

REPORT

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THE AUDITOR-GENERAL

ON

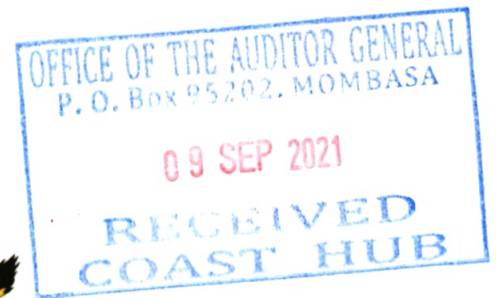
**TAITA TAVETA COUNTY
DATU SAWAZISHA FUND**

**FOR THE YEAR ENDED
30 JUNE, 2019**

TABLED BY
COMMITTEE
CLERK AT THE TABLE

3/11/2021
Deputy Senate
Kavata M.

TAITA TAVETA DATU SAWAZISHA FUND
Reports and Financial Statements
For the year ended June 30, 2019



TAITA TAVETA DATU SAWAZISHA FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2019

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

TAITA TAVETA DATU SAWAZISHA FUND
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For the year ended June 30, 2019

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TAITA TAVETA DATU SAWAZISHA FUND
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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

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

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

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

DISTRIBUTION OF THE FUND:

The division and usage of Datu fund is as follows;

⇒ **ADMINISTRATION COST - 10%**

⇒ **DATU LOAN – 60 MILLION**



DATU (YOUTH)

Loans – 100%

DATU (WOMEN)

Loans – 100%

DATU (PWDs)

Loans – 80%

Grants – 20%

OBJECTIVE:

The Fund strives to achieve the following;

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

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b) Key Management

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

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

c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CEC Member, Member Finance and Planning	Davis Mwangoma
2.	Chief Officer, Finance and Planning	Leonard Langat, CPA (K)
3.	Director – Accounting	Joyce Kambe Mwachia, CPA (K)
4.	Fund Administrator	Jemimah Wanjala

d) Fiduciary Oversight Arrangements

The key fiduciary oversight bodies at the county for the year ended 30th June 2019 were:

1. County Assembly of Taita Taveta
2. County Audit Committee
3. County Budget and Economic Forum (CBEF)

e) Entity Headquarters

P.O. Box 1066-10304
 Red Elephant Bistro Building
 Along Msa-Nairobi Highway
 Voi, Kenya

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f) Entity Contacts

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

g) Entity Bankers

1. Cooperative Bank of Kenya
Voi Branch
Elganga Plaza
P.O. Box 770-80300
Voi, Kenya
2. Kenya Commercial Bank
Wundanyi Branch
P.O. Box 1067-80304
Wundanyi, Kenya

h) Independent Auditors

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

i) Principal Legal Adviser

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

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2. FORWARD BY THE CECM FINANCE AND ECONOMIC PLANNING

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

The objective of the Fund is to

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

The Datu Sawazisha Fund is administered as follows:

The ward level through the ward Datu Committee;

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

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

The Fund is managed by the Datu Sawazisha Fund Board, domiciled in the Department of Trade, Cooperatives, Youth and Sports.

The final distribution is by the board depending on the actual groups that have been approved by the committee. However, there has been no board in place in the Financial Year ended 30th June 2019.

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

PERFORMANCE

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

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

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

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RECOMMENDATIONS

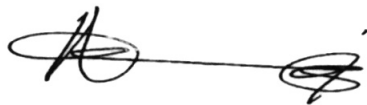
For the financial year 2018/2019, the fund **didn't** receive any funding from the County Treasury, Going forward we would wish to get funds for the continuity of the fund and smooth operations such as fast-tracking loan recoveries hence reissuing new loans.

CONCLUSION

FY 2018/2019 was a good year in general. Good progress was made in absorption of funds, unlike in the previous financial year 2017/2018 and the momentum has been created to enable Taita Taveta County continue on a trajectory into prosperity.

I take this opportunity to thank H.E the Governor and the Deputy Governor for their support. I would also want to thank my colleagues, the County Executive Committee Members in charge of other departments who we have worked hand in hand to ensure that Taita Taveta County achieves its mission.

I thank all staff in the County Government for their continued commitment and dedication through hard work in delivering services to the people of Taita Taveta County.



County Executive Committee Member-Finance and Economic Planning

3. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

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

The Administrator of the Taita Taveta Datu Sawazisha Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the Taita Taveta Datu Sawazisha Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Taita Taveta County Gazette Supplementary No. 16. The Administrator of the Taita Taveta Datu Sawazisha Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Taita Taveta Datu Sawazisha Fund's transactions during the financial year ended June 30, 2019, and of the Fund's financial position as at that date. The Administrator 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.

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

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Approval of the financial statements

The Fund's financial statements were approved on 30th June 2019 and signed on its behalf by:

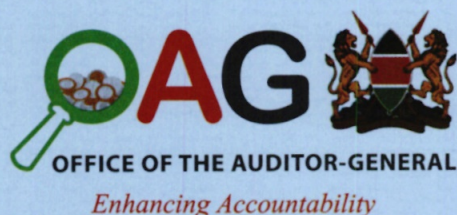


A handwritten signature in black ink, consisting of a large, stylized initial 'A' followed by a horizontal line and a smaller, less distinct signature.

County Executive Committee Member-Finance and Economic Planning

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON TAITA TAVETA COUNTY DATU SAWAZISHA FUND FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Taita Taveta County Datu Sawazisha Fund set out on pages 10 to 36, which comprise of the statement of financial position as at 30 June, 2019 and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Taita Taveta County Datu Sawazisha Fund as at 30 June, 2019 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Taita Taveta County Datu Sawazisha Fund Act, 2014 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Presentation of the Financial Statements

The financial statements presented for audit do not have the Corporate Governance Statement, Management Discussion and Analysis, Report of the Board Members, Board members' photos, qualifications, and experience as well as passport size photos and qualifications of the management team contrary to the template issued by the Public Sector Accounting Standards Board.

Consequently, the financial statements presented for audit do not conform to International Public Sector Accounting Standard No.1 - Presentation of Financial Statements and the financial reporting guidelines issued by the Public Sector Accounting Standards Board.

2. Unsupported Prior Year Adjustments

The financial statements contained restated comparative balances as detailed below:

Details	Comparative Balance in 2018/2019 Financial Statements (Kshs.)	Certified/ Audited Balance for Year (Kshs.)	Unsupported Adjustment/ Restatement (Kshs.)
Revenue			
Other Income	-	7,013,781	(7,013,781)
Expenditure			
General Expenses	6,410,377	6,406,558	3,819
Finance Cost	-	3,819	(3,819)
Assets			
Cash and Cash Equivalents	483,936	483,827	109
Long Term Receivables from Exchange Transactions	46,396,869	21,312,719	25,084,150
Revolving Fund Balance	78,841,205	21,796,546	57,044,659

However, supporting documents for the adjustments and the approved journal vouchers were not provided for audit review.

Consequently, the validity of the restatements and the accuracy of the financial statements could not be confirmed.

3. Receivables from Exchange Transactions

The statement of financial position and as disclosed under Note 13 to the financial statements reflects a Nil balance for current portion of long-term receivables from exchange transactions and a long-term receivables from exchange transactions balance of Kshs.45,501,169. However, included in Kshs.45,501,169 is an amount of Kshs.11,375,292 in respect of current loans repayments due. Further, the ageing analysis for the loans showing amount received per beneficiary, date of receipt of the loan, interest charged, date of first repayment, monthly repayments and balance as at 30 June, 2019 was not provided for audit verification.

In addition, and as previously reported, loans totalling Kshs.46,396,869 were disbursed to groups. However, supporting documents such as cheque numbers and dates of disbursement, groups' registration certificates, lists of members, physical addresses of the groups and their development activities were not provided.

Consequently, the accuracy, completeness and recoverability of the receivables from exchange transactions balance of Kshs.45,501,169 as at 30 June, 2019 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Taita Taveta County Datu Zawazisha Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe

that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229 (6) of the Constitution, because of the significance of the matters discussed in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Limit for Administration Costs

Page 2 of the annual report and financial statements indicates that the Fund allows 10% of the funds allocated to cater for administration costs. This is contrary to Regulation 197(1)(d) of Public Finance Management (County Governments) Regulations, 2015 which provides that the administration costs for a County Public Fund shall be a maximum of three (3%) percent of the approved budget of the Fund.

Consequently, the Fund Management was in breach of the Law.

2. Failure to Prepare a Budget

As previously reported, the Management did not prepare a budget for the Fund for the year under review. This is contrary to Section 31(4) of the Taita Taveta County Datu Sawazisha Fund Board Act, 2014 which provides that except with the approval of the County Executive Committee Member in charge of Datu Sawazisha, no expenditure shall be incurred for the purposes of the Board except in accordance with the annual estimates.

In absence of an approved expenditure budget, it was not possible to confirm the legality of the expenditure incurred on the Fund's activities for the year ended 30 June, 2019.

3. Changes at the Office of the Fund Administrator

Available information shows that the Fund changed the Administrator during the year ended 30 June, 2019. However, the change was not disclosed in the financial statements nor supported by handing over and taking over notes. As such, the fate of key Fund assets and documents such as Pay bill records, and Fund minutes could not be ascertained. This is contrary to Regulation 11 of the Public Finance Management (County Governments) Regulations, 2015 on the responsibility for handover by financial officers which states that a public officer vacating an office shall not be complete until the financial and accounting records kept by him or her have been property handed over in writing to an officer taking

over his duties and attested by their supervisor: provided that this does not preclude the public officer from handing over any other documents required under any other law or Government policy.

In the absence of a handing over report, the legality of changes at the office of the Fund administrator and the Fund's activities and assets for the year ended 30 June, 2019 could not be confirmed, and therefore the Fund Management is in breach of the Law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, based on the audit procedures performed, I confirm that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Lack of Risk Management Strategies

Regulation 158(1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 provides that the Accounting Officer shall ensure that the county government entity develops risk management strategies, which includes fraud prevention mechanism and a system of risk management and internal control that builds robust business operations. However, the Datu Sawazisha Fund Management did not develop a risk management policy, framework and risk registers.

In the absence of a formal approved risk management framework, ability to identify threats and definition of strategy to eliminate or minimize the impact of the risks could have been compromised.

2. Non-Disclosure of Loan Interest Rate

Section 9(c) of Taita Taveta County Datu Sawazisha Fund Board Act, 2014 provides that the Fund shall consist of interest accrued from investment and loaning activities. However, no evidence was provided of the approval of the rate of interest chargeable on loans. In the absence of a specific interest rate on loans, interest chargeable may be arbitrarily determined by the Management which may discourage intended beneficiaries.

3. Sustainability of Services

During the year under review, the Fund reported nil interest income from outstanding loans and nil exchequer receipts from the County Treasury against operating expenditure of Kshs.413,205. These expenses were therefore charged to the revolving fund, a situation which is likely to deplete the same, thereby threatening its sustainability.

4. Board Members Serving on Expired Contracts

Page 3 of the annual report on Key Entity Information and Management indicates that the terms of all the Fund's Board Members lapsed in November 2017. However, documentary evidence to confirm that the Members were re-appointed or their tenure extended was not provided for audit review.

In the circumstance, it was not possible to confirm the legality of the composition of the Board and of the resolutions made by the Board regarding the Fund's operations and management.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 Management Board

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to terminate the Fund or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

Management Board is responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place

to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is

higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

Nancy Gathungu
AUDITOR-GENERAL

Nairobi

14 October, 2021

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5. FINANCIAL STATEMENTS

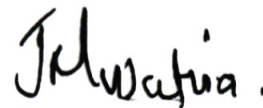
5.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2019

	Note	FY2018/2019 KShs	FY2017/2018 KShs
Revenue from non-exchange transactions			
Public contributions and donations	1	-	-
Transfers from the County Government	2	-	-
Fines, penalties and other levies	3	-	-
Revenue from exchange transactions			
Interest income	4	-	-
Other income	5	-	-
Total revenue		-	-
Expenses			
Fund administration expenses	6	408,000	1,144,242
General expenses	8	5,205	6,410,377
Other Transfers	9	-	-
Finance costs	10	-	-
Total expenses		413,205	7,554,619
Other gains/losses			
Gain/loss on disposal of assets	11	-	-
Surplus/(deficit) for the period		(413,205)	(7,554,619)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30 June 2019 and signed by:



Chief Officer
Name: Leonard Langat
ICPAK Member Number:10793



Head of Treasury
Name: Joyce Mwachia
ICPAK Member Number:12587

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5.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

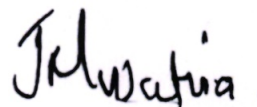
	Note	FY2018/2019 KShs	FY2017/2018 KShs
Assets			Restated Balance
Current assets			
Cash and cash equivalents	12	966,431	483,936
Current portion of long-term receivables from exchange transactions	13	-	-
Prepayments	14	-	-
Inventories	15	-	-
Non-current assets			
Property, plant and equipment	16	-	-
Intangible assets	17	-	-
Long term receivables from exchange transactions	13	45,501,169	46,396,869 *
Total assets		46,467,600	46,880,805
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	18	-	-
Provisions	19	-	-
Current portion of borrowings	20	-	-
Employee benefit obligations	21	-	-
Non-current liabilities			
Non-current employee benefit obligation	21	-	-
Long term portion of borrowings	20	-	-
Total liabilities			
Net assets		46,467,600	46,880,805
Revolving Fund	27	78,841,205	78,841,205 *
Reserves	28	-	-
Accumulated surplus	29	(32,373,605)	(31,960,400)
Net Value of the Fund		46,467,600	46,880,805

*Restated Balance as explained in the Note 13 and Note 27

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30 June 2019 and signed by:



Chief Officer
Name: Leonard Langat
ICPAK Member Number:10793



Head of Treasury
Name: Joyce Mwachia
ICPAK Member Number:12587

TAITA TAVETA DATU SAWAZISHA FUND
Reports and Financial Statements
For the year ended June 30, 2019

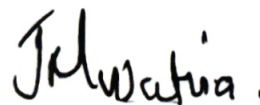
5.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2019

	Note	Revolving Fund	Revaluation Reserve KShs	Accumulated surplus KShs	Total KShs
		Restated Balance			
Balance as at 1 July 2017	27	78,841,205	-	(24,405,781)	54,435,424 *
Surplus/(deficit) for the period	29		-	(7,554,619)	(7,554,619)
Funds received during the year		-	-	-	-
Revaluation gain		-	-	-	-
Balance as at 30 June 2018		78,841,205	-	(31,960,400)	46,880,805
Balance as at 1 July 2018	27	78,841,205	-	(31,960,400)	46,880,805
Surplus/(deficit) for the period	29	-	-	(413,205)	(413,205)
Funds received during the year		-	-	-	-
Revaluation gain		-	-	-	-
Balance as at 30 June 2019		78,841,205	-	(32,373,605)	46,467,600

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30 June 2019 and signed by:



Chief Officer
Name: Leonard Langat
ICPAK Member Number:10793



Head of Treasury
Name: Joyce Mwachia
ICPAK Member Number:12587

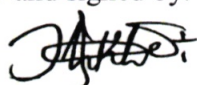
COUNTY GOVERNMENT OF TAITA TAVETA DATU SAWAZISHA FUND
Reports and Financial Statements
For the year ended June 30, 2019

5.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

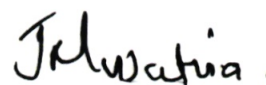
	Note	FY2018/2019 KShs	FY2017/2018 KShs
Cash flows from operating activities			Restated Balance
Receipts			
Public contributions and donations	1	-	-
Transfers from the County Government	2	-	-
Fines, penalties and other levies	3	-	-
Interest received	4	-	-
Receipts from other operating activities			
Total Receipts			
Payments			
Fund administration expenses	6	408,000	1,144,242
General expenses	8	5,205	6,410,377
Other Transfers	9	-	-
Finance cost	10		
Total Payments		413,205	7,554,619
Net cash flows from operating activities		(413,205)	(7,554,619)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from sale of property, plant and equipment		-	-
Proceeds from loan principal repayments	26	895,700	7,013,781 *
Loan disbursements paid out	25	-	-
Net cash flows used in investing activities		895,700.00	7,013,781.00
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents		482,495	(540,838)
Cash and cash equivalents at 1 JULY	12	483,936	1,024,774
Cash and cash equivalents at 30 JUNE	12	966,431	483,936
Financial Position		966,431	483,936

*Restated Balance as explained in the Note 26

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30 June 2019 and signed by:



Chief Officer
Name: Leonard Langat
ICPAK Member Number:10793



Head of Treasury
Name: Joyce Mwachia
ICPAK Member Number:12587

COUNTY GOVERNMENT OF TAITA TAVETA DATU SAWAZI SHA FUND
Reports and Financial Statements
For the year ended June 30, 2019

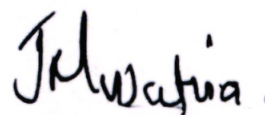
5.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2019

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilization
	2019	2019	2019	2019	2019	2019
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Public contributions and donations					-	0%
Transfers from County Govt.					-	0%
Interest income					-	0%
Other income				895,700	(895,700)	0%
Total income	-	-	-	895,700	(895,700)	-
Expenses						
Fund administration expenses				408,000	(408000)	0%
General expenses				5,205	(5205)	0%
Other Transfers					0	0%
Loans					0	0%
Total expenditure	-	-	-	413,205	(413205)	
Surplus for the period	-	-	-	482,495	(482,495)	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30 June 2019 and signed by:



Chief Officer
Name: Leonard Langat
ICPAK Member Number: 10793



Head of Treasury
Name: Joyce Mwachia
ICPAK Member Number: 12587

COUNTY GOVERNMENT OF TAITA TAVETA DATU SAWAZISHA FUND
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For the year ended June 30, 2019

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

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

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

2. Adoption of new and revised standards

a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2019

Standard	Effective date and impact:
IPSAS 39: Employee Benefits	Applicable: 1st January 2019 The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019

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

c) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2019.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

4. Budget information

The original budget for FY 2018/2019 was approved by the County Assembly 30th Jan 2018. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 5.5 of these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Property, plant and equipment

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

6. Intangible assets

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

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

7. Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Inventories

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

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

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

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

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

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

9. Provisions

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

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

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

Contingent liabilities

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent assets

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

10. Changes in accounting policies and estimates

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Borrowing costs

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

12. Related parties

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

13. Cash and cash equivalents

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

14. Comparative figures

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

15. Events after the reporting period

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

16. Currency

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

COUNTY GOVERNMENT OF TAITA TAVETA DATU SAWAZISHA FUND
Reports and Financial Statements
For the year ended June 30, 2019

7. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

2. Transfers from County Government

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Transfers from County Govt. – operations	-	-
Payments by County on behalf of the entity	-	-
Total	-	-

3. Fines, penalties and other levies

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Late payment penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Interest income from loans(mortgage or car loans	-	-
Total interest income	-	-

5. Other income

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Loan recoveries		
Income from sale of tender documents	-	-
Miscellaneous income	-	-
Total other income	-	-

COUNTY GOVERNMENT OF TAITA TAVETA DATU SAWAZISHA FUND
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6. Fund administration expenses

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Staff costs (Note 7)	408,000	1,144,242
Loan processing costs	-	-
Professional services costs	-	-
Total	408,000	1,144,242

7. Staff costs

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Salaries and wages	313,286	375,942
Staff gratuity	-	-
Staff training expenses	-	768,300
Social security contribution	-	-
Other staff costs	94,714	-
Total	408,000	1,144,242

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

8. General expenses

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Consumables		6,406,558
Electricity and water expenses	-	-
Fuel and oil costs	-	-
Insurance costs	-	-
Postage	-	-
Printing and stationery	-	-
Rental costs	-	-
Security costs	-	-
Telecommunication	-	-
Hospitality	-	-
Depreciation and amortization costs	-	-
Other expenses -Bank Charges	5,205	3,819
Total	5,205	6,410,377

COUNTY GOVERNMENT OF TAITA TAVETA DATU SAWAZISHA FUND
Reports and Financial Statements
For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Other Transfer

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Transfers to Other Govt Units	0	0
Taita Taveta County Treasury Imprest	-	-
Taita Taveta County Education Fund	-	-
Taita Taveta County Car Loan	-	-
Total	-	-

10. Finance costs

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
Total	-	-

11. Gain on disposal of assets

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

12. Cash and cash equivalents

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Fixed deposits account	-	-
On – call deposits	-	-
Current account	966,430.85	483,935.85
Others	-	-
Total cash and cash equivalents	966,430.85	483,935.85

COUNTY GOVERNMENT OF TAITA TAVETA DATU SAWAZISHA FUND
Reports and Financial Statements
For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

	FY2018/2019	FY2017/2018
Financial institution	KShs	KShs
a) Fixed deposits account		
Kenya Commercial bank	-	-
Equity Bank, etc.	-	-
Sub- total	-	-
b) On - call deposits		
Kenya Commercial bank	-	-
Equity Bank – etc	-	-
Sub- total	-	-
c) Current account		
Kenya Commercial bank	966,302.50	483,827.50
Coop Bank	128.35	108.35
Sub- total	966,430.85	483,935.85
d) Others(specify)		
Cash in transit	-	-
Cash in hand	-	-
M Pesa	-	-
Sub- total	-	-
Grand total	966,430.85	483,935.85

COUNTY GOVERNMENT OF TAITA TAVETA DATU SAWAZISHA FUND
Reports and Financial Statements
For the year ended June 30, 2019

13. Receivables from exchange transactions

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Current Receivables		
Interest receivable	-	-
Current loan repayments due	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total Current receivables	-	-
Non-Current receivables		
Long term loan repayments due	45,501,169	46,396,869 *
Total Non-current receivables	45,501,169	46,396,869
Total receivables from exchange transactions	45,501,169	46,396,869

Restated Balance: the balance has been restated to reflected the right loan balance receivables.

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

14. Prepayments

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Total	-	-

15. Inventories

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Total inventories at the lower of cost and net realizable value	-	-

COUNTY GOVERNMENT OF TAITA TAVETA DATU SAWAZISHA FUND
Reports and Financial Statements
For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Property, plant and equipment

	Land and	Motor	Furniture and
	Buildings	vehicles	fittings
Cost	KShs	KShs	KShs
At 1st July 2018	-	-	-
Additions	-	-	-
Disposals	-	-	-
Transfers/adjustments	-	-	-
At 30th June 2019	-	-	-
At 1st July 2018	-	-	-
Additions	-	-	-
Disposals	-	-	-
Transfer/adjustments	-	-	-
At 30th June 2019	-	-	-
Depreciation and impairment			
At 1 st July 2018	-	-	-
Depreciation	-	-	-
Impairment	-	-	-
At 30th June 2019	-	-	-

COUNTY GOVERNMENT OF TAITA TAVETA DATU SAWAZISHA FUND
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At 1st July 2018	-	-	-
Depreciation	-	-	-
Disposals	-	-	-
Impairment	-	-	-
Transfer/adjustment	-	-	-
At 30th June 2019	-	-	-
Net book values			
At 30th June 2018	-	-	-
At 30th June 2019	-	-	-

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

17. Intangible assets-software

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

18. Trade and other payables from exchange transactions

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Trade payables	-	-
Refundable deposits	-	-
Accrued expenses	-	-
Other payables	-	-
Total trade and other payables	-	-

19. Provisions

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

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

20. Borrowings

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the period	-	-
Repayments of domestic borrowings during the period	-	-
Balance at end of the period	-	-

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

	FY2018/2019	FY2017/2018
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'xxx organisation'	-	-
Sterling Pound denominated loan from 'yyy organisation'	-	-
Euro denominated loan from zzz organisation'	-	-
Domestic Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
Total balance at end of the year	-	-

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

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
Total	-	-

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

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

21. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions
	KShs	KShs	KShs
Current benefit obligation	-	-	-
Non-current benefit obligation	-	-	-
Total employee benefits obligation	-	-	-

22. Cash generated from operations

	FY2018/2019	FY2017/2018
	KShs	KShs
Surplus for the year before tax	-	-
Adjusted for:		
Depreciation	-	-
Gains/ losses on disposal of assets	-	-
Interest income	-	-
Finance cost	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
Net cash flow from operating activities	-	-

23. Related party balances

a) Nature of related party relationships

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

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

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b) Related party transactions

a) Related party transactions		
	FY2018/2019	FY2017/2018
	KShs	KShs
Transfers from related parties'	-	-
Transfers to related parties	-	-

c) Key management remuneration

b) Key management remuneration		
	FY2018/2019	FY2017/2018
	KShs	KShs
Board of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

	FY2018/2019	FY2017/2018
	KShs	KShs
Due from parent Ministry	-	-
Due from County Government	-	-
Total	-	-

e) Due to related parties

	FY2018/2019	FY2017/2018
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Total	-	-

24. Contingent assets and contingent liabilities

Contingent liabilities	FY2018/2019	FY2017/2018
	KShs	KShs
Court case xxx against the Fund	-	-
Bank guarantees	-	-
Total	-	-

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25. Loan disbursements paid out

	FY2018/2019	FY2017/2018
	KShs	KShs
Loan disbursements paid out		
Total	-	-

26. Proceeds from loan principal repayments received

	FY2018/2019	FY2017/2018
	KShs	KShs
Loan repayments	895,700	7,013,781
Total	895,700	7,013,781

***Restated Balance:** the balance was wrongly classified as receipts instead of Loan repayments.

27. Revolving Fund

	FY2018/2019	FY2017/2018
	KShs	KShs
Balance b/d	78,841,205	78,841,205
Funds received during the year	-	-
Total	78,841,205	78,841,205

28. Reserves

	FY2018/2019	FY2017/2018
	KShs	KShs
Balance b/d	-	-
Reserves for the period	-	-
Total	-	-

29. Accumulated surplus

	FY2018/2019	FY2017/2018
	KShs	KShs
Balance b/d	(31,960,400)	(24,405,781)
Surplus/(deficit) for the period	(413,205)	(7,554,619)
Total	(32,373,605)	(31,960,400)

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8. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
1.	Change in Accounting Framework/Policy		Jemimah	Resolved	30 th June 2019
2.	Presentation of the Financial Statements		Jemimah	Resolved	30th June 2019
3.	Inaccuracies in the Financial Statements		Jemimah	Resolved	30th June 2019
4.	Cash and Cash Equivalents		Jemimah	Resolved	30th June 2019
5.	Other Income		Jemimah	Resolved	30th June 2019
6.	Unsupported Expenditure		Jemimah	Resolved	30th June 2019
7.	Receivables from Exchange Transactions		Jemimah	Resolved	30th June 2019
8.	Loan Recoveries		Jemimah	Resolved	30th June 2019
9.	Revolving Fund		Jemimah	Resolved	30 th June 2019
10.	Budgetary Control and Performance.		Jemimah	Resolved	30th June 2019