

REPUBLIC OF KENYA



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REPORT

OF

THE AUDITOR-GENERAL

ON

**KISUMU COUNTY COVID-19 EMERGENCY
RESPONSE FUND**

**FOR THE YEAR ENDED
30 JUNE, 2023**

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

REPUBLIC OF KENYA



COUNTY GOVERNMENT OF KISUMU

COVID-19 EMERGENCY RESPONSE FUND

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

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

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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
Kshs	Kenya Shillings
PWD	Persons With Disability
UON	University Of Nairobi
CPA	Certified Public Accountant
JKUAT	Jomo Kenyatta University of Agriculture and Technology
AIE	Authority to Incur Expenditure
COVID	Corona Virus Disease
FY	Financial Year
SBM	State Bank of Mauritius
SNA	System of National Accounts
PPE	Personal Protective Effects
PHD	Doctor of Philosophy
CECM	County Executive Committee Member

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
Board of Trustees	The Members appointed or elected to protect the organizations best interests through decisions made on its behalf
Financial Instruments	These are used by investors and creditors to evaluate company's financial earnings.

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Annual Report and Financial Statements

For the year ended June 30, 2023

2. Key Entity Information and Management

a) Background information

The Kisumu County Covid-19 Emergency Response Fund Account was established on 7th April 2020 in accordance with section 110(1) of the Public Finance Management Act, 2012. It is headed by the Governor who is responsible for the general policy and strategic direction of the fund.

The fund's objective shall be to mobilise and manage revenues for emergency response towards containing the spread, effect and impact of COVID-19 pandemic

b) Principal Activities

The principal activity/mission/ mandate of the fund is to mobilize and cushion vulnerable household and communities in the County against adverse effects of the COVID-19 pandemic, including the post pandemic recovery process.

Vision

“Leader in fund management for both staff and the public”

Mission

“To provide affordable, accessible and sustainable health care to vulnerable person's orphans children and persons without a clear means of livelihood.”

Core Values

The fund upholds the values of accountability, transparency, excellence, accessibility, integrity, responsiveness, equity and team work.

c) Board of Trustees/Fund Admiration Committee

During the period under review the executive committee members were:

Ref	Position	Name
1	Chairman of the Board	Bhire Chatte
2	Chief officer Health	Dr.Gregory Ganda
3	Chief officer finance /fund administrator	Wilson Abiero
4	CECM Finance and economic planning	George Okongo
5	Member	Janet Ogot
6	Member	Ruth Adhiambo
7	Member	Paul Omanga
8	Secretary to the Board/CEO	Caleb opon
9	Member	Jessica Ogombe

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10	Member	James Odede Otieno
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d) Key Management

The Kisumu County Covid-19 Emergency Response Fund day to day management is under the following key persons;

Ref	Position	Name
1	Fund Administrator	Wilson Abiero Opondo
2	Fund Accountant	Rose Akinyi Odipo
3	Responsible department	Dr.Gregory Ganda
4	CEO/Secretary	Caleb OPon

e) Fiduciary Oversight Arrangements

Ref	Position	Name
1	Directorate Internal Audit	Mr. Geoffrey Dienya
2	County Assembly of Kisumu	Elisha Oraro
3	Senate Assembly	Fred outa
4	County Attorney	Idris Omondi

f) Registered Offices

Prosperity House
P.O. Box 2738-40100
Kisumu, Kenya

g) Fund Contacts

- E-mail: treasury@kisumu.go.ke
- Website: www.kisumu.go.ke

h) Fund Bankers

Sbm Bank
P.O Box 2989-40100,
Kisumu
Branch

i) Independent Auditors

Auditor General
Office of the Auditor General
Anniversary Towers, University Way

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P.O. Box 30084
GPO 00100
Nairobi, Kenya

j) Principal Legal Adviser

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

k) Registered Offices

Prosperity House
P.O. Box 2738-40100
Kisumu, Kenya

l) Fund Contacts

- E-mail: treasury@kisumu.go.ke
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o) Principal Legal Adviser

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P.O. Box 40112
City Square 00200
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COVID 19 EMERGENCY RESPONSE FUND

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For the year ended June 30, 2023

3. The Fund Administration Committee

The management during the financial year consisted of:

	<p>George Okongo- chairperson</p> <p>Mr. George Omondi Okongo was appointed as a board member to the Kisumu County Covid-19 fund management Committee on April 2020.</p> <p>He holds masters of Arts (Governance and Developments Studies) from University of Sussex, Glasgow.</p> <p>Date of Birth: 1978</p> <p>Experience: 6 Years</p>
	<p>Caleb Opon–Secretary</p> <p>Mr. Caleb Opon was appointed as a board member and secretary to the board of Kisumu County covid -19 fund management committee. He Holds a degree in Economics and finance from university of London.</p> <p>Date of Birth: 1964</p> <p>Experience: 6 Years</p>
	<p>Janet Awino Ogot-Board Member-Civil society</p> <p>Janet Awino Ogot was appointed as a board member to the Kisumu County covid-19 fund management committee on April 2020. She holds Diploma certificate in purchasing and supplies management from University of Nairobi (UON).</p> <p>Date of Birth: 1982</p> <p>Experience: 3 Years</p>
	<p>Jessica Ogombe-Board Member-PWD</p> <p>Jessica Ogombe was appointed as board member to the Kisumu County Covid -19 fund management committee on April 2020. She holds Doctorate degree in project planning from University of Nairobi (UON)</p> <p>Date of Birth: 1965</p> <p>Experience: 3 Years</p>

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Paul Njenga Waweru –Fund Administrator

Mr. Paul Waweru was appointed as the Fund Administrator and AIE holder on 1st July 2023. Mr. Njenga is a well-Seasoned Professional with an immense wealth of experience and skills spanning over 15 years, cutting across supply chain management, economic planning, public procurement, financial and Investment advisory, accountancy, revenue mobilization, business management advisory, audit and assurance, taxation and consultancy to various organizations. He holds a master Degree in Business Administration Finance option from JKUAT and is Currently pursuing his PHD in Business Administration Finance in JKUAT.

. Date of Birth: 1976

Experience: 5 months





COVID 19 EMERGENCY RESPONSE FUND

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For the year ended June 30, 2023

4. Management Team

The management during the financial year consisted of:

	<p>Paul Njenga Waweru –Fund Administrator</p> <p>Mr. Paul Waweru was appointed as the Fund Administrator and AIE holder on 1st July 2023. Mr. Njenga is a well-Seasoned Professional with an immense wealth of experience and skills spanning over 15 years, cutting across supply chain management, economic planning, public procurement, financial and Investment advisory, accountancy, revenue mobilization, business management advisory, audit and assurance, taxation and consultancy to various organizations. He holds a master Degree in Business Administration Finance option from JKUAT and is Currently pursuing his PHD in Business Administration Finance in JKUAT.</p> <p>Date of Birth: 1976 Experience: 5 months</p>
	<p>Rose Odipo–Fund Accountant</p> <p>Mrs. Rose Odipo Holds a degree from CUEA University-BCOM Finance option & she is also Certified Public Accountant (CPA-K).</p> <p>Date of Birth: 1973 Experience: 5 Years</p>
	<p>Gregory Ganda-Chief Officer Health</p> <p>Dr. Gregory Ganda was appointed as part of the management team on November 2020. He holds Masters in obstetrics and gynaecology from Makerere university.</p> <p>Date of Birth: 1976 Experience: 2.5 Years</p>
	<p>George Stephen Onduu-Procurement officer</p> <p>Mr. Stephen Onduu was appointed to the fund as procurement officer On April 2020. He holds Higher diploma in Supplies Chain management from GTI Embu</p> <p>Date of Birth: 1966 Experience: 10 Years</p>

COVID 19 EMERGENCY RESPONSE FUND

Annual Report and Financial Statements

For the year ended June 30, 2023

5. Fund Administration Committee Chairperson's Report

It is my pleasure to present the COVID 19 Emergency Response fund financial statements for the period ended 30th June 2023. The financial statements present the financial performance of the fund over the past financial year.

Sustainability

The fund and its stakeholders are increasingly emphasizing on the need to ensure sustainability for both its Residence and its management committee and financing capabilities with an objective of ensuring that the funds shall be mobilized resources for COVID 19 Emergency Response.

The fund has conducted a basic assessment of available options for feasible financing tools that would assure the fund of its long-term sustainability. The fund has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options.

We are positive the fund will help Stabilise the spread of the COVID 19 within the County at large in the coming financial year, given the Reduction in the spread of the Pandemic hence stabilise the Economy.

Review of performance

Income

The fund did not receive any funding from the County Government, Donations and credit interest from the Entity Banker.

Expenditures

There expenditures incurred during the year amounted to ksh 139,062 /=

Appreciation

I take this opportunity to express my sincere gratitude and appreciation to the county government, Kisumu County Covid 19 Committee, stakeholders, management and staff for their continued support which made us achieves these results.

I look forward for your continued support when called for any duty.

Signed: _____



Mr. George Okongo
Chairperson to the board

COVID 19 EMERGENCY RESPONSE FUND

Annual Report and Financial Statements

For the year ended June 30, 2023

6. Report of The Fund Administrator

It is my pleasure to present the Kisumu County Covid-19 Emergency Response financial statements for the year ended 30th June 2023. The financial statements present the financial performance of the fund over the past year.

The fund was established on 1st April 2020 and started with an initial amount of KShs 237,167,909. During the Financial year 2022/2023 there was no funding from the any of the stakeholders.

Financial Performance

a) Revenue

In the year ended 30th June 2023, the fund did not project any funding since there was a decrease in the spread of Covid 19 virus.

b) Loans

During the financial year ended 30th June 2023 there were no loan acquired by the fund to fight the spread of Covid-19.

c) Prior year adjustments

During the Financial year ended there were no prior year adjustments. **Conclusion**

FY 2022/2023 was a good year in general. Good progress was made and the momentum has been created to enable Kisumu County Covid-19 Emergency Response fund to wind up on a trajectory into prosperity.

I take this opportunity to thank the management committee for their support. I would also want to thank all staff who we have worked hand in hand to ensure that Kisumu County Covid-19 Emergency Response fund achieve its mission.

Signed: _____

01 DEC 2023

Paul Njenga Waweru
Fund Administrator

COVID 19 EMERGENCY RESPONSE FUND

Annual Report and Financial Statements

For the year ended June 30, 2023

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

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each County Government Entity 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 objectives of the COVID 19 Emergency Response Fund Kisumu County Government Entity's 2020-2023 plan are to:

- (a) To fund the purchase of essential supplies for public hospitals and other related institutions, health professionals and frontline workers, as need arises
- (b) To fund programmes and initiatives towards cushioning and provision of emergency relief to the most vulnerable, Persons with Disabilities older and poor persons in rural areas and urban informal settlements
- (c) To support and stimulate micro, small and medium enterprises rendered vulnerable by COVID-19 pandemic
- (d) To fund restoration of the facilities being used for compulsory quarantine for safe use by the hosting institutions.
- (e) To enhance the capacity of the relevant research institutions in handling COVID-19 surveillance; and
- (f) To fund any other emerging issues arising from the COVID-19 pandemic planning.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
COVID 19 Emergency Response Fund	To mobilize resources for COVID19 Emergency Response fund	Increased Relevant Research institution handling COVID 19 Surveillance	Increased number of contact tracing	In FY 21/22 4 persons traced

COVID 19 EMERGENCY RESPONSE FUND

Annual Report and Financial Statements

For the year ended June 30, 2023

8. Corporate Governance Statement

THE FUND

The Covid-19 Emergency Response fund was established pursuant to the Section 110(1) of the Public Finance Management (PFM) Act 18 of 2012. Its mandate is to mobilize and manage resources for emergency response towards containing the spread, effect and impact of COVID-19 pandemic.

The fund is committed in ensuring compliance with regulatory and supervisory corporate governance requirements. Essential to the establishment of a corporate governance framework, the fund is a formal governance structure with the management committee. The operations of the fund are governed by the Regulations, 2020 of the Kisumu County Government published on 24th April, 2020. The structure is designed to ensure an informed decision-making process based on accurate reporting to the board.

THE MANAGEMENT COMMITTEE

The fund regulations provide that the management committee shall be made up of ten (10) members. The committee is responsible for the long-term strategic direction of the fund and recruitment of the Fund Administrator and senior management.

The committee is provided with full, appropriate and timely information that enables it to maintain full and effective control over the strategic, financial, operational and compliance issues. The day-to-day running of the operations of the fund is delegated to the fund administrator but the committee is responsible for establishing and maintaining the fund's system of internal controls for the realization of its mandate of providing financial support.

COMMITTEE MEETINGS

The committee does not meet regularly because there are no funds to monitor the implementation of the fund's strategic plan and achievement of the targets.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

The committee is responsible for reviewing the effectiveness of the fund's system of internal control which is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against unauthorized use or disposition and the maintenance of proper accounting records and the reliability of financial information used within the business or for publication. These controls are designed to manage rather than eliminate the risk of failure to achieve business objectives due to circumstances which may reasonably be foreseen and can only provide reasonable and not absolute assurance against material misstatement or loss.

Auditor

The fund is audited by the Auditor-General and special audit from treasury.

COVID 19 EMERGENCY RESPONSE FUND

Annual Report and Financial Statements

For the year ended June 30, 2023

9. Management Discussion and Analysis

The fund has continued to provide enabling support in the fight against the spread of Covid-19 within the county over the past one year and the management has put measures in place to safeguard against risks.

The fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

The management has ensured that we comply with statutory requirements relating to the functions of the fund and also making sure that statutory deductions are remitted on time to avoid incurring penalties and interests for non-compliance.

BUSINESS PERFORMANCE

Revenue

The fund did not earned revenues from the County Government and credit interests during the financial year ended 2023.

Cash flows

The cash and cash equivalents were Kshs.0.00 as at 30th June 2023. The balance shown is at the Commercial bank SBM (Bank Kisumu branch)

OPERATIONAL PERFORMANCE

The fund's core operating activity has been purchasing of health Equipment that help the nurses fight against the spread of Covid-19 within the county at large.

Conclusion

We appreciate the unrelenting support from the fund committee, management, staff, the County Government, National government and all the key stakeholders. We look forward to the continued partnerships and cooperation in areas of mutual interest in the FY 2022/2023.

COVID 19 EMERGENCY RESPONSE FUND

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For the year ended June 30, 2023

10. Environmental and Sustainability Reporting

The 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 our pillars: putting the Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in our pillar

1. Environmental performance

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

2. Community Engagements-

Give evidence of community engagement including charitable giving (cash & material), Community Social Investment and any other forms of community.

COVID 19 EMERGENCY RESPONSE FUND

Annual Report and Financial Statements

For the year ended June 30, 2023

11. Report of The Fund Administration Committee

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

Principal activities

The principal activity of the Fund is to purchase essential service to the health practitioners in the fight against the spread of spiking Covid 19.

Results

The results of the Fund for the year ended June 30th 2023 are set out on pages 11 to 36.

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 Committee

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 30th September, 2023 and signed by:

Signed: _____



Mr. George Okongo
Chair of the Fund Administration Committee

COVID 19 EMERGENCY RESPONSE FUND

Annual Report and Financial Statements

For the year ended June 30, 2023

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 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

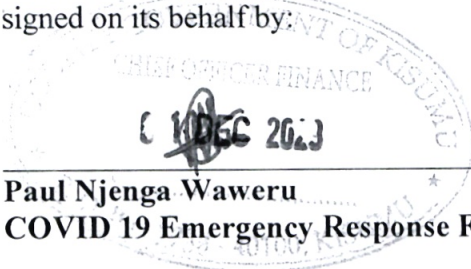
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30th, 2023. This responsibility includes: (i) 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. The Administrator of the Fund is of the opinion that the Fund's financial statements gives a true and fair view of the state of Fund's transactions during the financial year ended 30th June, 2022, 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. 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

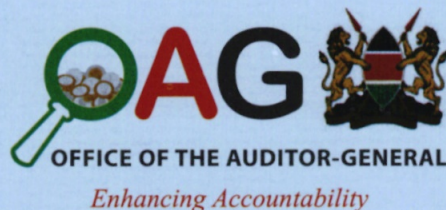
The Fund's financial statements were approved by the committee on 30th September, 2023 and signed on its behalf by:



Paul Njenga Waweru
COVID 19 Emergency Response Fund Administrator

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 KISUMU COUNTY COVID-19 EMERGENCY RESPONSE 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 the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion 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 Kisumu County COVID-19 Emergency Response Fund set out on pages 1 to 25, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance,

Report of the Auditor-General on Kisumu County COVID-19 Emergency Response Fund for the year ended 30 June, 2023

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kisumu County COVID-19 Emergency Response Fund as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Kisumu County (COVID-19) Emergency Response Fund Regulation, 2020 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unsupported Daily Subsistence Allowances

The statement of financial position and as disclosed in Note 4 to the financial statements reflects use of goods and services payments amounting to Kshs.139,062 relating to daily subsistence allowance and bank charges amounting to Kshs.130,893 and Kshs.8,169 respectively. However, Management did not provide documentary evidence to explain how the expenditure was related to combating COVID-19.

In the circumstances, the completeness and propriety of the daily subsistence allowance expenditure amounting to Kshs.130,893 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kisumu County COVID-19 Emergency Response Fund Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Relevance and Sustainability of the Fund

I draw attention to a disclosure in Note 6 to the financial statements, which reflects a nil cash and cash equivalents balance as at 30 June, 2023. During the year under review, the Fund recorded nil receipts but spent an amount of Kshs.139,062, being the bank balance brought forward from the previous year, resulting into a deficit of Kshs.139,062. The condition indicates the existence of a material uncertainty, which may cast significant doubt in the Fund's ability to continue to sustain its services.

Further, the COVID-19 activities are no longer being undertaken and therefore the relevance of maintaining the Fund could not be confirmed.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Prior Year Unresolved Issues

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Effectiveness in Use of Public Resources. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board template.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Late Submission of Financial Statements

The Fund's financial statements for the year ended 30 June, 2023 were submitted to the Office of the Auditor-General on 19 October, 2023, almost one month after the statutory deadline date of 30 September, 2023. This is contrary to provisions of Section 47(1) of Public Audit Act, 2015 which requires the Fund to submit the financial statements to the Auditor-General within three months after the end of the financial year to which the respective accounts relate.

In the circumstances, Management was 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, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and 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 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 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 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 controls 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 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 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

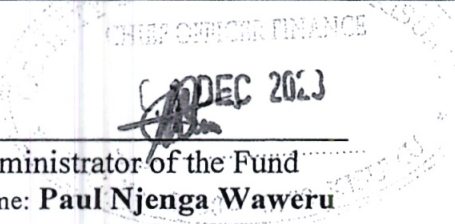
Nairobi


28 February, 2024

COVID 19 EMERGENCY RESPONSE FUND
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For the Period ended June 30, 2023

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

	Note	FY 2022-2023	FY 2021-2022
		KShs	KShs
Revenue from non-exchange transactions			
Publication contributions and donations	1		-
Transfers from the County Government	2		20,000,000
Revenue from exchange transactions			
Interest income			332,517
Other income (Conditional Grant from National Treasury)			-
Total revenue			20,332,517
Expenses			
Use of Goods	4	139,062	20,369,302
Depreciation	5		1,308,980
Total expenses		139,062	21,678,281
Surplus /(deficit)for the period		(139,062)	(1,345,765)


 Administrator of the Fund
 Name: **Paul Njenga Waweru**


 Fund Accountant
 Name: Rose Odipo
 ICPAK Member Number: 12986

The notes set out on pages 1 to 29 form an integral part of these Financial Statement.

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15. Statement of Financial Position As At 30 June 2023

	Note	FY 2022-2023	FY 2021-2022
		KShs	KShs
Assets			
Current assets			
Cash and Cash equivalent	6		139,062
Non-current liabilities			
Property, Plant and Equipment			3,346,723
Total assets			3,485,785
Liabilities			
Current liabilities			
Non-Current liabilities			
Total liabilities			-
Net assets			
Balance B/D		139,062	4,831,550
Revolving Fund			-
Reserves			-
Accumulated Surplus/(deficit)		(139,062)	(1,345,765)
Total net assets and liabilities		0.00	3,485,785

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 30th September, 2022 and signed by:

Administrator of the Fund
 Name: **Paul Njenga Waweru**

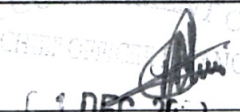
Fund Accountant


Name: Rose Odipo
 ICPAK Member Number: 12986

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

	Revolving Fund	Revaluation Reserve	Accumulated deficit	Total
		KShs	KShs	KShs
Balance as at 1 July 2021				
Surplus/(deficit) for the period				
Funds received during the year				
Prior year adjustments				
Balance as at 30 June 2022			139,062	139,062
Balance as at 1 July 2022			139,062	139,062
Funds received during the year				
Surplus/(deficit) for the period			(139,062)	(139,062)
Prior year adjustments				
Balance as at 30 June 2023			0.00	0.000


 Administrator of the Fund
 Name: - **Paul Njenga Waweru**


 Fund Accountant
 Name: Rose Odipo
 ICPAK Member Number: 1298

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

	Note	FY 2022-2023	FY 2021-2022
		KShs	KShs
Cash flows from operating activities			
Receipts from operating income			-
Public contributions and donations		-	-
Transfers from the County Government	2	-	20,000,000
Interest received (income)	3	-	332,517
Receipts from other operating activities		-	-
Total Receipts			20,332,517
Payments			
Use of Goods and Services	4	139,062	20,369,302
Depreciation	5		1,308,980
Total payments		139,062	21,678,282
Net cash flows from operating activities			-1,345,765
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	3,346,723
Net cash flows used in investing activities			-3,346,723
Cash flows from financing activities			
Proceeds from revolving fund receipts			-
Additional borrowings			-
Repayments of borrowings			-
Net cash flows used in financing activities			-
Net (decrease) in cash and cash equivalents		(139,062)	-4,692,488
Cash and cash equivalents 1st July		139,062	4,831,550
Cash and Cash Equivalent at the end of the year		0.00	139,062
Cash and cash equivalents at 30 JUNE 2022/2021	6	0.00	139,062

Administrator of the Fund
Name: **Paul Njenga Waweru**

Fund Accountant

Name: Rose Odipo
ICPAK Member Number: 12986


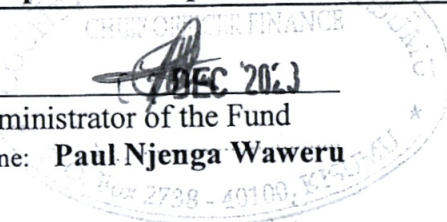
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For the Period ended June 30, 2023

18. Statement Of Comparison of Budget And Actual Amounts For The Period

	Original budget	Adjustments	Final budget	Actual on comparable basis	% utilization
	2023	2023	2023	2023	2023
	KShs	KShs	KShs	KShs	
Revenue					
Surplus b/d	139,062.42		139,062	139,062	100
Public contributions and donations	0	0	0	0	0
Transfers from County Govt. and Bal b/d	0	0	0	0	0
Other income (Conditional Donation –well-wishers)	0	0	0	0	0
Interest income	0	0	0	0	
Total income	139,062	0	139,062	139,062	100
Expenses					
Fund administration expenses	-	-	-	0	
Use of Goods and Services	139,062	0	139,062	139,062	100
Depreciation& Amortization	0		0	0	
Finance cost	-	(-)	-	-	
Total expenditure	139,062	0	139,062	139,062	100
Surplus for the period			0	0	


 Administrator of the Fund
 Name: **Paul Njenga Waweru**



 Fund Accountant
 Name: Rose Odipo
 ICPAK Member Number: 12986

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19. Notes to the Financial Statements

1. General Information

Kisumu County Emergency Fund is established by and derives its authority and accountability from Section 164 (2) (f) of the Public Finance Management Act, 2012. The entity is wholly owned by the Kisumu County Government and is domiciled in Kenya. The entity's principal activity is to enable payments to be made in respect of county when an urgent and unforeseen need for expenditure for which is no specific legislative authority arises.

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) Relevant new standards and amendments to published standards effective for the year ended 30th June, 2023

IPSASB deferred the application date of standards from 1st January 2022 owing to Emergency. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: 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.

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Standard	Effective date and impact:
	<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;• 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.
IPSAS 42: Social Benefits	<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.
Amendments to Other IPSAS	<p>Applicable: 1st January 2023:</p>

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Standard	Effective date and impact:
resulting from IPSAS 41, Financial Instruments	<p>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.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</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>
IPSAS 43	<p>Applicable 1st January 2025</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</p>

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Standard	Effective date and impact:
	the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> 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 year 2023.

4. 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.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Budget information.

During the original FY 2022/2023 the fund did not receive any funding of any kind from the stakeholders.

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) 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

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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.

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 an entity of financial assets is impaired. A financial asset or an 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 an 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)

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

f) 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.

COVID 19 EMERGENCY RESPONSE FUND

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) 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.

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.

h) Nature and purpose of reserves

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

i) 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.

j) Employee benefits – Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

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

k) 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.

l) 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.

m) 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 Fund Administrator and the Fund Accountant.

n) 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.

o) Comparative figures

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p) Events after the reporting period

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

q) Ultimate and Holding Entity

The entity is a County Public Fund established by Section 167 of the Public Finance Management (PFM) Act 2012. Its ultimate parent is the County Government of Kisumu.

r) Currency

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

s) 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.

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

Useful lives and residual values

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

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

COVID 19 EMERGENCY RESPONSE FUND

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For the Period ended June 30, 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 18.

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.

t) Financial risk management

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

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

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

b) Liquidity risk management

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

c) Market risk

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

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

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

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

i. Foreign currency risk

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

The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

d) Capital risk management

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

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NOTES TO THE FINANCIAL STATEMENTS

1. Public Contributions and donations

Descriptions	FY 2023/2022	FY 2022/2021
Donations from development partners	-	-
Contributions from the public	-	-
Total	-	-

2. Transfers from County Government

Description	FY 2022-2023	FY 2021/2022
	KShs	KShs
Transfer from County Govt.-operations	-	20,000,000
Payments by County on behalf of the entity		-
Total	-	20,000,000

3. Interest income

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Interest income from loans (car loans)	-	-
Interest income from investments	-	-
Interest income on bank deposits	-	332,517
Total interest income	-	332,517

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4. Use of Goods and Services

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Advertisement and awareness		-
Safety Gears (PPE, Gears, Gumboots and masks)		7,678,000
General office stationery		-
Other expenditure (Mobile toilets and Tents)		27,000
Designs and other non-pharmaceuticals items (Thermoguns, Goggles, Liquid detergents and		-
Maintenance of Buildings		-
Laboratory Supplies (Viral Swabs and Media transport)		1,200,000
Daily Subsistence Allowance	130,893	870,225
Board Conference and Accommodation/Domestic		100,000
Purchase of uniforms and clothing-staff		8,224,100
Transport Services (ferry services and car hire)		400,000
Contracted professionals		1,800,000
Purchase of agricultural Supplies and materials		-
Bank charges	8,169	69,977
Total	139,062	20,369,301

5. Depreciation and Amortization

Descriptions	FY 2022-2023	FY 2021-2022
Property plant and Equipment		1,308,980
Intangible Assets		
Total		1,308,980

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Cash and cash equivalents

Description	FY 2022-2023	FY 2021-2022
	KShs	KShs
Balance brought down		-
Current account (SBM Bank)		139,062
Others-Savings account		
Total		139,062

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

Financial institution	Account number	FY 2022-2023	FY 2021-2022
		KShs	KShs
Sub- total			
c) Current account			
SBM Bank	152381376001	0	139,062
Sub- total		0	139,062
d) Others(specify)			
Cash in transit			-
Cash in hand			-
Sub- total			-
Grand total		0.00	139,062

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Other Disclosures Continued

7. Financial risk management

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

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

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

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

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

The entity has significant concentration of credit risk on amounts due from Kisumu county Emergency Fund.

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

b) Liquidity risk management

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

The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts

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disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

Foreign currency sensitivity analysis

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

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ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

d) Capital risk management

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

COVID 19 EMERGENCY RESPONSE FUND

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19. Progress On Follow Up of Prior Year Auditor's Recommendations

There were prior year audit, this being the third year of audit to the Kisumu County Covid 19 Emergency Fund, there were no issues for follow up on the prior year auditors

Recommendation

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)
	Misstated Depreciation	The depreciation difference was due to different of useful life of the Asset	Resolved	
	Unauthorised Expenditure- Un approved Budget	The approved budget was in the county main stream since the budget line was a single line	Resolved	
	Failure to maintain a fixed asset Register	The fixed asset register was not maintained by the fund since the asset included in the county asset register and the fund also the capacity to maintain the asset register due to capacity gaps and fund being for short period	Resolved	

REPUBLIC OF KENYA



THE COUNTY GOVERNMENT OF KISUMU

Office of the Kisumu county covid-19 secretariat

COUNTY GOVERNMENT OF KISUMU,

P.O. BOX 2738-40100,

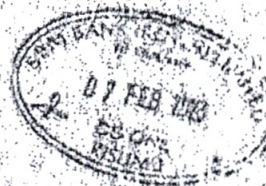
KISUMU,

SBN BANK,

BRANCH MANAGER,

P.O. BOX 2989-40100,

KISUMU.



DATE: 16th February, 2023

RE: CLOSURE OF COVID-19 EMERGENCY RESPONSE BANK ACCOUNT NUMBER 5102201376001

The above subject matter refers:

Pursuant to the powers conferred to the section 119 of the PFM Act 2012.

This is to inform you that Kisumu County Government has decided to close the above named account.

Returned cheque leaves are from 000393 to 000400 and a full cheque book from 000401 to 000500.

Please attached are the copies of the signatories IDs.

ROSE ODIPO
SIGNATORY

KEZIA OKOTH
SIGNATORY

WILSON OPONDO
SIGNATORY



Prosperity House (Former Nyanza Provincial Headquarters Building) 2nd Floor
P.O. Box 2738-40100 Kisumu, Mobile no. +254723702102
E-mail: countytreasury@kisumu.go.ke



FUND MANAGER
COUNTY GOVERNMENT OF KISUMU,
CITY OF KISUMU,
P.O. Box 105-40100
KISUMU, KENYA

27th SEPTEMBER, 2023

Dear Sir/Madam,

RE: COVID 19 RESPONSE KISUMU COUNTY FUND ACCOUNT

As per your written request dated 26th September 2023, we hereby give the information required for the purposes of audit. The balances given are as at 30th June, 2023.

1. Current Account; 0152381376001-Kes 0.00

Please do not hesitate to contact the bank if any further information is required.

Yours faithfully,
For: SBM Bank (K) Ltd.

Authorized Signatory

Authorized Signatory