daniel Lopale is the Secretary to the Board and a Fund Administrator. He is not a member of ICS but he is currently the Chief Officer for the Department of Trade, Industry, Energy, Investment and Cooperative Development, County Government of West Pokot. He holds a Bachelor of Education Arts Degree from Kisii University, Diploma in Education Management and a Certificate in Primary Education from Mosoriot Teachers Training College with over 10 years working experience as a teacher, principal, KNUT official and a chief Officer PSM. He is yet to be member of the Institute of Certified Secretaries (ICS)</p> |



**West Pokot County Co-operative Development Fund**  
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**Part B: Management Profile**

| Management                                                                                                                                                          | Details                                                                                |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| <p>1. Daniel Lopale</p>  <p><i>Degree in Business Management and a Teacher</i></p> | <p>Accounting Officer, Fund<br/> Administrator and Secretary to the Board.</p>         |
| <p>2. Naomi Lemreng</p>  <p><i>Degree in Business Management</i></p>              | <p>Member of the board and Chief<br/> Officer Finance &amp; Economic<br/> Planning</p> |
| <p>3. Samuel Lomwai</p>  <p><i>MBA, BCom, CPA, CIFA</i></p>                      | <p>Fund Accountant and Head of<br/> Finance.</p>                                       |
| <p>4. Henry Katuria</p>  <p><i>Degree in Education Management</i></p>            | <p>Chairman Board of Management and<br/> Bank Account Signatory</p>                    |

**Part C: Governance arrangements**

**i. Appointment of Board Members**

The Board of the West Pokot County Cooperative Development Fund is constituted in accordance with the provisions of the West Pokot County Cooperative Development Fund Act, 2018 and other applicable laws. Members are appointed through a transparent process involving nomination by relevant stakeholders and formal appointment by the County Executive Committee Member responsible for Cooperatives, with approval of the County Assembly. Board members serve for a fixed term of three (3) years as prescribed in the enabling legislation and may be reappointed only once subject to satisfactory performance and legal requirements. Removal of Board members is undertaken in accordance with the law on grounds such as misconduct, incapacity, conflict of interest, or failure to discharge their responsibilities, bankruptcy.

The Board comprises members with diverse professional backgrounds, including cooperative development, finance, law, accounting, business management, agriculture, and public administration. The Fund is committed to promoting gender equity, regional representation, and inclusion in Board appointments.

The Board is required to operate under an approved Board Charter, which defines its mandate, responsibilities, governance principles, meeting procedures, and relationship with Management. The board is in the process of developing the charter.

**ii. Roles and Functions of the Board**

The Board provides strategic leadership and oversight to ensure the Fund achieves its mandate. Its key responsibilities include:

- Providing strategic direction and approving policies.
- Approving annual work plans and budgets.
- Approving loan policies and major funding decisions.
- Monitoring financial and operational performance.
- Overseeing risk management and internal controls.
- Ensuring compliance with legal and regulatory requirements.
- Safeguarding the assets and resources of the Fund.
- Monitoring implementation of Board resolutions.
- To provide affordable and competitive credit to the successful applicants;
- Provide enterprise development services;

**West Pokot County Co-operative Development Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2026.**

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- Enhance the small and medium enterprises' competitiveness as they graduate into bigger vibrant enterprises; and
- Perform any other lawful function for purposes of promoting enterprise and entrepreneurship development in the county.

**iii. Induction, Training and Development**

Newly appointed and existing Board members undergo induction programmes covering the Fund's legal framework, governance structure, financial management, lending policy, marketing policy, strategic objectives, and regulatory environment. Continuous professional development is encouraged through training, seminars, workshops, and conferences to enhance Board effectiveness. Technical staff are also facilitated to attend trainings with professional bodies such as ICPAK for accountants.

**iv. Board and Members' Performance**

The Board undertakes deliberate and periodic performance evaluations to assess its effectiveness and that of individual members. The evaluation considers attendance, participation, contribution to strategic discussions, compliance with governance standards, and achievement of Board objectives. The results are used to identify areas for improvement and capacity development planning.

**v. Board Meetings and Attendance**

The Board meets regularly to discharge its responsibilities in accordance with the Act and regulations, and annual work plan. The Act prescribes at least two (2) meetings in a year. Additional special meetings may be convened on case-to-case basis.



**West Pokot County Co-operative Development Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2026.**

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vi.

| <b>Board Member</b>         | <b>Meetings Held</b> | <b>Meetings Attended</b> | <b>Attendance (%)</b> |
|-----------------------------|----------------------|--------------------------|-----------------------|
| Henry Katuria (Chairperson) | 2                    | 2                        | 100%                  |
| Joshua Rutto (Member)       | 2                    | 2                        | 100%                  |
| Philip Magal (Member)       | 2                    | 2                        | 100%                  |
| William Ntoina (Member)     | 2                    | 2                        | 100%                  |
| Naomi Lemreng (Member)      | 2                    | 2                        | 100%                  |
| Caroline Cherotich (Member) | 2                    | 2                        | 100%                  |
| Josephine Kaiywo (Member)   | 2                    | 2                        | 100%                  |
| Daniel Lopale (Secretary)   | 2                    | 2                        | 100%                  |

**Succession Plan**

The Fund has established succession planning measures to ensure continuity in governance and management. Succession planning focuses on leadership development, knowledge transfer, staff capacity building, and timely replacement of Board members upon expiry of their terms. Board terms have been staggered to ensure continuity.

**vii. Policy to Manage Conflicts of Interest**

The Fund maintains a conflict-of-interest Policy requiring Board members and staff to disclose any conflicts of interest. Members with declared conflicts are required to abstain from discussions and decisions relating to the affected matters. Conflict declarations are recorded in the minutes of Board meetings if any but there was none during the year under review.

**West Pokot County Co-operative Development Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2026.**

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**Board Remuneration**

Board members receive remuneration and sitting allowances in accordance with applicable Government guidelines and resolutions approved by the relevant County authorities. The remuneration framework seeks to ensure accountability, transparency, and prudent use of public resources.

**ix. Ethics and Conduct**

The Board and Management are guided by a Code of Ethics and Conduct founded on integrity, accountability, professionalism, transparency, fairness, and respect for the rule of law. Members are expected to uphold the highest ethical standards while discharging their duties.

**x. Governance Audit**

The Fund periodically undertakes governance audits to assess compliance with applicable governance standards, legislation, policies, and best practices. Recommendations arising from governance audits are implemented through approved action plans aimed at strengthening institutional governance.

**xi. Communication Policy**

The Fund has established communication mechanisms that promote timely, accurate, and transparent dissemination of information to stakeholders. Communication is undertaken through Board meetings, management reports, public participation forums, annual reports, official correspondence, radio talks, and digital platforms where applicable.

**xii. Terms of Reference of Board Committees**

The Board is in the process of establishing committees with clearly defined Terms of Reference to improve efficiency and oversight. These may include:

- Finance and Administration Committee
- Audit and Risk Committee
- Credit and Investment Committee
- Governance Committee

Each committee shall operate under Board-approved Terms of Reference outlining its mandate, authority, membership, reporting responsibilities, and meeting procedures.

**xiii. Policy on Related Party Transactions**

The Fund requires all related party transactions to be conducted transparently, at arm's length, and in compliance with applicable laws and accounting standards. All related party transactions are disclosed appropriately in the financial statements where required.

**West Pokot County Co-operative Development Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2026.**

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**xiv. Statement of Compliance with Laws and Regulations**

The Board affirms its commitment to compliance with all applicable laws, regulations, and governance requirements, including:

- Constitution of Kenya, 2010
- Public Finance Management Act, 2012
- County Governments Act, 2012
- Public Procurement and Asset Disposal Act, 2015
- Cooperative Societies Act
- Leadership and Integrity Act
- West Pokot County Cooperative Development Fund Act, 2018
- West Pokot County Cooperative Development Fund Regulations, 2019
- Other applicable regulations, policies, and guidelines

**xv. Existing Key Management Structure and Roles**

| <b>Position</b>                            | <b>Key Responsibilities</b>                                                                                             |
|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| <b>Fund Administrator</b>                  | Overall leadership, implementation of Board decisions, administration of Fund operations, and strategic management.     |
| <b>Finance Manager</b>                     | Financial management, budgeting, accounting, financial reporting, treasury management, and internal financial controls. |
| <b>Fund Director</b>                       | Loan appraisal, loan administration, portfolio monitoring, recovery, and credit risk management.                        |
| <b>Internal Auditor</b>                    | Independent review of internal controls, risk management, compliance, and governance processes.                         |
| <b>Monitoring &amp; Evaluation Officer</b> | Project monitoring, performance reporting, impact assessment, and data management.                                      |
| <b>Cooperative Development Officer</b>     | Cooperative mobilization, capacity building, advisory services, and monitoring of funded cooperatives.                  |
| <b>Procurement Officer</b>                 | Procurement planning, tender administration, contract management, and compliance with procurement laws.                 |



**West Pokot County Co-operative Development Fund**  
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**xvi. Existing Fiduciary Oversight Arrangements**

The Fund has established fiduciary oversight mechanisms to safeguard public resources and ensure accountability. These include:

- Oversight by the Board of Directors.
- County Internal Audit and risk management function.
- Audit and Risk Committee oversight.
- External audit by the Auditor-General.
- Budget approval and monitoring processes.
- Segregation of duties and internal control systems.
- Procurement oversight in accordance with procurement laws.
- Regular financial reporting and bank reconciliations.

Compliance monitoring with applicable laws, regulations, and policies.

These governance arrangements provide a framework for effective leadership, accountability, transparency, prudent financial management, and sustainable delivery of the Fund's mandate to support cooperative development in West Pokot County.

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**6. Financial Performance Overview**

**FY 2025/26 Financial and Operational Performance Report**

**1. Revenue**

The Fund recorded total revenue of KShs. 1,453,414 during the financial year ended 30 June, 2026 representing a decrease of 25% compared to the previous financial year. Revenue was mainly generated from interest on loans. The revenue performance reflects the Fund's efforts to improve loan recovery, expand lending activities, and enhance operational efficiency.

**2. Expenditure**

During the financial year ended 30 June 2026, the Fund incurred expenditure in implementing its mandate of promoting cooperative development and providing affordable credit to cooperative societies within West Pokot County. Total expenses for the fund during the year amounted to Ksh. 4,548,434. Expenditure was incurred prudently and in accordance with the approved budget, the Public Finance Management Act, 2012, IPSAS Accrual Standards, and other

The major expenditure drivers during the year included administrative, and operating expenses, board and committee expenses, and training costs.

**3. Revenue and Expenditure per Budget Estimates**

The Fund recorded a variance between the budgeted revenue and the actual revenue realized during the financial year ended 30 June 2026. The variance arose from the failure to receive USAID-Kuza grants after policy change by the US government suspending USAID financings.

Other operating income varied from budget due to differences in the volume of recoveries, penalties, application fees, and other incidental receipts collected during the year. These revenue streams are demand-driven and therefore difficult to estimate with precision during budget preparation.

Despite these variances, the Fund maintained a stable revenue base and continued to implement measures aimed at enhancing revenue collection. These measures included strengthening loan recovery mechanisms, improving credit appraisal processes, expanding lending activities to eligible cooperative societies, and enhancing financial monitoring and reporting.

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Management will continue to strengthen revenue forecasting, improve collection efficiency, and monitor key revenue drivers to minimize future budget variances while ensuring compliance with IPSAS Accrual Standards and the Public Finance Management Act, 2012.

#### **4. Risk Analysis and Statutory Compliance**

##### **Major Risks Facing the Fund**

The Fund faces several risks that may affect its ability to achieve its mandate of promoting cooperative development within the County. These include:

- **Credit risk:** Default by cooperative societies and borrowers on loan repayments, resulting in reduced revolving funds and diminished lending capacity.
- **Liquidity risk:** Failure by the county Treasury to allocate funds and difficulty in loan recoveries, which may affect the Fund's ability to finance eligible cooperatives on time.
- **Operational risk:** Inadequate staffing, weak internal controls, system failures, and human error that may disrupt service delivery.
- **Governance risk:** Weak governance structures within beneficiary cooperative societies, leading to poor loan utilization and financial mismanagement.
- **Compliance risk:** Failure to comply with applicable laws, regulations, and county policies governing public finance and cooperative development.
- **Economic risk:** Inflation, adverse market conditions, and climate-related shocks affecting the performance of cooperative societies and their ability to repay loans.
- **Fraud and corruption risk:** Misappropriation of funds, fraudulent loan applications, or procurement irregularities that may result in financial losses and reputational damage.

##### **Compliance with Statutory Requirements**

During the reporting period, the West Pokot County Cooperative Development Fund complied with the applicable legal and regulatory framework governing its operations. Specifically, the Fund:

- Complied with the **Public Finance Management Act, 2012** and related regulations in the management and utilization of public resources.
- Adhered to the **Public Procurement and Asset Disposal Act, 2015** in the acquisition of goods, works, and services.



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- Operated in accordance with the **Co-operative Societies Act (Cap. 490)** and the **West Pokot County Cooperative Development Fund Act, 2018**.
- Prepared and maintained accounting records and financial statements in accordance with the applicable **International Public Sector Accounting Standards (IPSAS)**.
- Facilitated internal and external audit processes and implemented recommendations aimed at strengthening governance, accountability, and internal controls.

Where any instances of non-compliance were identified during the reporting period, management initiated appropriate corrective actions to address the issues and enhance future compliance.

### **5. Economic and Sector Outlook**

The economic outlook for West Pokot County remains moderately positive, supported by continued investments in agriculture, livestock production, infrastructure, and financial inclusion initiatives.

Despite all these, the county continues to face challenges arising from inflationary pressures, climate variability, high input costs, and limited access to affordable finance, all of which affect household incomes and the performance of cooperative societies and their abilities to repay their loans on a timely basis.

The cooperative sector is expected to play an increasingly important role in promoting economic growth, employment creation, financial inclusion, and poverty reduction. Growing government support for cooperative development, digitization of financial services, and value addition in agricultural value chains especially those dealing in milk presents significant opportunities for cooperative societies to expand their membership, improve productivity, and increase access to markets and affordable credit.

Despite these opportunities, the sector continues to face challenges, including inadequate capitalization, weak governance and management capacities in some cooperative societies, loan repayment defaults, limited adoption of modern technologies, and the adverse effects of climate change on agricultural production. These challenges may constrain the growth and sustainability of cooperatives if not adequately addressed.

During the coming financial year, the West Pokot County Cooperative Development Fund will continue to strengthen institutional capacity, enhance loan recovery mechanisms, support the establishment and growth of viable cooperative societies, promote good governance and financial management, and encourage investment in productive and climate-resilient enterprises. The Fund

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will also collaborate with the County Government, national government agencies, development partners, and other stakeholders to mobilize additional resources and improve access to affordable financing for cooperative societies, thereby contributing to sustainable socio-economic development within the County.

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**7. Statement of Performance Against the County Fund's Predetermined Objectives for FY 2025/2026**

West Pokot County Cooperative Development Fund has 2 strategic pillars and objectives within the current Strategic Plan for the FY 2025/2026. These strategic pillars are as follows:

- 1: Training of Cooperatives
- 2: Loan advancement to Cooperatives

West Pokot County Cooperatives develops its annual work plans based on the above 2 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Fund achieved its performance targets set for the FY 2025/26 year for its two strategic pillars, as indicated in the table below:

| Strategic Pillar                 | Objective                               | Key Performance Indicators                                         | Activities                                            | Achievements                                                                                   |
|----------------------------------|-----------------------------------------|--------------------------------------------------------------------|-------------------------------------------------------|------------------------------------------------------------------------------------------------|
| Training of Cooperatives         | To build capacity for the cooperatives. | Increased number of cooperatives accessing training opportunities. | 35 % of cooperatives trained.                         | <b>40 cooperatives visited, invited and trained.</b>                                           |
| Loan advancement to cooperatives | To support cooperatives with capital    | Increased number of cooperatives accessing loans                   | 13 % of all Co-operatives have gotten loans from fund | <b>In the year ending June ,2026, 5 new disbursements were made bringing to a total of 19.</b> |



**8. Environmental and Sustainability Reporting**

**i) *Sustainability strategy, Risk Management and profile***

The Management has put in place Corporate Social Responsibilities (CSR) plans such as tree planting and environmental cleanups as per the United Nations Sustainable Development Goals. In order to protect sustainability of the fund, board management resolved to strengthen tenure and independence of board through an amendment to its regulations which provides for strong and powerful board free from political changes in the county government and any other external factors deemed threat to its operations. This is a great move considering that county governments experience changes in leadership after every general election.

The seed capital expected from the County Government is Kshs. 300M. This will ensure sustainability of the fund through revolving the funds. This will ensure that the fund is able to run independently without political interference. The fund is in the process putting in place a board charter.

The board also reserves 30% of its contracts to youth, Women and PWDs.

**ii) *Environmental performance***

The Fund has come up with climate financing products. With one accord, the Fund, through the board of management has amended to its regulations that will provide for fund budgeting for tree planting in water catchment areas within West Pokot County done once each year. Secondly, we are training cooperatives management on waste management practices and the need to shift to solar energy so as to reduce electricity bills cost.

During the year, the fund supported a needy school in financing a toilet to prevent use of green toilet which damages the environment and lead to diseases for the members of the society.

**iii) *Employee welfare***

West Pokot County Cooperative Development Fund does not hire employees instead it enjoys technical staff deployed from department of trade, energy, industry, investment and cooperative development to serve in different capacities when required. Further the fund is

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under full control of the board as the Act and regulations spell out. It should be noted that both the board and technical only qualify for allowances upon attendances of board meetings. The technical staff and the board are trained to improve their skills and competence. The WPCCDF is compliant with the Occupational Safety and Health Act of 2007 (OSHA.)

**iv) *Market place practices-***

**a) *Responsible competition practice.***

West Pokot County Cooperative Development Fund lends out loans to successful loan applicants at 3% interest rate, this is the most affordable rate compared to other commercial banks. Similarly, this rate is within acceptable limit. Again this rate is provided for in the act and regulations and is within confines of PFM ACT 2012. Furthermore, this rate is also charged by many government mortgage schemes which means it is within responsible competition practice.

The Fund ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition-open tendering and respect for competitors. It also emphasizes Anti-corruption-reporting, brand protection mechanism, cashless payment, public sensitization/outreach.

**b) *Responsible Supply chain and supplier relations***

The fund fully complies with laws and regulations of the procurement process and asset disposal. Further, all its purchases are done within laid down procedures as it is contained in the act and regulations respectively. West Pokot county cooperative development makes display of its products through print media, radio talks, users of banners and public address system .

**c) *Responsible marketing and advertisement or Responsible engagement with the citizens.***

The Funs maintains an ethical marketing practices by avoiding false or exaggerated promises, avoiding anti-social advertisement, giving adequate information, respecting consumers. It also does sensitization practices that are ethical and responsible through

**West Pokot County Co-operative Development Fund**  
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regular media, holding consultative forums, avoiding false or exaggerated promises, giving adequate information, respecting diversity.

d) ***Product stewardship or Awareness creation***

Product stewardship- outline efforts to safeguard consumer rights and interests. The fund through the Act and Regulations transparently communicate to its customers all rights and responsibilities. This prevents exploitation and ensure equal treatment by the fund officials. Data protection Act is also taken into consideration at all times.

v) ***Corporate Social Responsibility / Community Engagements***

The WPCCDF supported Kokunur Primary School in Tapach Ward, Pokot South Sub-County in construction of a modern toilet to ease reliance on the bush which was affecting the environment by dirtying water. The school approached the fund for support and the board approved Ksh.200,000 grants for the same.



**West Pokot County Co-operative Development Fund**  
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**9. Report of the Board of Fund Management**

The Board submits their report together with the audited financial statements for the year ended June 30, 2026, which show the state of the WPCCDF affairs.

**i) Principal activities**

The principal activities of the Fund are to provide affordable and competitive credit to co-operatives involved in small-scale production

**ii) Results**

The results of the Fund for the year ended June 30, 2026, are set out on page 1.

**iii) Fund Management Board**

The members of the Board of Fund Management who served during the year are shown on page iii. During the year, Priscilla Mungo and Claire Parklea left, and Joshua Rutto, Christopher Alisoreng and Naomi Lemreng were appointed with effect from 2<sup>nd</sup> January 2026.

**iv) Auditors**

The Auditor-General is responsible for the statutory audit of the WPCCDF in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the Fund for the year ended June 30, 2026, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



.....  
**Daniel Lopale**  
**Secretary to the Board**

**West Pokot County Co-operative Development Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2026.**

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**10. Statement of Fund Board Responsibilities**

Section 81 or 164 of the Public Finance Management Act, 2012 and the West Pokot County Cooperative Development Fund Act, 2018 and Regulations 2019 require Fund Board to prepare financial statements in respect of that *Fund*, which give a true and fair view of the state of affairs of the *Fund* at the end of the financial year and the operating results of the *Fund* for that year. The /Fund Board are also required to ensure that the *Fund* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Fund*. The Fund Board is also responsible for safeguarding the assets of the Fund.

The Fund Board are responsible for the preparation and presentation of the WPCCDF 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, 2026. 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 Directors/Fund Committee accept responsibility for the *Fund's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the West Pokot County Cooperative Development Fund Act, 2018 and Regulations 2019. The Fund Committee are of the opinion that the WPCCDF financial statements give a true and fair view of the state of the *Fund's* transactions during the financial year ended June 30, 2026, and of the WPCCDF's financial position as at that date. The Fund Board further confirms 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.

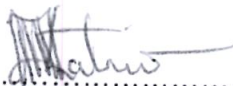
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In preparing the financial statements, the Fund Board have assessed the Fund's ability to continue as a going concern. Nothing has come to the attention of the Fund Board to indicate that the fund will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The WPCCDF financial statements were approved by the Board on 11<sup>th</sup> September, 2026 and signed on its behalf by:



**Henry Katuria**  
**Chairperson of the Board**



**Daniel Lopale**  
**Fund Administrator**





# REPUBLIC OF KENYA

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## **REPORT OF THE AUDITOR-GENERAL ON WEST POKOT COUNTY CO-OPERATIVE DEVELOPMENT FUND FOR THE YEAR ENDED 30 JUNE, 2026**

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### **PREAMBLE**

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

- A. Report on 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 the 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

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, Cap. 412A, and the Public Audit Act, Cap.412B. The three parts of the report when read together constitute the report of the Auditor-General.

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Opinion**

I have audited the accompanying financial statements of West Pokot County Co-operative Development Fund set out on pages 1 to 34, which comprise of the statement of financial position as at 30 June, 2026, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement

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*Report of the Auditor-General on West Pokot County Co-operative Development Fund for the year ended 30 June, 2026*



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, Cap.412B. 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, the financial statements present fairly, in all material respects, the financial position of West Pokot County Co-operative Development Fund as at 30 June, 2026 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards and comply with the West Pokot County Co-operative Development Act of 24 May, 2018 and the Public Finance Management Act, Cap.412A.

### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the West Pokot County Co-operative Development Fund Management in accordance with ISSAI 130 on the 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 opinion.

### **Key Audit Matters**

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

### **Other Matter**

### **Unresolved Prior Year Matters**

In the prior year's audit report, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Fund in 2025/2026 revealed that Long Outstanding Loans and lack of Approved Annual Operational Budget remained unresolved.

### **Other Information**

The Management is responsible for the Other Information set out on pages iii to xxxii which comprise of Who We Are, Chairman's Statement, Report of the Fund Administrator, Corporate Governance Statement, Financial Performance Overview, Statement of Performance Against the County Fund's Predetermined Objectives, Environmental and Sustainability Reporting, Report of the Board of Fund, and Statement of Fund Board Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Fund's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is



materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance thereon.

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

### Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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

#### 1. Non-Performing Loans

The statement of financial position reflects long-term receivables from exchange transactions balance of Kshs.34,433,181 as detailed in Note 12 to the financial statements. Included in the long-term receivables from exchange transactions amount of Kshs.34,433,181 is Kshs.2,791,462 disbursed between the year 2021 and 2022 to three (3) Co-operative Societies. However, the loans have remained outstanding for a long time and the Management has not provided satisfactory explanation on measures put in place to recover the loans. The loans are detailed below:

| S/No.        | Loan Advanced (Kshs.) | Date of Issue | Outstanding Loan Balance (Kshs.) | Period in Default (Months) |
|--------------|-----------------------|---------------|----------------------------------|----------------------------|
| 1.           | 3,000,000             | 04/02/2021    | 967,938                          | 24                         |
| 2.           | 1,200,000             | 13/07/2021    | 1,310,410                        | 23                         |
| 3.           | 500,000               | 04/08/2022    | 513,114                          | 13                         |
| <b>Total</b> | <b>4,700,000</b>      |               | <b>2,791,462</b>                 |                            |

In the circumstances, the effectiveness of loans management systems could not be confirmed.

#### 2. Failure to Comply with Guidelines on Issuance of Loans

Review of the loan applications and loans issued during the year amounting to Kshs.8,500,000 revealed that the beneficiary co-operatives did not meet some of the requirements spelt out in Regulation 13(2) of West Pokot County Co-operative Development Fund Regulations, 2019. These included limits approved by its members in



an Annual General Meeting, latest audited financial statements, statement of cash flows, business plan, maximum borrowing powers approved by the commissioner of cooperatives, copy of the cooperative institutions lending policy for lending institutions, full disclosure of any other financial commitments and Board waivers.

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

### **3. Failure to Prepare and Approve Annual Operational Budget**

During the year under review, the Fund operated without an approved annual operational budget. No documentation was provided to confirm that the Fund's annual work plan and budget were submitted to and approved by the County Executive Committee Member, contrary to Section 23(1) and (2) of the West Pokot County Co-operative Development Fund Act, No. 3 of 2018 which states that, '(1) the Board shall submit to the Executive Committee Member an estimate of its income and expenditure during the succeeding financial year one month before the commencement of the financial year, and (2) the Executive Committee Member shall communicate to the Board the approval of the annual estimates at least one calendar month after the commencement of the financial year'.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply 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, Cap. 412B and based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on the 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 governance were not effective.

### **Basis for Conclusion**

#### **1. Failure to Conduct Internal Audit of the Fund**

Review of the Fund records revealed that during the financial year under review, the Fund was not subjected to any internal audit review by the County's Internal Audit Department. This was contrary to Regulation 153(1) of the Public Finance Management (County Governments) Regulations, Legal Notice No. 35 of 2015, which requires every County Government to establish and maintain an internal audit function to ensure effective financial management, compliance, and accountability.



In the circumstances, the effectiveness of the Fund's internal controls and risk management systems could not be confirmed and Management was in breach of the law.

## **2. Unsecured Loans Outstanding Beyond the Term Limit**

The statement of financial position reflects Kshs.49,755,687 in respect of receivables from exchange transactions as disclosed in Note 12 to the financial statements. The balance includes Kshs.49,090,082 in respect of loans issued to cooperatives, out of which Kshs.4,520,721 or 9% of the total outstanding loans had exceeded the approved loan period of thirty-six (36) months. This was contrary to Regulations 22(1) of the West Pokot County Co-operative Development Fund Regulations, 2019 which requires all working capital loans to have a maximum repayment period of thirty-six (36) months. In addition, the original securities offered to secure the loans were not provided for audit review, contrary to Regulation 19 (1) which provides that all loan facilities shall carry acceptable securities.

In the circumstances, the effectiveness of the Fund's loan recovery mechanisms could not be confirmed.

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 controls, 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 Management**

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 controls 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 governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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, Cap. 412B.

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 comply with the authorities which govern them and that public resources are applied in an effective way.



The Board of Management is 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 governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, Cap. 412B and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, Cap. 412B. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, Cap. 412B.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
**FCPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**18 September, 2026**

**West Pokot County Cooperative Development Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2026.**

**12. Statement of Financial Performance for the year ended 30 June 2026**

|                                                  | Notes | 2025/2026          | 2024/2025          |
|--------------------------------------------------|-------|--------------------|--------------------|
|                                                  |       | Kshs               | Kshs               |
| <b>Revenue from exchange transactions</b>        |       |                    |                    |
| Finance income                                   | 6     | 1,397,826          | 1,256,350          |
| Other income-Fixed Deposit Interest              | 7     | 55,588             | 685,182            |
| <b>Total revenue</b>                             |       | <b>1,453,414</b>   | <b>1,941,532</b>   |
| <b>Expenses</b>                                  |       |                    |                    |
| Use of goods and services                        | 8     | 3,105,234          | 3,416,982          |
| Board Expenses                                   | 9     | 1,243,200          | 260,000            |
| Grants and subsidies                             | 10    | 200,000            | -                  |
| <b>Total expenses</b>                            |       | <b>4,548,434</b>   | <b>3,676,982</b>   |
| <b>Surplus/deficit from operating activities</b> |       | <b>(3,095,020)</b> | <b>(1,735,450)</b> |
| <b>Surplus/ (deficit) before tax</b>             |       | <b>(3,095,020)</b> | <b>(1,735,450)</b> |
| Taxation                                         |       | -                  | -                  |
| <b>Surplus/(deficit) for the Year</b>            |       | <b>(3,095,020)</b> | <b>(1,735,450)</b> |
| Surplus/Deficit from Discontinued Operations     |       | -                  | -                  |
| <b>Net Surplus for the year</b>                  |       | <b>(3,095,020)</b> | <b>(1,735,450)</b> |

The notes set out on pages 7 to 32 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 6 were signed by:



**Henry Katuria**

**Chairman Board**

**11/09/2026**



**Daniel Lopale**

**Accounting Officer**

**11/09/2026**



**Samuel Lomwai**

**Head of Finance**

**ICPAK M/No:30638**  
**11/09/2026**



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**13. Statement of Financial Position as at 30 June 2026**

|                                        | Notes | 2025/2026         | 2024/2025         |
|----------------------------------------|-------|-------------------|-------------------|
|                                        |       | Kshs              | Kshs              |
| <b>Assets</b>                          |       |                   |                   |
| <b>Current Assets</b>                  |       |                   |                   |
| Cash and Cash equivalents              | 11    | 1,340,322         | 11,541,153        |
| Receivables from Exchange Transactions | 12    | 15,322,507        | 42,614,905        |
| <b>Total Current Assets</b>            |       | <b>16,662,829</b> | <b>54,156,058</b> |
| <b>Non-Current Assets</b>              |       |                   |                   |
| Receivables from Exchange Transactions | 12    | 34,433,181        | -                 |
| <b>Total Non- Current Assets</b>       |       | <b>34,433,181</b> | <b>-</b>          |
| <b>Total Assets (A)</b>                |       | <b>51,096,009</b> | <b>54,156,058</b> |
| <b>Liabilities</b>                     |       |                   |                   |
| <b>Current Liabilities</b>             |       |                   |                   |
| Refundable Deposits from Customers     | 13    | 34,972            | -                 |
| <b>Total Current Liabilities</b>       |       | <b>34,972</b>     | <b>-</b>          |
| <b>Non-Current Liabilities</b>         |       |                   |                   |
| <b>Total Non- Current Liabilities</b>  |       | <b>-</b>          | <b>-</b>          |
| <b>Total Liabilities (B)</b>           |       | <b>34,972</b>     | <b>-</b>          |
| <b>Net Assets (A-B)</b>                |       | <b>51,061,039</b> | <b>54,156,059</b> |
| <b>Represented By:</b>                 |       |                   |                   |
| Accumulated Surplus                    |       | (13,938,961)      | (10,843,941)      |
| Revolving Fund                         |       | 65,000,000        | 65,000,000        |
| <b>Net Assets</b>                      |       | <b>51,061,039</b> | <b>54,156,059</b> |

The financial statements set out on pages 1 to 6 were signed by:

  
 Henry Katuria

Chairman Board/Fund

11/09/2026

  
 Daniel Lopale

Accounting Officer

11/09/2026

  
 Samuel Lomwai

Head of Finance

ICPAK M/No: 30638  
 11/09/2026



**West Pokot County Cooperative Development Fund**  
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**14. Statement of Changes in Net Assets for the year ended 30 June 2026**

| Description                                          | Revaluation reserve | Fair value adjustment reserve | Accumulated surplus | Revolving Fund | Capital/ Development Grants/Fund | Total       |
|------------------------------------------------------|---------------------|-------------------------------|---------------------|----------------|----------------------------------|-------------|
|                                                      | Kshs                | Kshs                          | Kshs                | Kshs           | Kshs                             | Kshs        |
| <b>As at July 1, 2024</b>                            | -                   | -                             | (9,108,491)         | 65,000,000     | -                                | 55,891,509  |
| Revaluation gain                                     | -                   | -                             | -                   | -              | -                                | -           |
| Fair value adjustment on investments                 | -                   | -                             | -                   | -              | -                                | -           |
| Surplus/ deficit for the year                        | -                   | -                             | (1,735,450)         | -              | -                                | (1,735,450) |
| Funds received During the year                       | -                   | -                             | -                   | -              | -                                | -           |
| Transfers from accumulated surplus to revolving fund | -                   | -                             | -                   | -              | -                                | -           |
| Capital/development grants received during the year  | -                   | -                             | -                   | -              | -                                | -           |
| <b>As at June 30, 2025</b>                           | -                   | -                             | (10,843,941)        | 65,000,000     | -                                | 54,156,059  |
| <b>As at July 1, 2025</b>                            | -                   | -                             | (10,843,941)        | 65,000,000     | -                                | 54,156,059  |
| Revaluation gain                                     | -                   | -                             | -                   | -              | -                                | -           |
| Fair value adjustment on investments                 | -                   | -                             | -                   | -              | -                                | -           |
| Surplus/ (deficit) for the year                      | -                   | -                             | (3,095,020)         | -              | -                                | (3,095,020) |
| Funds received During the year                       | -                   | -                             | -                   | -              | -                                | -           |
| Transfers from accumulated surplus to revolving fund | -                   | -                             | -                   | -              | -                                | -           |
| Capital/development grants received during the year  | -                   | -                             | -                   | -              | -                                | -           |
| <b>As at June 30, 2026</b>                           | -                   | -                             | (13,938,961)        | 65,000,000     | -                                | 51,061,039  |

*Note:*

1. For items that are not common in the financial statements, the Fund should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
2. Prior year adjustment should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done.

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**15. Statement of Cash Flows for the year ended 30 June 2026**

|                                                                         |       | 2025/2026           | 2024/2025          |
|-------------------------------------------------------------------------|-------|---------------------|--------------------|
|                                                                         | Notes | Kshs                | Kshs               |
| <b>Cash flows from operating activities</b>                             |       |                     |                    |
| <b>Receipts</b>                                                         |       |                     |                    |
| Interest received                                                       | 6     | 500,549             | 513,223            |
| Other income-Fixed Deposit Interest                                     | 7     | 55,588              | 685,182            |
| <b>Total receipts</b>                                                   |       | <b>556,137</b>      | <b>1,198,405</b>   |
| <b>Payments</b>                                                         |       |                     |                    |
| Use of goods and services                                               | 8     | (3,105,234)         | (3,416,982)        |
| Board Expenses                                                          | 9     | (1,243,200)         | (260,000)          |
| Grants and subsidies                                                    | 10    | (200,000)           | -                  |
| <b>Total payments</b>                                                   |       | <b>(4,548,434)</b>  | <b>(3,676,982)</b> |
| <b>Net cash flows from/(used in) operating activities</b>               | 15    | <b>(3,992,297)</b>  | <b>(2,478,577)</b> |
| <b>Cash flows from investing activities</b>                             |       |                     |                    |
| Proceeds from loan principal repayments                                 | 14    | 4,591,466           | 3,986,880          |
| Loan disbursements paid out                                             |       | (10,800,000)        | -                  |
| <b>Net cash flows from/(used in) investing activities</b>               |       | <b>(6,208,534)</b>  | <b>3,986,880</b>   |
| <b>Cash flows from financing activities</b>                             |       |                     |                    |
| <b>Net cash flows from financing Activities</b>                         |       | <b>-</b>            | <b>-</b>           |
| <b>Net increase/(decrease) in cash &amp; Cash equivalents</b>           |       | <b>(10,200,831)</b> | <b>1,508,302</b>   |
| <b>Cash and cash equivalents at the beginning (1<sup>st</sup> July)</b> | 11    | <b>11,541,153</b>   | <b>10,031,851</b>  |
| <b>Cash and cash equivalents at the end (30<sup>th</sup> June)</b>      | 11    | <b>1,340,322</b>    | <b>11,540,153</b>  |



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**16. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2026**

|                                                  | Original<br>budget | Adjustments | Final budget      | Actual on<br>comparable<br>basis | Performance<br>difference | % of<br>utilization |
|--------------------------------------------------|--------------------|-------------|-------------------|----------------------------------|---------------------------|---------------------|
|                                                  | Kshs               | Kshs        | Kshs              | Kshs                             | Kshs                      |                     |
|                                                  | a                  | b           | c= (a+b)          | d                                | e=(c-d)                   | f=d/c*100           |
| <b>Budget carryovers from the previous year*</b> | <b>13,000,000</b>  | <b>-</b>    | <b>13,000,000</b> | <b>11,541,153</b>                | <b>1,458,847</b>          | <b>89%</b>          |
| <b>Receipts</b>                                  |                    |             |                   |                                  |                           |                     |
| Public Contributions and Donations               | 10,000,000         | -           | 10,000,000        | -                                | 10,000,000                | 0%                  |
| Interest income                                  | 1,070,659          | -           | 1,070,659         | 500,549                          | 570,110                   | 47%                 |
| Other Income-Fixed Deposit Interest              | 527,000            | -           | 527,000           | 55,588                           | 471,412                   | 11%                 |
| <b>Total Receipts</b>                            | <b>11,597,659</b>  | <b>-</b>    | <b>11,597,659</b> | <b>556,137</b>                   | <b>11,041,522</b>         | <b>5%</b>           |
| <b>Payments</b>                                  |                    |             |                   |                                  |                           |                     |
| Use of Goods and Services                        | 6,772,000          | -           | 6,772,000         | 3,105,234                        | 3,666,766                 | 46%                 |
| Board Expenses                                   | 1,000,000          | -           | 1,000,000         | 1,243,200                        | (243,200)                 | 124%                |
| Grants and Subsidies                             | 500,000            | -           | 500,000           | 200,000                          | 300,000                   | 40%                 |
| <b>Total Expenditure Payments</b>                | <b>8,272,000</b>   | <b>-</b>    | <b>8,272,000</b>  | <b>4,548,434</b>                 | <b>3,723,566</b>          | <b>55%</b>          |
| <b>Capital Expenditure Payments</b>              | <b>10,000,000</b>  | <b>-</b>    | <b>10,000,000</b> | <b>10,800,000</b>                | <b>(800,000)</b>          | <b>108%</b>         |
| <b>Surplus for the period</b>                    | <b>3,325,659</b>   | <b>-</b>    | <b>3,325,659</b>  | <b>(3,992,297)</b>               | <b>7,317,956</b>          | <b>-120%</b>        |

Budget notes

1. Interest income achieved 131% because of more loans disbursed. Other income was less than 90% because there were no funds available for Fixed Deposit due to more lending. Use of Goods was also underutilized because the fund did not receive the intended USAID-Kuza grants after cancellation by the US government.

**Budget Reconciliation**

|   | Description of Particulars                                                                                    | Amount in Kshs |
|---|---------------------------------------------------------------------------------------------------------------|----------------|
|   | Actual Surplus Amounts as per the statement of Budget                                                         | (3,095,020)    |
| 1 | Reason for differences. E.g. Gratuity held from previous periods that are not affecting current year's budget | 0              |
| 2 | Reason for differences. E.g. Funds received in the period and were not in the approved budget                 | 0              |



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|   |                                                                                                                       |           |
|---|-----------------------------------------------------------------------------------------------------------------------|-----------|
| 3 | Reason for differences: E.g. Contractor's Retention/Deposit cash executed in the budget and is still retained in bank | 0         |
| 4 | Reason for differences                                                                                                | 0         |
|   | Closing Cash and Cash Equivalent as per the statement of Cash flows                                                   | 1,340,322 |

**17. Notes to the Financial Statements**

**1. General Information**

WPCCDF is established by and derives its authority and accountability from the West Pokot County Cooperative Development Fund Act, 2018. The Fund is wholly owned by the County Government of West Pokot and is domiciled in Kenya. The Fund's principal activity is to provide affordable loans to cooperatives in West Pokot County.

**2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts, and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the WPCCDF's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the WPCCDF. The financial statements have been prepared in accordance with the PFM Act 2012, the West Pokot County Cooperative Development Fund Act, 2018, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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**3. Adoption of New and Revised Standards**

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2026.*

| Standard                                                                               | Effective date and impact:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IPSAS 43<br>Leases                                                                     | <b><i>Applicable 1<sup>st</sup> January 2025</i></b><br><br>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 the Fund.<br><br>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.                                                                                                                                                |
| IPSAS 44:<br>Non- Current<br>Assets Held<br>for Sale and<br>Discontinued<br>Operations | <b><i>Applicable 1<sup>st</sup> January 2025</i></b><br><br>The Standard requires,<br><br>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:<br><br>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.                                                                                                                                                                                                                                         |
| IPSAS 45-<br>Property Plant<br>and Equipment                                           | <b><i>Applicable 1<sup>st</sup> January 2025</i></b><br><br>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. |
| IPSAS 46<br>Measurement                                                                | <b><i>Applicable 1<sup>st</sup> January 2025</i></b><br><br>The objective of this standard was to improve measurement guidance across IPSAS by:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |



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| Standard | Effective date and impact:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|          | <p>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</p> <p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> |

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2026.*

| Standard                                 | Effective date and impact:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IPSAS 47-<br>Revenue                     | <p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that the Fund shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> |
| IPSAS 48-<br>Transfer<br>Expenses        | <p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>                                                                          |
| IPSAS 49-<br>Retirement<br>Benefit Plans | <p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>                                                                                                                                                                                                     |

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| Standard                                                                   | Effective date and impact:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|----------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IPSAS 50:<br>Exploration<br>For &<br>Evaluation of<br>Mineral<br>Resources | <b><i>Applicable 1<sup>st</sup> January 2027</i></b><br>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the Fund's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ul> |
| IPSAS 51:<br>Tangible<br>Natural<br>Resources<br>Held For<br>Conservation  | <b><i>Applicable 1<sup>st</sup> January 2028</i></b><br>The objective of this standard is to establish the principles that the Fund shall apply to report relevant information to users of financial statements about the nature, amounts, timing, and uncertainties arising from tangible natural resources held for conservation.<br>A tangible natural resource held for conservation is a naturally occurring tangible asset that is managed to prevent its degradation.                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| IPSASB SRS<br>1: Climate<br>Related<br>Disclosures                         | <b><i>Applicable 1<sup>st</sup> January 2028</i></b><br>This standard provides principles for the Fund to address climate-related risks and opportunities arising from the Fund's activities and operations. The standard provides disclosures on governance, strategy, risk management, and metrics and targets.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

***iii. Early adoption of standards***

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



**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Fees and other charges**

The WPCCDF recognizes revenues from fees and other charges when the event occurs, and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Fund and the fair value of the asset can be measured reliably.

**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 *Fund* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

**ii) Revenue from exchange transactions**

**Rendering of services**

The Fund recognizes revenue from the rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**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.



**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 the Current FY was approved by the County Assembly on June, 2025. 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 Fund upon receiving the respective approvals to conclude the final budget. The *Fund'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 an accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Cash flows has been presented.

**c) Taxes**

**Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the *Fund* operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates, and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits, and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable *Fund* and the same taxation authority.

***Sales tax***

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

- ii) When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.



**d) 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. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over the period. 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. Transfers are made to or from investment property only when there is a change in use.

**e) Property, Plant, and Equipment**

**Recognition and Measurement**

The Fund's Property, Plant, and Equipment (PPE) are tangible items held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used for more than one reporting period.

An item of PPE is recognized as an asset if, and only if:

- It's probable that the future economic benefits or service potential associated with the item will flow to the ministry.
- The cost or fair value of the item can be measured reliably.

Items acquired through non-exchange transactions (e.g., donations) are measured at their **deemed cost**, which is the fair value at the date of acquisition. For all other acquisitions, initial measurement is at **cost**, which includes all expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Fund has adopted the **Historical cost model** for the subsequent measurement of its PPE. Under this model, after initial recognition, an asset is carried at its cost less any accumulated depreciation and accumulated impairment losses.



### **Depreciation and Impairment**

The Fund applies the **straight-line method** of depreciation, as it best reflects the pattern of the asset's consumption of its future economic benefits or service potential. Depreciation begins when the asset is available for use and ceases at the earlier of the date the asset is classified as held for sale or the date of derecognition. The depreciable amount is the cost of the asset less its residual value. The residual value and the useful life of an asset are reviewed at least at each annual reporting date. The table below indicates the various classes of assets and the depreciation rates.

| <b>PPE Item</b>           | <b>Depreciation Rate</b> |
|---------------------------|--------------------------|
| Buildings                 | 2-10%                    |
| Motor vehicles            | 10-16.67%                |
| Infrastructure assets     | 2-20%                    |
| Furniture and fittings    | 12.5%                    |
| Computers & ICT Equipment | 33.3%                    |
| Heritage Assets           | x%                       |

**Impairment** The Fund assesses at each reporting date whether there is any indication that an asset may be impaired. If an indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized immediately in the statement of financial performance.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in statement of financial performance.

#### **f) Right of Use (ROU) Assets**

A right-of-use asset represents the Fund's right to use an underlying leased asset over the lease term. At the commencement date of a lease, the Fund recognizes a right-of-use asset and a lease liability, except for short-term leases and leases of low-value assets as allowed under IPSAS 43.

#### **Recognition**

The Fund recognizes a right-of-use asset at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises:

- The amount of the initial lease liability;

- Any lease payments made at or before the commencement date, less any lease incentives received;
- Any initial direct costs incurred; and
- An estimate of the costs to be incurred in dismantling and removing the underlying asset or restoring the site.

### **Measurement**

Right-of-use assets are initially measured at cost. After initial recognition, right-of-use assets are measured using the cost model, where the asset is carried at: Cost less accumulated depreciation, and any accumulated impairment losses. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Depreciation of right-of-use assets is charged to expenditure in accordance with the Fund's depreciation policy applicable to owned assets of the same class. Right-of-use assets are assessed for impairment in accordance with IPSAS 21 – Impairment of Non-Cash-Generating Assets or IPSAS 26 – Impairment of Cash-Generating Assets, as applicable.

### **g) Lease Liability**

The lease liability is measured at the present value of lease payments that are not paid at that date. The lease payments have been discounted using the interest rate implicit in the lease, and the rate can be readily determined. If the rate cannot be readily determined, the Fund uses the incremental borrowing rate.

Subsequently, the lease liability is measured at amortized cost using the effective interest method and reduced by lease payments. Interest expense is recognized in the statement of financial performance.

### **h) 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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

**i) Non-Current Assets Held for Sale and Discontinued Operations**

Non-current assets or disposal groups are classified as held for sale when their carrying amount is expected to be recovered through sale rather than continued use. They are measured at the lower of carrying amount and fair value less costs to sell and have been presented separately in the Statement of Financial Position. Depreciation has ceased for the assets classified as held for sale.

The assets classified as held for sale have met the following required criteria: management has made a commitment to sell, the asset is actively being marketed for sale at a reasonable price, the sale will be completed within one year of the classification date, an active program to find a buyer has been initiated, and there are no significant changes to the plan that might impact the sale.

Discontinued operations are the major components that have been disposed of or are held for sale. Their results have been presented separately in the Statement of Financial Performance. Presentation of the non current assets and discontinued assets has been done separately in the financial statements. Any proceeds from sale of non current assets held for sale has been presented separately.

**j) Research and development costs**

The *Fund* expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the *Fund* can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale.
- ii) Its intention to complete and its ability to use or sell the asset.
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset.
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.



### **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 Fund does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one Fund and a financial liability or equity instrument of another Fund. At initial recognition, the Fund 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.

#### **a) Financial assets**

##### **Classification of financial assets**

The Fund 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 Fund'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 the Fund has made an irrevocable election at initial recognition for particular investments in equity instruments.

##### **Subsequent measurement**

Based on the business model and the cash flow characteristics, the Fund 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.

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**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 the 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.

**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.

**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 Fund manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through a surplus or deficit model.

**Impairment**

The Fund 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 Fund 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) are set out in **Note 12(c)**.



**b) Financial liabilities**

**Classification**

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

**k) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or 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:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) 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 WPCCDF.

**l) Provisions**

Provisions are recognized when the *Fund* 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 *Fund* 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.

**m)Contingent liabilities**

The Fund 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.



**n) Contingent assets**

The Fund 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 Fund 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.

**o) Nature and purpose of reserves.**

The Fund creates and maintains reserves in terms of specific requirements.

**p) Changes in accounting policies and estimates**

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

**q) Employee benefits**

**Retirement benefit plans**

The *Fund* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which the Fund pays fixed contributions into a separate *Fund* (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 a proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**r) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange

rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

**s) 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 the construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**t) Related parties**

The *Fund* regards a related party as a person or the Fund with the ability to exert control individually or jointly or to exercise significant influence over the *Fund*, or vice versa. Members of key management are regarded as related parties and comprise the Board, Fund Administrator, and senior managers.

**u) Service concession arrangements**

The *Fund* analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Fund* recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement, or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Fund* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**v) 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 an insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and various commercial banks at the end of the financial year.



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**w) Comparative figures**

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

**x) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2026.

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

**Estimates and assumptions.**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The *Fund* 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 *Fund*. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Useful lives and residual value**

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

- a) The condition of the asset is based on the assessment of experts employed by the Fund.
- b) The nature of the asset, its susceptibility, and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset



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**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 xx. 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.

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6. Interest income

| Description                  | 2025/2026        | 2024/2025        |
|------------------------------|------------------|------------------|
|                              | Kshs             | Kshs             |
| Interest on loans            | 1,397,826        | 1,256,350        |
| <b>Total Interest income</b> | <b>1,397,826</b> | <b>1,256,350</b> |

7. Other Income

| Description                                     | 2025/2026     | 2024/2025      |
|-------------------------------------------------|---------------|----------------|
|                                                 | Kshs          | Kshs           |
| Interest on cash investments and fixed deposits | 55,588        | 685,182        |
| <b>Total Other income</b>                       | <b>55,588</b> | <b>685,182</b> |

8. Use of Goods and Services

| Description                            | 2025/2026        | 2024/2025        |
|----------------------------------------|------------------|------------------|
|                                        | Kshs             | Kshs             |
| Skills Development Levies              | 130,000          | -                |
| Travel, Subsistence & Other Allowances | 2,961,750        | 3,408,900        |
| Bank charges                           | 13,484           | 8,082            |
| <b>Total</b>                           | <b>3,105,234</b> | <b>3,416,982</b> |

9. Board Expenses

| Description            | 2025/2026        | 2024/2025      |
|------------------------|------------------|----------------|
|                        | KShs             | KShs           |
| Sitting Allowances     | 476,000          | 260,000        |
| Induction and Training | 767,200          | -              |
| <b>Total</b>           | <b>1,243,200</b> | <b>260,000</b> |

10. Grants and Subsidies

|                                                                  | 2025/2026      | 2024/2025 |
|------------------------------------------------------------------|----------------|-----------|
|                                                                  | KShs           | KShs      |
| Community Development                                            | -              | -         |
| Grants to Kokunur Primary School-<br>Construction of Pit Latrine | 200,000        | -         |
| <b>Total Grants and Subsidies</b>                                | <b>200,000</b> | <b>-</b>  |

11. Cash and Cash Equivalents

| Description                            | 2025/2026        | 2024/2025         |
|----------------------------------------|------------------|-------------------|
|                                        | KShs             | KShs              |
| Bank balances                          | 1,340,322        | 11,541,153        |
| <b>Total Cash and Cash Equivalents</b> | <b>1,340,322</b> | <b>11,541,153</b> |

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**Detailed Analysis of the Cash and Cash Equivalents**

| Financial Institution   | Account number | 2025/2026        | 2024/2025         |
|-------------------------|----------------|------------------|-------------------|
|                         |                | KShs             | KShs              |
| <b>a) Bank balances</b> |                |                  |                   |
| KCB Bank                | 1257402498     | 1,340,078        | 11,540,585        |
| KCB Bank                | 1316439917     | 244              | 568               |
| <b>Sub- Total</b>       |                | <b>1,340,322</b> | <b>11,541,153</b> |
| <b>Grand Total</b>      |                | <b>1,340,322</b> | <b>11,541,153</b> |

**12. Receivables from Exchange Transactions**

| Description                                         | 2025/2026         | 2024/2025         |
|-----------------------------------------------------|-------------------|-------------------|
|                                                     | KShs              | KShs              |
| <b>Current Receivables</b>                          |                   |                   |
| Loan interest receivable                            | 3,197,006         | 2,299,729         |
| Current Loan Repayments Due                         | 12,125,501        | 40,315,175        |
| <b>Total Current Receivables</b>                    | <b>15,322,507</b> | <b>42,614,905</b> |
| <b>Non-Current Receivables</b>                      |                   |                   |
| Long Term Loan Repayments Due                       | 34,433,181        | -                 |
| <b>Total Non- Current Receivables</b>               | <b>34,433,181</b> | <b>-</b>          |
| <b>Total Receivables from Exchange Transactions</b> | <b>49,755,687</b> | <b>42,614,905</b> |

**(b) Ageing analysis for Receivables from exchange transactions**

| Description        | 2025/2026         |                | 2024/2025         |                |
|--------------------|-------------------|----------------|-------------------|----------------|
|                    | Kshs              |                | Kshs              |                |
|                    | Current FY        | % of the total | Comparative FY    | % of the total |
| Less than 1 year   | 30,050,458        | 60%            | 7,001,815         | 16%            |
| Between 1- 2 years | 7,001,815         | 14%            | 8,182,693         | 19%            |
| Between 2-3 years  | 8,182,693         | 16%            | 7,841,421         | 18%            |
| Over 3 years       | 4,520,721         | 9%             | 19,588,976        | 46%            |
| <b>Total (a+b)</b> | <b>49,755,687</b> | <b>100%</b>    | <b>42,614,905</b> | <b>100%</b>    |

**(c) Expected Credit Loss (ECL)**

| Description        | 2025/2026                |          | Kshs      |
|--------------------|--------------------------|----------|-----------|
|                    | Kshs                     |          |           |
| Ageing             | Outstanding Loan Balance | ECL Rate | ECL       |
| Less than 1 year   | 30,050,458               | 1%       | 300,505   |
| Between 1- 2 years | 7,001,815                | 2%       | 140,036   |
| Between 2-3 years  | 8,182,693                | 25%      | 2,045,673 |
| Over 3 years       | 4,520,721                | 100%     | 4,520,721 |
| Total              | 49,755,687               |          | 7,006,935 |



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**13. Refundable Deposits from Customers**

|                                        | 2025/2026     |                | 2024/2025      |                |
|----------------------------------------|---------------|----------------|----------------|----------------|
|                                        | Kshs          |                | Kshs           |                |
| Prepayments                            |               | 34,972         |                | -              |
| <b>Total deposits</b>                  |               | <b>34,972</b>  |                | <b>-</b>       |
|                                        |               |                |                |                |
| Ageing analysis: (Refundable deposits) | Current FY    | % of the Total | Comparative FY | % of the Total |
| Under one year                         | 34,972        | 100%           | -              | 0%             |
| 1-2 years                              | -             | 0%             | -              | 0%             |
| 2-3 years                              | -             | 0%             | -              | 0%             |
| Over 3 years                           | -             | 0%             | -              | 0%             |
| <b>Total</b>                           | <b>34,972</b> | <b>100%</b>    | <b>-</b>       | <b>0%</b>      |

*Pokot Farmer's Cooperative Society overpaid their loan when clearing their outstanding loan balance.*

**14. Proceeds From Principal Loan Repayment**

| Description                      | 2025/2026        | 2024/2025        |
|----------------------------------|------------------|------------------|
|                                  | KShs             | KShs             |
| Total Loan Repayments Received   | 5,092,015        | 4,500,103        |
| Interest Income Received         | (500,549)        | (513,223)        |
| <b>Loan Principal Repayments</b> | <b>4,591,466</b> | <b>3,986,880</b> |

**15. Cash Generated from Operations**

| Description                                    | 2025/2026          | 2024/2025          |
|------------------------------------------------|--------------------|--------------------|
|                                                | KShs               | KShs               |
| <b>Receipts</b>                                |                    |                    |
| Interest income                                | 500,549            | 513,223            |
| Other income                                   | 55,588             | 685,182            |
| <b>Total</b>                                   | <b>556,137</b>     | <b>1,198,405</b>   |
| <b>Payments</b>                                |                    |                    |
| Use of goods and services                      | 3,105,234          | 3,416,982          |
| Board Expenses                                 | 1,243,200          | 260,000            |
| Grants and Subsidies                           | 200,000            |                    |
| <b>Total</b>                                   | <b>4,548,434</b>   | <b>3,676,982</b>   |
| <b>Net cash flow from operating activities</b> | <b>(3,992,297)</b> | <b>(2,478,577)</b> |

**16. 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 the 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

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an established credit history. The Fund's financial risk management objectives and policies are detailed below:

**i) 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 assessments 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 Fund's management based on prior experience and their assessment of the current economic environment.

**Financial Risk Management**

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

| Description                                | Total amount      | Fully performing  | Past due          | Impaired |
|--------------------------------------------|-------------------|-------------------|-------------------|----------|
|                                            | Kshs              | Kshs              | Kshs              | Kshs     |
| <b>As at 30<sup>th</sup> June 2026</b>     |                   |                   |                   |          |
| Receivables from exchange transactions     | 49,755,687        | 30,050,458        | 19,705,229        | -        |
| Receivables from non-exchange transactions | -                 | -                 | -                 | -        |
| Bank balances                              | 1,340,322         | 1,340,322         | -                 | -        |
| <b>Total</b>                               | <b>51,096,009</b> | <b>31,390,780</b> | <b>19,705,229</b> | <b>-</b> |
| <b>As at 30 June 2025</b>                  |                   |                   |                   |          |
| Receivables from exchange transactions     | 42,614,905        | 7,001,815         | 35,613,090        | -        |
| Receivables from non-exchange transactions | -                 | -                 | -                 | -        |
| Bank balances                              | 11,541,153        | 11,541,153        | -                 | -        |
| <b>Total</b>                               | <b>54,156,058</b> | <b>18,542,968</b> | <b>35,613,090</b> | <b>-</b> |

**Financial Risk Management**

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 Fund has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Fund has a significant concentration of credit risk on amounts



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

**ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Fund's directors, who have built an appropriate liquidity risk management framework for the management of the Fund's short, medium, and long-term funding and liquidity management requirements. The Fund manages liquidity risk through continuous monitoring of 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.

**Financial Risk Management**

**iii) Market risk**

The WPCCDF has put in place an internal audit function to assist it in assessing the risk faced by the Fund 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 rates, equity prices, and foreign exchange rates which will affect the Fund'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 County Internal Audit is responsible for the development of detailed risk management policies (subject to review and approval by the Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Fund's exposure to market risks or the way it manages and measures the risk.

**a) Interest rate risk**

Interest rate risk is the risk that the Fund's financial condition may be adversely affected as a result of changes in interest rate levels. The Fund'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.



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**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. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 859,552 (Current FY: Kshs (3,095,020)). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 4,418,234 (Current FY – Kshs (3,095,020)).

**Fair value of financial assets and liabilities**

**a) Financial instruments are measured at fair value.**

**Determination of fair value and fair values hierarchy**

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *Fund's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *Fund* considers relevant and observable market prices in its valuations where possible.

**iv) 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 Fund capital structure comprises of the following funds:

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| Description                                 | 2025/2026         | 2024/2025         |
|---------------------------------------------|-------------------|-------------------|
|                                             | KShs              | KShs              |
| Revolving fund                              | 65,000,000        | 65,000,000        |
| Retained Earnings                           | (13,938,961)      | (9,108,491)       |
| <b>Total Funds</b>                          | <b>51,061,039</b> | <b>55,891,509</b> |
| Total Borrowings                            | -                 | -                 |
| Less: Cash and Bank Balances                | -                 | -                 |
| Net Debt/(Excess Cash and Cash Equivalents) | -                 | -                 |
| <b>Gearing</b>                              | <b>0%</b>         | <b>0%</b>         |

**17. Related Party Disclosures**

**Nature of related party relationships**

Entities and other parties related to the *Fund* include those parties who have the ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates, and close family members.

**Government of Kenya**

The Government of Kenya is the principal shareholder of the *Fund*, holding 100% of the *Fund's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Fund, both domestic and external.

**Other related parties include:**

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of Directors/Fund Committees.
- vi) Department of Investment & Cooperative Development

**18. Events after the Reporting Period**

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

**19. Ultimate And Holding Fund**

The Fund is a Semi-Autonomous Government Agency under the County of West Pokot. Its ultimate parent is the Government of Kenya.

**20. Currency**

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.



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**18. Appendices**

**Appendix I: Progress on Follow-Up of Prior Years' Auditor General's Recommendations**

The following is a summary of the issues raised by the Auditor General and the management responses provided.

| Reference No.                                                               | Issue/Observation                                                 | Management Response                                                                                                                                                                  | Status (Resolved/Not Resolved) | Timeframe (If a date when you expect the issue to be resolved) |
|-----------------------------------------------------------------------------|-------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------------------|
| <b>Financial Statements</b>                                                 |                                                                   |                                                                                                                                                                                      |                                |                                                                |
| 1                                                                           | Variances between the Financial Statements and the General Ledger | Variances explained, and financial statements amended to reflect corrected figured.                                                                                                  | Resolved                       |                                                                |
| <b>Lawfulness &amp; Effectiveness in the use of Public Resources</b>        |                                                                   |                                                                                                                                                                                      |                                |                                                                |
| 1                                                                           | Lack of Approved Annual Operational Budget                        | The board prepared, approved and presented the Fund budget to the County Treasury together with other department's budget for onward to the West Pokot County Assembly for approval. | Resolved                       |                                                                |
| <b>Effectiveness of Internal Controls, Risk Management &amp; Governance</b> |                                                                   |                                                                                                                                                                                      |                                |                                                                |
| 1                                                                           | Non-Disbursement of Loans                                         | The Fund did not disburse loan during the year under review because of liquidity challenges.                                                                                         | Resolved                       |                                                                |
| 2                                                                           | Ineffectiveness of the Fund Management Board                      | The Board met for two meetings in the year under review on 10/07/2024 and 19/09/2024 as per the attached board register extract.                                                     | Resolved                       |                                                                |
| 3                                                                           | Lack of Internal Audit of the Fund                                | The Fund does not have internal audit section. We depend on the County Internal Auditor for                                                                                          | Not Resolved                   | December 2026                                                  |

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| Reference No. | Issue/Observation | Management Response                                                                           | Status:<br>(Resolved / Not Resolved) | Timeframe:<br>(Put a date when you expect the issue to be resolved) |
|---------------|-------------------|-----------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------------------------|
|               |                   | Audit purposes. The management has since contracted the services of the County internal audit |                                      |                                                                     |

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the Audit report.
- (ii) Obtain the “Issue/Observation” and “management Responses” required above from the report that is signed by Management.
- (iii) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report.



Fund Administrator

West Pokot County Cooperative Development Fund

Date: **11/09/2026**