

REPUBLIC OF KENYA



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REPORT

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THE AUDITOR-GENERAL

ON

VIHIGA COUNTY SPORTS FUND

FOR THE YEAR ENDED

30 JUNE, 2023

PAPERS LAID	
DATE	12/03/2024
TABLED BY	MAJORITY LEADER
COMMITTEE	FINANCE & BUDGET
CLERK AT THE TABLE	CHEROP

COUNTY GOVERNMENT OF VIHIGA



VIHIGA COUNTY SPORTS FUND

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

(AMENDED)

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



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Vihiga County Sports Fund
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1. Acronyms and Glossary of Terms

a) Acronyms

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

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
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2. Key Entity Information and Management

a) Background information

Vihiga County Sports Fund is established by and derives its authority and accountability from The Vihiga County Sports Management Act on 6th March, 2019. The Fund is wholly owned by the County Government of Vihiga and is domiciled in Kenya.

The fund's objective is to establish an efficient structure for management of sports within the County Government of Vihiga by promoting cooperation amongst agencies with a role in sports, and enhancing their capabilities to maintain the provision of essential services during the periods of sports.

The Fund's principal activity is to organize, coordinate and promote sporting activities in the county.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to enable the County Government support sports activities and local teams within the county and to attract lawful paid activities at sports facilities belonging to the County Government for purposes of raising revenue.

Vision Statement

To empower local community teams to become self-sustainable in their efforts to nurture talents through sports.

Mission Statement

To facilitate financial support for registered sports teams in Vihiga County that competes at the regional, National and International levels.

c) Board of Trustees/Fund Administration Committee

SN	Name	Position
1	Mr. Albert Masiolo	Chairperson
2	Mrs. Ebby Sagala, Mr. Daniel Andafu, Mr. Peter Emodia, Mr. Willie Asienwe, Mr. Vincent Amwayi, M/S. Elizabeth Omuyoyi, MS. Clara Indire,	Committee Members
3	Mr. John Owako	Fund Administrator
4	Ms. Mary M. Jemaiyo	Chief Officer responsible for Sports
5	CPA James Atemba	Chief Officer Finance
5	Mr. Abilly Olilo	Director Sports
6	Mr. Arthur Lisimba	Ag. Chief Officer of the department

Vihiga County Sports Fund
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d) Key Management Steam

Ref	Name	Position
1	John Owako	Fund Administrator
2	CPA Isabel Pili	Fund Accountant
3	Ms. Mary M. Jemaiyo	Chief Officer Sports

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	Sammy Chahayo
2	Sports fund Advisory Committee	Michelle Makhungu Stika

f) Registered Offices

P.O. Box 344 - 50300
County Commissioner Building
Mbale - Kegoye Road
Maragoli, KENYA

g) Fund Contacts

Telephone: (254) 718925168 (Fund Admin)
E-mail: owakojohn1990@gmail.com

h) Fund Bankers

1. Equity Bank - Mbale

Key Entity and Management (Continued)

i) Independent Auditors

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

j) Principal Legal Adviser

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

k) County Attorney

Vihiga County Government
P.O Box 344 – 50300
Maragoli, Kenya

3. Board of Trustees/ Fund Administration Committee (Or Any Other Corporate Governance Body for the Fund)

Name	Details of qualifications and experience
<p>1. MR. ALBERT KHALWALE MASILOLO – Chairperson of the Vihiga County Sports Management Committee.</p> 	<p>He was the Chairperson of Vihiga County Sports Management Committee. Albert is also the chairman of Kenya Secondary Schools Heads of Association Vihiga Chapter. He has a vast experience in sports management having been the National Treasure in Kenya Secondary Schools Sports Association, basketball commissioner for Federation of East Africa Secondary Schools Sports Association (FEASSSA). While at KSSSA, his role in drafting regulations to manage school games in Kenya as a chairman to that committee was very valuable. He is the current chairman of Kenya Basketball Federation Vihiga Branch and Western Conference. He is an accomplished referee in football, basketball table tennis and volleyball.</p>
<p>2. MS. MARY M. JEMAIYO – Chief Officer Gender, Culture, Sports, Youth and Social Services.</p> 	<p>Ms. Mary M. Jemaiyo is the current Chief Officer department of Gender, Culture, Sports, Youth and Social services. Previously she worked as a lecturer in Moi University and Kaimosi Friends University since 2015. She also worked as a CDF secretary (2018–2022) in Hamisi Constituency.</p> <p>Ms. Mary is currently pursuing her PhD studies at Kaimosi Friends University and is a holder of Masters in Business Administration (MBA) and Bachelors of Business Management (BBM) from Moi University.</p>

3. MR. JOHN OWAKO



He is the current Fund Administrator of Vihiga County Sports Fund. He is the Head of Financial Reporting Unit for Vihiga County Executive.



He has also been working as a departmental Accountant for Gender, Culture, Sports, Youth and Social Services (2020-2022).

Mr. Owako is also the Accountant of IPPD deduction and also an examiner in the County Treasury.

He is a holder of Bachelors of Commerce Finance and Banking option and Diploma from Kisii University and Kisumu National Polytechnic respectively.

He also holds Certified Public Accountant (CPA part 2) and currently pursuing Advanced level of CPA.

4. Management Team

Name	Details of qualifications and experience
<p>1. JOHN OWAKO – Fund Administrator.</p> 	<p>He is the current Fund Administrator of Vihiga County Sports Fund. He is the Head of Financial Reporting Unit for Vihiga County Executive.</p> <p>He has also been working as a departmental Accountant for Gender, Culture, Sports, Youth and Social Services (2020-2022).</p> <p>Mr. Owako is also the Accountant of IPPD deduction and also an examiner in the County Treasury.</p> <p>He is a holder of Bachelors of Commerce Finance and Banking option and Diploma from Kisii University and Kisumu National Polytechnic respectively.</p> <p>He also holds Certified Public Accountant (CPA part 2) and currently pursuing Advanced level of CPA.</p>
<p>2. MS. MARY M. JEMAIYO – Chief Officer Gender, Culture, Sports, Youth and Social Services.</p> 	<p>Ms. Mary M. Jemaiyo is the current Chief Officer department of Gender, Culture, Sports, Youth and Social services.</p> <p>Previously she worked as a lecturer in Moi University and Kaimosi Friends University since 2015. She also worked as a CDF secretary (2018–2022) in Hamisi Constituency.</p> <p>Ms. Mary is currently pursuing her PhD studies at Kaimosi Friends University and is a holder of Masters in Business Administration (MBA) and Bachelors of Business Management (BBM) from Moi University.</p>

5. Fund Chairperson's Report

The annual report and financial statements for the year ending 30th June, 2023 is the 3rd report after the establishment of the Fund on 6th March, 2019. The report compares the performance of the fund by analysing budget estimates, actual expenditure and revenue realized. This financial statement will remain a very important tool in informing our future expenditure framework.

The fund Performance

The fund reliable source of income is generated from CARA (County Allocation of Revenue Act) through the department of Gender, Culture, Sports, Youth and Social Services, Vihiga County. Out of the projected revenue, the fund realized Kes 15,000,000 representing 100% performance. The funds were received into two tranches, that is, in 3rd Quarter and 4th Quarter of Kes 7,200,000 and Kes 7,800,000 respectively. These funds were not adequate to meet the teams' demands since the last disbursement by the County Treasury came in towards the end of the financial year.

The fund managed to fund the teams partially and encouraged the Executive Committee of the teams to source for more support from other well-wishers/sponsors. In view of the budget deficit experienced, the fund management committee has already started engaging external agents with a view of mobilizing more resources for the teams in line with the provision of article 6-1(i) of the Act.

During the FY 2022/2023, the fund expenditure amounted to Kes 10,505,830. This represents the absorption rate of 70% of the budget. Kes 9,905,700 was spent on teams' sporting activities while Kes 600,130 was spent on administration cost representing a ratio of 97:3

In the financial year 2022/2023, the fund experienced cash flow problems as there was a delay in release of fund by the National Treasury which later was released towards the end of financial year. However, the management did their best to ensure the fund benefited the teams and other sporting activities within the county, for instance, training of football and boxing coaches despite the challenges.

The cash and cash equivalent stood at Kes 4,452,900.

Conclusion


The FY 2022/2023 was a run-away point for the fund despite the limited funding but the performance was quiet encouraging. The fund management committee is however committed to nature the talents of youth in the county by supporting sporting activities within the county.

I take this opportunity to thank H.E the Governor for his support. I would also wish to extend my appreciation to the CECM Finance and Economic Planning, CECM Gender, Culture, Sports, Youth and Social Services, the Sports Management Committee and the entire members of staff from the department of Sports for working hand in hand with the Committee to ensure that the fund achieves its objectives.

Vihiga County Sports Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Lastly, I want to thank the youths of Vihiga County for their continued support by forming teams/clubs and for the efforts they are making too promote the image of Vihiga County. Thank you all for having confidence in our leadership.

Name: Albert Masiolo

Signature..........Date.....15/12/2023.....

Chairperson of the Fund



6. Report of The Fund Administrator

The financial statements for the year ending 30th June, 2023 comprises of statement of financial performance, statement of financial position, changes in net assets, cash flows statement, statement of comparison of budget and actual and notes to the financial statements. The management has provided comparative figures for 2021/2022. The fund's key objective was to nurture the talents of youths in the county by promoting sporting activities and development of sports infrastructure. The funding has facilitated and enabled some of our local football teams participate in the premier, super and division 1 leagues and at international level by our Vihiga Queens. The fund has also supported other local teams participating in other sports, that is, Volley ball, Rugby, Para volleyball, Netball, Boxing and Athletics.

During the year, the fund management facilitated the training of football and boxing coaches, which was a success.

The report shows that the performance ratio was at 70% indicating a positive and tremendous commitment. The fund management committee was also able to run the fund within the 3% administration costs as set out within the Act.

The fund raised its revenue through County Allocation of Revenue Act (CARA) which was an allocation in the Vihiga County budgets for FY 2022/2023. The fund faced financial challenges where the allocation of Kes 15 million was not sufficient enough to finance the teams' budgets and other sporting activities.

The fund management committee also appeals to the Vihiga County Government management through the department of Gender, Culture, Sports, Youth and Social Services to increase the allocation to this fund in the FY 2023/2024 budgets.

Key Risk Management Strategies

The fund faces various challenges in the provision of recreational and sporting facilities. This is evidenced in the poorly undeveloped sports infrastructure with most sportsgrounds unsatisfactorily maintained.

While some of the mainstream sports i.e football, Volley ball, rugby among others are visible and therefore have received support from the fund, other like basketball are hardly noticed and most young people criss-cross to Kisumu or Kakamega to access public playgrounds for such sports.

Vihiga County Sports Fund

Annual Report and Financial Statements for the year ended June 30, 2023

This hassled to huge untapped potential of talents and sports among the youth in the county especially after they leave school. The county lacks recreational facilities, thus lacking the necessary infrastructural outlook to provide recreational services.

The sports management committee through this Act aims at diversifying and reaching out to different type of sports for the benefit of a wide spectrum of youths.

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

Introduction

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

The key development objectives of the Fund as per the strategic plan for financial year 2022/2023 are to:

- a) Provide quality physical infrastructure in the County
- b) Improve sporting activities in the County.
- c) Training of Coaches in all disciplines within the County

8. Corporate Governance Statement

8.1 Fund management committee

The county sports management structure was established under The Vihiga County Sports Management Act, 2019, part 11 sec 4&5.

The committee consist of;

- (a) Non-executive appointed by County Committee member responsible for sports in consultation with the executive committee who shall be the chairman.
- (b) One person with disability from the most representative sports association for people with disability to be appointed by the Executive Committee member for sports.
- (c) At least two (2) youth representatives from both gender appointed by the Executive Committee member for sports.
- (d) Four (4) representatives from the most representative county sports federation appointed by the Executive Committee member for sports
- (e) The County director for sports
- (f) The chief officer for sports who shall be responsible for matters relating to sports
- (g) A fund administrator who shall be the secretary to the committee who shall be appointed by the Executive Committee member for finance.

The committee has 4 meetings in every financial year. A special meeting shall be convened at any time as the case maybe.

8.2 Succession plan

Every member of the committee shall hold office on a part time basis for a period of three years but maybe eligible for re-appointment once.

8.3 Process of appointment and removal of committee members.

A member may be removed from office on recommendation of the executive committee or in case of:

- a. Inability to perform the functions of the office arising out of physical or mental incapacity.
- b. Gross misconduct
- c. Incompetence or negligence
- d. Absence from three consecutive meetings of the committee without a reasonable explanation.
- e. Violation of the constitution or any written law.

8.4 Roles and functions of the fund management committee.

The committee shall;

- a. Set policies on sports management
- b. Approve the county sports plan

- c. Review, approve and endorse recommendations of the director, oversee the application of the county sports plan and give any order or direction necessary for implementation.
- d. Consider, verify and approve funding for local teams and youth activities.
- e. Receive any gifts, grants and donation made to the fund and make disbursement therefrom.
- f. Attract lawful paid activities at the county sports facilities purpose of raising revenue.
- g. Raise funds through sports lotteries, investments or any other lawful means.
- h. Ensure that the sports activity carried out for the purpose of the fund complies with law.
- i. Provide oversight on the administration and management of the fund.
- j. Formulate guidelines to achieve the objective of the fund.
- k. Implement the national government policies on sport response.
- l. Ensure that money held in the fund including any earnings is spent only for the purposes for which the fund is established.

8.5 Conflict of Interest

Notwithstanding, the committee shall encourage community and private sector participation in stadia construction maintenance and management under its supervision and guidance.

8.6 Committee member's remuneration

Committee members shall be paid allowances in accordance with the established County salaries and remuneration commission guidelines.

Vihiga County Sports Fund

Annual Report and Financial Statements for the year ended June 30, 2023

9. Management Discussion and Analysis

The fund aims to build sport chatter that is result oriented. The fund management ensured that the expenditures are within their budget thus at the end of financial year 2022/2023, the cash and cash equivalent stood at Kes 4,452,900. The fund committee is committed to source more funds which will be used to create opportunities for youth employment, wealth creation through nurturing of talent and promoting of sporting activities.

The fund management ensured the compliances with the operational laws such as PFM Act, PPAD Act, County Sports Act and regulations. The management will continue adhering to the laid down procedures and focus on improving the performance of the fund.

During the year under review, the Sports Fund Management initiated the training program of coaches across all disciplines by starting with the football and boxing coaches.

10. Environmental and Sustainability Reporting

Vihiga County Sports Fund exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on sustainability, environment and community engagement pillars: putting the customer/citizens first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar.

1. Sustainability strategy and profile -

Macro-economic stability is one of the function on which the implementation of the sports work plan and other policy documents are anchored. Such stability will be achieved through prudent management of macro-economic policies through sound monetary measures. Key sector areas identified to achieve the macro-economic stability include:

- i. Development of sports infrastructure
- ii. Identification and nurturing of sports and talents
- iii. Development of recreational facilities.

2. Environmental performance

Clean, secure and sustainable environment is acritical measure for development. There should be continued enforcement of environmental guidelines and regulations for sustainable development and environmental conservation. Measures undertaken towards environmental conservation includes:

- i. Maintaining the sports ground to remain green
- ii. Cleaning and disposing of all plastic materials.
- iii. Encouraging youth to be involved in tree planting exercise and tree conservation.

3. Corporate Social Responsibility / Community Engagements

The management committee has involved its stakeholders in their planning and implementation of sports programs. The system will continue to ensure Vihiga county residents feel the impact of sporting activities.

Vihiga County Sports Fund
Annual Report and Financial Statements for the year ended June 30, 2023

11. Report of the Management Committee

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

Principal activities

The principal activities of the Fund are:

- i. Set policies on sport management
- ii. Consider verify and approve funding for local sports teams and youth activities.
- iii. Receive grants and donation made to the fund and make disbursement therefrom.
- iv. Ensure that the sports activities carried out are from intended purpose of the fund.

Results

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

Trustees

The members of the management committee who served during the year are shown on page (vii) of the financial report.

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



Chair of the Board/Fund Administration Committee

Date:

12. Statement of Management’s Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Vihiga County Sports Management Act, 2019 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 County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

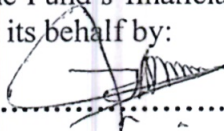
The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Vihiga County Sports Management Act, 2019. The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2023, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund’s ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. OR

Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund’s financial statements were approved by the Board on 15th December, 2023 and signed on its behalf by:


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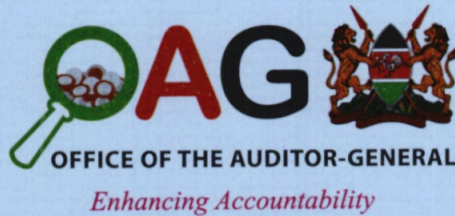
Name: John Owako

Administrator of the County Public Fund



REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON VIHIGA COUNTY SPORTS FUND FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Vihiga County Sports Fund set out on pages 1 to 20, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual

Report of the Auditor-General on Vihiga County Sports Fund for the year ended 30 June, 2023

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Vihiga County Sports Fund as at 30 June, 2023, and of its financial performance for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Vihiga County Sports Management Fund Act, 2019 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The statement of financial position reflects a balance of Kshs.4,752,900 in respect of net assets and liabilities during the year. However, this differs with the balance of Kshs.70,596,810 reflected in the statement of changes in net assets for the year. Management did not explain or reconcile the difference between the two figures.

In the circumstances, the accuracy of the financial statements could not be confirmed.

2. Unsupported Grants to Teams

The statement of financial performance and as disclosed in Note 2 to the financial statements reflects an amount of Kshs.8,146,500 in respect of grants to teams. Review of records provided revealed that an amount totalling to Kshs.800,000 that had been disbursed to four (4) sporting entities had not been acknowledged as at the time of audit. No reason was provided for the failure by the entities to acknowledge receipt of the amounts.

In the circumstances, the accuracy and validity of the expenditure could not be confirmed.

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.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final expenditure budget and actual on comparable basis of Kshs.15,000,000 and Kshs.10,505,830 respectively resulting to under-expenditure of Kshs.4,494,170 or 30% of the budget.

The under-expenditure is an indication that the planned programs and activities were not implemented and the public may not have received the envisaged services.

My opinion is however, not modified in respect of this matter.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of Internal Audit Function of the Fund

Review of records provided for audit revealed that there was no audit activity for the Fund during the year. As a result, errors of omission or commission could occur without them being discovered in time.

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 those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 overall governance.

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls 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 controls 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 Fund's 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 controls.
- 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 controls that are identified during the audit.

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 January, 2024


Vihiga County Sports Fund

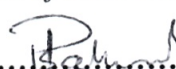
Annual Report and Financial Statements for the year ended June 30, 2023

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

Description	Note	FY 2022/2023	FY 2021/2022
		Kes	Kes
Revenue From Non-Exchange Transactions			
Transfers From the County Government	1	15,000,000	20,000,000
		15,000,000	20,000,000
Total Revenue		15,000,000	20,000,000
Expenses			
Grants to Teams	2	8,146,500	19,952,000
Use of goods and services	3	2,359,330	633,180
Total Expenses		10,505,830	20,585,180
Surplus/(Deficit) for the Period		4,494,170	(585,180)

(The notes set out on pages 18 to 19 form an integral part of these Financial Statements)


.....
Name: John Owako
Administrator of the Fund


.....
Name: CPA Isabel Pili
Fund Accountant
ICPAK Member Number: 30116



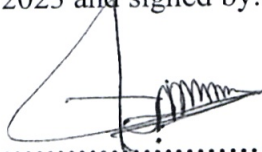
Vihiga County Sports Fund

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15. Statement of Financial Position as at 30 June 2023

Description	Note	FY 2022/2023	FY 2021/2022
		Kes	Kes
Assets			
Current Assets			
Cash and Cash Equivalents	4	4,452,900	258,730
Receivables	5	300,000	-
Total current assets		4,752,900	258,730
Total Assets		4,752,900	258,730
Net Assets		4,752,900	258,730
Fund Balance Brought forward		258,730	
Accumulated Surplus		4,494,170	258,730
Total Net Assets and Liabilities		4,752,900	258,730

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 15th December 2023 and signed by:



.....
Name: John Owako
Administrator of the Fund



.....
Name: CPA Isabel Pili
Fund Accountant
ICPAK Member Number: 30116



16. Statement of Changes in Net Assets for the year ended 30th June 2023

Description	Revolvin g Fund	Revaluatio n Reserve	Accumulated surplus	Total
		Kes	Kes	Kes
Balance As At 1 July 2021	-	-	30,843,910	30,843,910
Surplus/(Deficit) For the Period	-	-	258,730	258,730
Funds Received During the Year	-	-	20,000,000	20,000,000
Balance As At 30 June 2022	-	-	51,102,640	51,102,640
	-	-		-
Balance As At 1 July 2022	-	-	51,102,640	51,102,640
Surplus/(Deficit) For the Period	-	-	4,494,170	4,494,170
Funds Received During the Year	-	-	15,000,000	15,000,000
Balance As At 30 June 2023	-	-	70,596,810	70,596,810

Vihiga County Sports Fund

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17. Statement of Cash Flows for the Year Ended 30 June 2023

Description	Note	FY 2022/2023	FY 2021/2022
		Kes	Kes
Cash flows from operating activities			
Receipts			
Transfers from the county government	1	15,000,000	20,000,000
Total receipts		15,000,000	20,000,000
Payments			
Grants to team	2	8,146,500	19,952,000
Use of Goods and services	3	2,359,330	633,180
Total payments		10,505,830	20,585,180
Adjusted for:			
Changes in Receivables		(300,000)	-
Changes in Payables		-	-
		(300,000)	-
Net cash flows from operating activities		4,194,170	(585,180)
Net increase/(decrease) in cash & cash Equivalents		4,194,170	(585,180)
Cash and cash equivalents at 1 July		258,730	843,910
Cash and cash equivalents at 30 June		4,452,900	258,730
As per Statement of Assets		4,452,900	258,730

Vihiga County Sports Fund
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18. Statement of Comparison of Budget and Actual Amounts for the Period

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kes	Kes	Kes	Kes	Kes	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Transfers From County Govt.	20,000,000	(5,000,000)	15,000,000	15,000,000	-	100
					-	
Total Income	20,000,000	(5,000,000)	15,000,000	15,000,000	-	100
Expenses					-	
Grants to Teams	17,570,000	(5,000,000)	12,570,000	8,146,500.00	4,423,500	65
Use of goods and Services	2,430,000	-	2,430,000	2,359,330	70,670	97
					-	
Total Expenditure	20,000,000	(5,000,000)	15,000,000	10,505,830	4,494,170	70
Surplus For the Period	-	-	-	4,494,170		

***Vihiga County Sports Fund
Annual Report and Financial Statements For the year ended 30th June 2023***

19. Notes to the Financial Statements

1. General Information

The Sports Fund entity is established by and derives its authority and accountability from Vihiga County Sports Management Act. The entity is wholly owned by the Vihiga County Government and is domiciled in Kenya. The entity's principal activity is to promote sporting activities in the county.

2. Statement of compliance and basis of preparation

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

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

Standard	Effective date and impact
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;

Vihiga County Sports Fund
Annual Report and Financial Statements For the year ended 30th June 2023

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

*Vihiga County Sports Fund
Annual Report and Financial Statements For the year ended 30th June 2023*

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

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-	<i>Applicable 1st January 2025</i>

Vihiga County Sports Fund
Annual Report and Financial Statements For the year ended 30th June 2023

Standard	Effective date and impact:
Current Assets Held for Sale and Discontinued Operations	The Standard requires, 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: 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.

(iii) Early adoption of standards

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

Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

Vihiga County Sports Fund
Annual Report and Financial Statements For the year ended 30th June 2023

b) Budget information

The original budget for FY 2022/23 was approved by the County Assembly on 14th June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded a negative appropriation of Kes 5,000,000 on the FY 2022/2023 budget following the governing body's approval.

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

Summary of Significant Accounting Policies (Continued)

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

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

c) Property, plant and equipment

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

d) Intangible Assets

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

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

e) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Summary of Significant Accounting Policies (Continued)

f) Financial instruments

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

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Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

g) Inventories

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

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

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

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

h) Provisions

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

i) Social Benefits

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

Summary of Significant Accounting Policies (Continued)

j) Contingent liabilities

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

Contingent assets

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

k) 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.

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Summary of Significant Accounting Policies (Continued)

l) Foreign currency transactions

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

m) 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.

n) 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.

o) 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.

p) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

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

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

*Vihiga County Sports Fund
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6. Notes to the Financial Statements

1. Transfers from County Government

Description	FY 2022/2023	FY 2021/2022
	Kes	Kes
Transfers From County Govt. –Operations	15,000,000.00	20,000,000.00
Total	15,000,000.00	20,000,000.00

2. Grants to Teams

Description	FY 2022/2023	FY 2021/2022
	Kes	Kes
Vihiga United	695,000.00	3,700,000.00
Vihiga Queens	525,000.00	1,800,000.00
Vihiga Bullets	725,000.00	2,970,000.00
Bunyore Starlets	725,000.00	1,300,000.00
Luanda Villa	495,000.00	1,000,000.00
Vihiga Volley ball men	670,000.00	1,282,000.00
Vihiga Volley ball women	670,000.00	650,000.00
Vihiga C. Boxing Association	670,000.00	1,100,000.00
Vihiga Granites	570,000.00	1,350,000.00
Mbale RFC	350,000.00	500,000.00
Western Spear	570,000.00	700,000.00
Vihiga Athletics	200,000.00	400,000.00
Vihiga Executive Netball	400,000.00	700,000.00
Vihiga Netball Club	200,000.00	700,000.00
Vihiga Cricket	50,000.00	400,000.00
Vihiga Siting Paravolley	581,500.00	900,000.00
Tong ill moo-do	50,000.00	500,000.00
Total	8,146,500.00	19,952,000.00

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3. Use of Goods and Services

Description	FY 2022/2023	FY 2021/2022
	Kes	Kes
General Office Expenses	599,050	622,250
Training Costs	1,759,200	-
Bank Charges	1,080	10,930
Total	2,359,330	633,180

4. Cash and Cash Equivalent

Description	FY 2022/2023	FY 2021/2022
	Kes	Kes
Vihiga County Sports Fund Account	4,452,900	258,730
Total Cash And Cash Equivalent	4,452,900	258,730

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

Financial Institution	Account number	FY 2022/2023	FY 2021/2022
		Kes	Kes
Current Account			
Equity Bank - Mbale	960280140066	4,452,900	258,730
Grand Total		4,452,900	258,730

5. Account Receivables

Description	FY 2022/2023	Prior period audited
	Kes	Kshs
Current Receivables		
Transfers due from Department of Gender	300,000.00	-
Total Accounts Receivables	300,000.00	-

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20. Annexes

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Inaccuracies in the Financial Statements	The management had noted the Auditors observations and have committed to adjust the Financial statements going forward.	Not Resolved	30.11.2023
	Grants to Un-Registered Teams	The teams had applied for registration certificates during the time of audit. They are now having the certificates	Resolved	30.09.2023
	Lack of Segregation of Duties and Internal Audit Function of the Fund	The management had noted the Auditors concern and has now segregated the roles.	Resolved	30.09.2023



MR. JOHN OWAKO
Fund Administrator

Date... 15/12/2023



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Annex II: Trial Balance for the Period ended 30 Jun, 2023

ACCOUNT NO. & DESCRIPTION	DR(Kes)	CR(Kes)
Transfers from County Treasury		15,000,000
Fund Balance		258,730
Grants to Teams	-	
Vihiga United	695,000	
Vihiga Queens	525,000	
Vihiga Bullets	725,000	
Bunyore Starlets	725,000	
Luanda Villa	495,000	
Vihiga Volley ball men	670,000	
Vihiga Volley ball women	670,000	
Vihiga C. Boxing Association	670,000	
Vihiga Granites	570,000	
Mbale RFC	350,000	
Western Spear	570,000	
Vihiga Athletics	200,000	
Vihiga Executive Netball	400,000	
Vihiga Netball Club	200,000	
Vihiga Creicket	50,000	
Vihiga Siting Paravolley	581,500	
Tong ill moo-do	50,000	
USE OF GOODS AND SERVICES		
General Expenses	599,050	
Training Expenses	1,759,200	
Bank Charges	1,080	
ACCOUNTS RECEIVABLE		
Transfers due From Department of Gender	300,000	
CASH AND CASH EQUIVALENTS		
A. CASH AT BANK	-	
Vihiga County Sports Fund Account - Equity - 0960280140066	4,452,900	
TOTAL	15,258,730	15,258,730