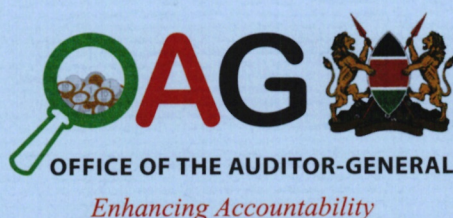


REPUBLIC OF KENYA

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 BARINGO COUNTY COMMUNITY CONSERVATION FUND FOR THE YEAR ENDED 30 JUNE, 2018

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Baringo County Community Conservation Fund set out on pages 1 to 3, which comprise the statement of financial position as at 30 June, 2018, the statement of receipts and payments and statement of cash flows for the year then ended in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

I do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Errors in the Annual Report and Financial Statements

The financial statements prepared and presented for the year ended 30 June, 2018 lacked the following content: -

- 1.1. Key entity information by management;
- 1.2. The board of trustees (or any other corporate governance body for the Fund);
- 1.3. Management team;
- 1.4. Board/ fund chairperson's report;
- 1.5. Report of the fund administrator;
- 1.6. Corporate governance statement;
- 1.7. Management discussion and analysis;
- 1.8. Corporate social responsibility statement/sustainability report;
- 1.9. Report of the trustees;
- 1.10. Statement of management responsibilities;
- 1.11. Blank page for the insertion of the Independent report of the auditor;
- 1.12. Statement of changes in net assets;
- 1.13. Statement of comparison of budget and actual amounts;
- 1.14. Summary of significant accounting policies;
- 1.15. Notes to the financial statements;

1.16. Other important disclosures;

The financial statements as prepared and presented do not conform to the prescribed frameworks and generally accepted standards for the development and management of accounting and financial systems by all State organs and public entities which are set by the Accounting Standards Board under Section 194 of the Public Finance Management Act, 2012.

2. Inaccuracies in the Financial Statements

The financial statements for the year ended 30 June, 2018 prepared and presented for audit had the following inaccuracies: -

- 2.1. The statement of receipts and payments reflects balance brought forward at Kshs.5,366. However, this disclosure is not in line with the requirement of International Public Sector Accounting Standards No.1 on presentation of the financial statements which requires opening balances to be reflected in the statement of financial position and not in the statement of financial performance;
- 2.2. The statement of financial position reflects nil surplus adjustment for the previous period which does not reconcile with Kshs.5,366 reported in 2016/2017 financial statements.
- 2.3. The statement of receipts and payments reflects an interest earned of Kshs.31,931 with no disclosure of the nature of interest, rates, periods and corresponding amount on which it was earned.

Consequently, the accuracy and completeness of the financial statements for the year ended 30 June, 2018 as prepared and presented could not be confirmed.

3. Unsupported Administration Expenses

The statement of receipts and payments reflects payments of Kshs.37,297 being administration expenses. However, the schedule availed for audit indicated Kshs.35,500 resulting to unreconciled nor explained variance of Kshs.1,797. In addition, these payments are not supported by payment vouchers. This is contrary to section 99(3) which states that every entry in the accounts shall be supported by a voucher or other approved document gazetted by the Cabinet Secretary containing the full details, clear narrations and particulars of the item or items to which it relates.

Under the circumstances, the accuracy of the administration expenses of Kshs.37,297 for the year ended 30 June, 2018 could not be confirmed.

4. Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalent at nil balance. however, the cashbook availed for audit reflected a balance of Kshs.2,078.

Under the circumstances, the accuracy and completeness of the nil cash and cash equivalent balance as at 30 June, 2018 could not be confirmed.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Disclaimer of Opinion and Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Basis for Conclusion

1. Lack of Approved Budget

The statement of receipts and payments reflects total revenue of Kshs.37,297 and similar gross expenditure. However, approved budget estimates were not provided for audit review. This contravenes Section 31 (a) of the Public Financial Management (County Governments) Regulations, 2015 which requires that all revenue and expenditure shall be entered into the county government budget estimates and approved for one year only. It also contravenes Section 99(2) of the Public Financial Management (County Governments) Regulations, 2015 which requires that the approved budget estimates of expenditure shall form the basis of the financial statements for the financial year.

Under the circumstances, the Fund was in breach of the law.

2. Non-Adherence to Community Conservation Fund Regulations

Review of records revealed non-compliance with the Public Finance Management (Baringo County Executive Community Conservation Fund) Regulations, 2014 as detailed out below: -

- i. The amounts were disbursed without appointment of a financial institution as required by Section 7;
- ii. Contrary to Section 12(2), there was no evidence that the committee considered, approved applications and entered into an agreement in the form prescribed by the committee;
- iii. There was no evidence of issued guidelines on criteria of approving and disbursing funds as per Section 15(2)(a);
- iv. The Fund administrator did not prepare and submit quarterly reports pursuant to Section 13(3).

To the extent, the Fund is in breach of the law.

3. Non-Response to Management Letter

The Fund management failed to respond to the management letter dated 6 July, 2020. This is contrary to Section 31(4) of the Public Audit Act, 2015, which states that the accounting officer shall within fourteen days from the date of receipt of the draft management letter, submit a response to the Auditor-General including remedial actions that have been undertaken to address any qualifications in the draft management letter.

Under the circumstances, the Fund was in breach of the law.

4. Submission of Financial Statements

4.1 Late Submission of 2017/2018 Financial Statements

The financial statements for financial year 2017/2018 were submitted late on 24 February, 2020, one (1) year later. This is contrary to Section 47(1) of the Public Audit Act, 2015 which states that the financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

Under the circumstances, the Fund was in breach of the law.

4.2 Failure to Submit Previous Years Financial Statements

As previously reported in 2016/2017 and prior year, the financial statements for the year ended 30 June, 2015, and previous years if any, were not submitted for audit. This is contrary to Public Finance Management Act, 2012 Section 167 which requires the administrator of a county public fund established by the Constitution, an Act of Parliament or county legislation shall prepare financial statements for the fund for each financial year in a form prescribed by the Accounting Standards Board.

Under the circumstances, the Fund was in breach of the law.

5. Irregular Sacco Account

The Fund operated account number 565100501395 at a Sacco Society Limited. However, opening and operating a Sacco account, which is not a bank, contravenes the Public Finance Management Act, 2012 Section 119(1) which states that the County Treasury is responsible for authorising the opening, operating and closing of bank accounts for the county government and its entities, except as otherwise provided by other legislation and in accordance with regulations made under this Act. It also contravenes Section 119(2) which states that as soon as practicable, each County Treasury shall establish a Treasury Single Account at the Central Bank of Kenya or a bank approved by the County Treasury through which payments of money to and by the various county government entities are to be made.

Under the circumstances, the Fund is in breach of the law.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1) (a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer of Opinion and Conclusion of Internal Controls, Risk Management and Governance sections of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Basis for Conclusion

Lack of Risk Management Policy

During the audit, it was noted that the Fund does not have a risk management strategy. This is contrary to Section 158 (1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires the accounting officer to develop risk management strategies, which include fraud prevention mechanism and internal control that builds robust business operations.

Under the circumstances risk management, development of strategies and controls may not have been implemented in an orderly manner.

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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless Management is aware of the intention to liquidate 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 financial reporting process, reviewing the effectiveness of how the Fund monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.


Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of Baringo County Community Wildlife Conservation Fund financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is 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. I also consider internal control, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance 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.

However, because of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources, and Internal Controls, Risk Management and Governance sections of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion.

I am independent of the Baringo County Community Wildlife Conservation Fund in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

20 January, 2022

BARINGO COUNTY GOVERNMENT.

Email:



Mwalimu plaza, 1st Floor
P.O. BOX 053-30400,
KABARNET.

Department of Industrialization, Commerce, Tourism and Enterprise Development

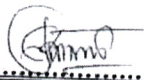
BARINGO COUNTY-COMMUNITY WILDLIFE CONSERVATION FUND

STATEMENT OF RECEIPTS AND PAYMENTS

FOR FINANCIAL YEAR 2017-2018 (1ST JULY, 2017 - 30TH JUNE, 2018)

RECEIPTS	KSHS	KSHS
Balance B/F	5,366.20	
Intrest Earned	31,931.00	
Transfers from Baringo County Treasury	<u>0.00</u>	
Total Revenue		<u>37,297.20</u>
PAYMENTS		
Funds Uses/Expenditure/Disbursements	0.00	
Administration Expenses	<u>37,297.20</u>	
Total Payments		<u>(37,297.20)</u>
SURPLUS		<u>0.00</u>

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 10/07/2018 and signed by:


.....

Fund Administrator
Community Wildlife Conservation Fund

24 FEB 2020

STATEMENT OF CASH FLOW

	Kshs.	Kshs.
Operating Activities:		
Opening Balance for the period(bal b/d)		
Intrest Earned	5,366.20	
Transfers from Baringo county government	31,931.00	
	<u>0.00</u>	
		37,297.20
Less:		
Funds Disbursements		
Administration Expenses	0.00	
	<u>37,297.20</u>	<u>(37,297.20)</u>
Net Cash Inflow From Operating Activities		<u>0.00</u>
Investing Activities:		
Proceeds from sale of Assets		
Acquisition of Asset	0.00	
Net Cash Inflow From Investing Activities	<u>0.00</u>	<u>0.00</u>
Finacing Activities:		
Proceeds from Domestic borrowing		
Proceeds from Foreign Borrowing	0.00	
Loan repayments	0.00	
Net Cash Inflow From Financing Activities	<u>0.00</u>	<u>0.00</u>
Changes in Cash and cash Equivalent		
Cash at end of theperiod		<u>0.00</u>

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 10/07/2018 and signed by:



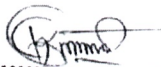
.....
Fund Administrator

Community Wildlife Conservation Fund

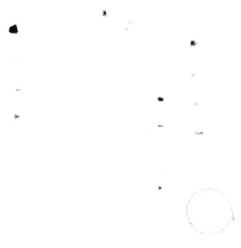
STATEMENT OF FINANCIAL POSITITON

	KSHS
FINANCIAL ASSETS	
Cash and cash equivalent	0.00
Bank balance	<u>0.00</u>
Total Financial Assets	<u>0.00</u>
Less:	
FINANCIAL LIABILITIES	
Accounts Payable	<u>0.00</u>
Total Financial Liabilities	<u>0.00</u>
NET FINANCIAL ASSETS	<u>0.00</u>
REPRESENTED BY:	
Fund Balance c/Fwd	0.00
Add: Surplus Adjustment for previous period	<u>0.00</u>
Net Financial Position	<u>0.00</u>

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 10/07/2018 and signed by:



Fund Administrator
Community Wildlife Conservation Fund



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