

REPUBLIC OF KENYA



Enhancing Accountability

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REPORT

OF

THE AUDITOR-GENERAL

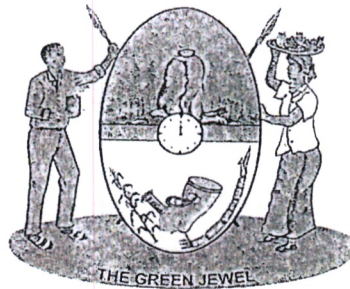
ON

**KAKAMEGA COUNTY
EMERGENCY FUND**

**FOR THE YEAR ENDED
30 JUNE, 2021**

KAKAMEGA COUNTY EMERGENCY FUND
Reports and Financial Statements
For the Period ended 30th June, 2021

COUNTY GOVERNMENT OF KAKAMEGA
KAKAMEGA COUNTY EMERGENCY FUND



ANNUAL REPORTS AND FINANCIAL
STATEMENTS



FOR THE FINANCIAL YEAR ENDED
JUNE 30TH, 2021

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

KAKAMEGA COUNTY EMERGENCY FUND
Reports and Financial Statements
For the Period ended 30th June, 2021

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KAKAMEGA COUNTY EMERGENCY FUND
Reports and Financial Statements
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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

The Kakamega County Emergency Fund was established by the County Government of Kakamega through the Public Financial Management Act (Kakamega County Emergency Fund) Regulations, 2018. The Fund Administrator at the time being the Chief Officer of the Ministry of Finance and Economic Planning

b) Principal Activities

The principal activity of the Fund is to provide financial and managerial support to urgent and unforeseen need which falls within the mandate of the County Government that threatens to damage human life or welfare or threatens to damage the environment for which immediate expenditure is required in the County.

c) Board of Trustees/Fund Administration Committee.

There was no Board of Trustees/Fund Administration Committee. The fund was headed by the chief officer Ministry of Finance.

d) Key Management

The Kakamega County Emergency Fund day-to-day management is under the Ministry of Finance and Economic Planning

The Fund Administrator is the Chief Officer of Ministry of Finance and Economic Planning

e) Fiduciary Oversight Arrangements

- **County Assembly of Kakamega**

- ❖ To oversight and provide legislative framework for the Corporation to ensure accountability.

- **Auditor General**

- ❖ To audit the Corporation's operations and systems with a view of identifying gaps and making recommendations for improvement to enhance accountability.

- **Controller of Budget**

- ❖ To authorize and approve withdrawal and expenditure of the Corporation's budgeted funds.

- **National Treasury**

- ❖ To disburse budgeted funds to the County Governments and subsequently to the Corporation for expenditure in line with approved budgets.
- ❖ To advise on the implementation of budgets by County Governments and its entities.

f) Registered offices

Kakamega County Headquarters
P.O. Box 36-50100, 056 31850/31852/31853
County Headquarters
Kisumu/Kitale Highway
Kakamega, KENYA

g) Funds Contacts

Telephone: 056 31850/31852/31853
E-mail: info@kakamega.go.ke
Website: kakamega.go.ke

(i) Independent Auditors

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

(j) Principal Legal Advisor

County Attorney
County Government of Kakamega
P.O Box 36-50100
Kakamega

2. THE BOARD OF TRUSTEES/ FUND ADMINISTRATION COMMITTEE

There was no Board of Trustees/Fund Administration Committee. The fund was headed by the chief officer Ministry of Finance.

**3. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S
PREDETERMINED OBJECTIVES**

The Fund was established in 2018 under the Ministry Of Finance, Economic Planning and ICT and the first and only disbursements happened the same year. In this year of reporting 2020/2021 the fund has spent Ksh. 125,522,606 and has received Ksh 26,024,730 being

Following the outbreak of the Covid-19 pandemic, the Fund managers set aside Ksh. 105,000,000.00 from the Kakamega County to aid in the response to the pandemic.

Signed:  _____

CPA Samson Otieno
Chief Officer,
Ministry of Finance and Economic Planning


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4. MANAGEMENT TEAM

Name	Details of qualifications and experience
1. Samson Otieno	Chief officer Ministry of Finance
2. Naomi Wangare	Head of Treasury

5. BOARD/FUNDADMINISTRATION COMMITTEE CHAIRPERSON'S REPORT

The fund has no Board or fund administration committee, therefore no report to be attached


Signed:  _____

CPA. Samson Otieno
Chief Officer,
Ministry of Finance and Economic Planning

KAKAMEGA COUNTY EMERGENCY FUND
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6. REPORT OF THE FUND MANAGER/ ADMINISTRATOR

The fund has no appointed fund manager or Administrator.

Signed:  _____

CPA Samson Otieno.
Chief Officer,
Ministry of Finance and Economic Planning

7. CORPORATE GOVERNANCE STATEMENT

The fund operates without a board; and it is domiciled under the department of finance.

8. MANAGEMENT DISCUSSION AND ANALYSIS

The fund received an allocation of ksh 26M and made expenditure amounting to ksh 117M for the financial year under review.

9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

1. Sustainability Strategy and Profile

The Fund was established in line with provisions of the Public Finance Management Act, 2012.

The principal activity of the Fund is to provide financial and managerial support to urgent and unforeseen need which falls within the mandate of the County Government that threatens to damage human life or welfare or threatens to damage the environment for which immediate expenditure is required in the County.

2 Environmental performance:

The Fund is in the process of developing its strategic plan and its environmental policy which will also be captured in this plan.

3 Employee Welfare

The Fund is currently relying on seconded staff from the parent Ministry of Finance. The current staffs conform to Public Service hiring and appraisal policies.

4 Market Place Practices

- a) The Fund being a County entity has trained its staff on how to deal with emergency cases within the county
- b) The Fund being a public entity works within structures created by the National and County Governments that govern public procurement. It works within the confines of public procurement act and public finance management act and respects its suppliers and is open to scrutiny in the public procurement process. Our procurement officer is regularly allowed to attend trainings and workshops that help him improve skills in public procurement management.

5. Community engagement

The Fund core activity is to attend to emergency cases arising within the county borders

10. REPORT OF THE TRUSTEES/ FUND ADMINISTRATION COMMITTEE

The Chief Officer submits their report together with the audited financial statements for the year ended June 30, 2021, which show the state of the Fund affairs.

10.1 Principal activities

The principal activity of the Fund is to provide financial and managerial support to urgent and unforeseen need which falls within the mandate of the County Government that threatens to damage human life or welfare or threatens to damage the environment for which immediate expenditure is required in the County.

10.2 Performance


The performance of the Fund for the year ended June 30, 2021, are set out on pages 20 to 59

10.3 Trustees

The Fund did not have the Administration Committee.

10.4 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.

Sign: 

Name: OTIENO SAMSON

Chief Officer Ministry of Finance

Date: 29/09/2021

11. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by the PFM act shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the fund; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the County assembly Act. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2021, and of the Fund's financial position as at that date.

The Administrator further confirms the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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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.

Kakamega County Emergency Funds is a going concern.

Approval of the financial statements

The Fund's financial statements were approved on 29/9/2021 2021 and signed by:

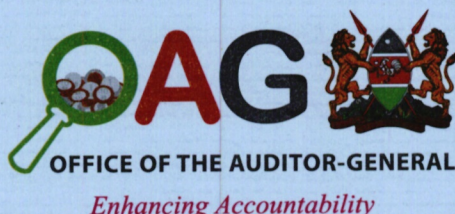


Name: Oliver Samsen

Chief Officer Ministry of Finance

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 KAKAMEGA COUNTY EMERGENCY FUND FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Kakamega County Emergency Fund set out on pages 17 to 56, which comprise the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net

Report of the Auditor-General on Kakamega County Emergency Fund for the year ended 30 June, 2021

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 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. Presentation of the Financial Statements

The financial statements provided for audit review were not presented in accordance with the accounting standards as prescribed by the Public Sector Accounting Standards Board reporting template as they do not include the Chairman's statement as well as report of the Secretary to the Committee. Further, the financial statements do not also include a report of Fund Administrator, statement of performance against predetermined objectives, corporate governance statement and Management discussion analysis.

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

2. Unconfirmed Opening Balances

The financial statements reflect comparative balances under statement of financial performance, statement of financial position, statement of cash flows and notes to the accounts. However, this being the first set of financial statements and first year of audit, the source of the balances could not be ascertained.

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

3. Unconfirmed Cash and Cash Equivalents

The statement of financial position reflects a cash and cash equivalents balance of Kshs.5,556,072 which, as disclosed in Note 10 to the financial statements, relates to a balance held in the Fund's operations account. However, the bank reconciliation statement for the month of June, 2021 reflects payments in bank statements totaling Kshs.189,656 not recorded in the cash book which were made in August, 2020. No explanation was provided for the failure to update the cash book with these payments.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.5,556,072 as at 30 June, 2021 could not be confirmed.

4. Unsupported Internal Borrowing

The statement of financial performance reflects an amount of Kshs.824,730 in respect of receipts from internal borrowing which, as disclosed in Note 3 to the financial statements,

relates to receipts from retention account. However, the nature, purpose and approval of the borrowing has not been explained.

In the circumstances, the accuracy and completeness of the borrowing could not be confirmed.

5. Submission of Financial Statements

5.1 Non-submission of Financial Statements for Years 2018/2019 and 2019/2020

Kakamega County Emergency Fund was established in 2018 vide the Public Finance Management (Kakamega County Emergency Fund) Regulations, 2018. However, the Fund did not submit for audit financial statements for the years 2018/2019 and 2019/2020. This is contrary to Section 115(1) of the Public Finance Management Act, 2012, which states that where an Emergency Fund has been established for a County Government, the County Treasury shall, not later than three months after the end of each financial year, prepare and submit to the Auditor-General, financial statements in respect of the Emergency Fund for that year.

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

5.2 Late Submission of Financial Statements for Year 2020/2021

The financial statements of Kakamega County Emergency Fund for the year ended 30 June, 2021 were submitted to the Auditor-General on 16 February, 2022.

This is contrary to Section 47(1) of the Public Audit Act which provides that financial statements of a public entity shall be submitted to the Auditor-General within three (3) months after the end of the fiscal year to which the accounts relate, in this case 30 September, 2021.

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

6. Failure to Provide Approved Budget

During the year under review, the Fund did not have an approved budget to support the revenue and expenditure figures shown in the statement of comparison of budget and actual amounts.

This is contrary to Regulation 14(1) of the Public Finance Management (Kakamega County Emergency Fund) Regulations, 2018 which states that the Advisory Committee shall cause to be prepared the estimates of the revenue and expenditure of the Fund for the year before the commencement of each financial year. Consequently, the total expenditure of Kshs.125,522,606 incurred by the Fund during the year under review was irregular.

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

7. Failure to Establish an Advisory Committee

During the year under review, the Fund did not constitute an advisory committee which is charged with the responsibility of formulating guidelines for achieving the objectives of the Fund and providing oversight on the administration and management of the Fund. This is contrary to Regulation 6 of the Public Finance Management (The Kakamega County Emergency Fund) Regulations, 2018 which provides for the establishment of the Advisory Committee.

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

8. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects approved revenue budget and actual on comparable basis of Kshs.205,053,948 and Kshs.26,024,730 respectively, resulting to under-funding of Kshs.179,029,218 or 87% of the budget.

Similarly, the Fund incurred actual expenditure of Kshs.125,522,606 against approved budget of Kshs.205,053,948 resulting to under-performance of the budget by Kshs.79,531,342 or 39% of the budget.

The under-funding and under-performance of the budget affected the planned activities and may have impacted negatively on service delivery to the public.

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 Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

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 Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Responsibilities of Management and the Advisory Committee

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 controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain 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 its 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.

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with 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 Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 March, 2023

KAKAMEGA COUNTY EMERGENCY FUND
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For the Period ended 30th June, 2021

13. FINANCIAL STATEMENTS

13.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2021.

	Note	2020/2021	2019/2020
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations	1	200,000	-
Transfers from the County Government	2	25,000,000	117,500,000
Receipts from Internal borrowing	3	824,730	-
Sub Total		26,024,730	117,500,000
Revenue from exchange transactions			
Interest income	4	-	-
Other Incomes	5	-	-
Sub Total		-	-
Total revenue		26,024,730	117,500,000
Expenses			
Fund administration expenses	6	-	-
General expenses	7	125,522,606	12,446,652
Finance costs	8	-	-
Transfer to County Treasury CRF	9		4,591,106
Total expenses		125,522,606	17,037,758
Other gains/losses			
Gain/loss on disposal of assets		-	-
Deficit/Surplus		(99,497,876)	100,462,242

The notes set out on pages 48 to 55 form an integral part of these Financial Statements.



Administrator of the Fund

Name: *OLIGO SAMSON*



Fund Accountant

Name: *NAOMY WANGARE KIARIE*
 ICPAK Member Number *12062*

KAKAMEGA COUNTY EMERGENCY FUND
Reports and Financial Statements
For the Period ended 30th June, 2021

13.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2020/2021	2019/2020
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	10	5,556,072	105,053,948
Current portion of long- term receivables from exchange transactions	11	-	-
Receivables from Non- exchange transactions	12	-	-
		5,556,072	105,053,948
Non-current assets			
Long term receivables from exchange transactions	13	-	-
Property, plant and equipment	16	-	-
Total assets		5,556,072	105,053,948
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	18	-	-
Provisions	19	-	-
Current portion of borrowings	20	-	-
Employee benefit obligations	21	-	-
Non-current liabilities			
Long term portion of borrowings		-	-
Non-current employee benefit obligation		-	-
Total liabilities			
Net assets		5,556,072	105,053,948
Revolving Fund		105,053,948	4,591,706
Reserves-Opening bank balances		-	-
Accumulated Deficit		(99,497,876)	100,462,242
Total net assets and liabilities		5,556,072	105,053,948

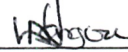
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 29/9/21 2021 and signed by:

KAKAMEGA COUNTY EMERGENCY FUND
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For the Period ended 30th June, 2021



Administrator of the Fund

Name: OLIVIA SAMSON



Fund Accountant

Name: CPA NAOMY WANGARE
KIRIE
ICPAK Member Number: 12002

13.3 STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2021

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2019	-	-	-	-
Surplus/(deficit) for the period	-	-	-	-
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Revolving Fund	-			
Balance as at 30 June 2020	-	-	-	-
Balance as at 1 July 2020	-	-	-	105,053,948
Surplus/(deficit) for the period	-	-	(99,497,876)	(99,497,876)
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Revolving Fund	105,053,948			
Balance as at 30 June 2021	105,053,948	-	(99,497,876)	5,556,072

KAKAMEGA COUNTY EMERGENCY FUND

Reports and Financial Statements

For the Period ended 30th June, 2021

13.4 STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2020/2021	2019/2020
		KShs	KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations		200,000	-
Transfers from the County Government	2	25,000,000	117,500,000
Receipts from Internal borrowing	5	824,730.00	-
Total Receipts		26,024,730	117,500,000
Payments			
Fund administration expenses	6	-	-
General expenses	7	125,522,606	12,446,652
Finance cost		-	-
Transfer to other Government agency-CRF		-	4,591,106
Total Payments		125,522,606	17,037,758
Net cash flows from operating activities		(99,497,876)	100,462,242
Changes in cash and cash equiv			
Changes in trade receivables		-	-
Changes in trade receivables		-	-
Net changes in cash and cash equiv			
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	14	-	-
Proceeds from sale of property, plant and equipment			
Proceeds from loan principal repayments			
Add back depreciation	14	-	-
Net cashflows used in investing activities			
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings			
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(99,497,876)	100,462,242
Cash and cash equivalents at 1 JULY	10	105,053,948	4,591,706
Cashandcashequivalentsat30 JUNE	10	5,556,072	105,053,948

The statement of the cash flow has been prepared using a direct method

KARAMEGA COUNTY EMERGENCY FUND
Reports and Financial Statements
For the Period ended 30th June, 2021



Administrator of the Fund

Name: OPIENDO SAMSON



Fund Accountant

Name: CPA NAOMY WANGARE
KIARIE

ICPAK Member Number 120.

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021
	KShs	KShs	KShs	KShs	KShs
Revenue					
Transfers from County Govt.	100,000,000	105,053,948	205,053,948	26,024,730	179,029,218
Other income	-	-	-	-	-
Total income	100,000,000	105,053,948	205,053,948	26,024,730	179,029,218
Expenses					
Staff costs	-	-	-	-	-
General expenses	205,053,948	-	205,053,948	125,522,606	79,531,342
Loans	-	-	-	-	-
Total expenditure	205,053,948	-	205,053,948	125,522,606	79,531,342

Budget notes

13.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

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

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

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Adoption of new and revised standards

a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2021

Standard/ Amendments : Applicable: 1 st January 2021:	Impact
a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks	There was no impact of the amendment to IPSAS 13 with respect to the current financial report
b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved	There was no impact of the amendment to IPSAS 13 and IPSAS 17 with respect to the current financial report as the entity did not apply any of the transitional provisions in the FY 2020/2021
c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.	There was no impact of the amendment to IPSAS 21 and IPSAS 26 with respect to the current financial report as the entity does not have Non-Cash Generating Assets and neither did it have impaired cash generating assets.

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<p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard</p>	<p><i>Document the impact if the fund is reporting for the first time on accrual/ Otherwise indicate that there was no impact</i></p>
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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • 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.

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Standard	Effective date and impact:
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <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>

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020.

3. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

4. Budget information

The original budget for FY 2020/2021 was approved by the County Assembly on June 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

5. Property, plant and equipment

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

2. 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 insurplus 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Financial instruments

a) Financial assets

Initial recognition and measurement

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

Loans and receivables

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

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

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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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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)

b) 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.

4. Inventories

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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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

5. 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.

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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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent assets

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

6. Nature and purpose of reserves

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

7. 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.

8. 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 fund, and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

9. 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.

10. 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.

11. Related parties

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

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

12. 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 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.

13. Comparative figures

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

14. Events after the reporting period

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

15. Ultimate and Holding Entity

The Kakamega County Emergency Fund is a County Public Fund established by PFM Act. Its ultimate parent is the County Government of Kakamega.

16. Currency

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

17. 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.

a) Estimates and assumptions

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

b) Useful lives and residual values

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

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

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Provisions

Provisions were raised on depreciation value of property plant and

18. 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.

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

	Total amount KShs	Fully performing KShs	Past due KShs	Impaired KShs
At 30 June 2021				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total		-	-	-
At 30 June 2020				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

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 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.

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	KShs	KShs	KShs	KShs
At 30 June 2021				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2020				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

d) 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.

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

	KShs	Other currencies KShs	Total KShs
At 30 June 2021			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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.

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	KShs	KShs	KShs
2021			
Euro	10%	-	-
USD	10%	-	-
2020			
Euro	10%	-	-
USD	10%	-	-

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) 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.

f) 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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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

	2020/2021	2019/2020
	KShs	KShs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

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14. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	2020/2021	2019/2020
	KShs	KShs
Donation from development partners		
Cop bank Donation to Covid 19	200,000	-
Contributions from the public	-	-
Total	200,000	-

2. Transfers from County Government

Description	2020/2021	2019/2020
	KShs	KShs
Transfers from County Govt. – operations	25,000,000	117,500,000
Payments by County on behalf of the entity	-	-
Total	25,000,000	117,500,000

3. Receipts from Borrowings.

Description	2020/2021	2019/2020
	KShs	KShs
Late payment penalties	-	-
Fines	-	-
Levies	-	-
Receipts from Retention account cop bank	824,730	-
Total	824,730	-

4. Interest income

Description	2020/2021	2019/2020
	KShs	KShs
Interest income from Mortgage loans	-	-
Interest income from car loans	-	-
Interest income from investments	-	-
Interest income on bank deposits	-	-
Total interest income	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Other income

Description	2020/2021	2019/2020
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender documents	-	-
Processing fees	-	-
Total other income	-	-

6. Fund administration expenses

Description	2020/2021	2019/2020
	KShs	KShs
Staff costs (Note 6a)	-	-
Loan processing costs	-	-
Professional services costs	-	-
Chairman honorarium	-	-
Total	-	-

6A. Staff costs

Description	2020/2021	2019/2020
	KShs	KShs
Salaries and wages	-	-
Staff gratuity	-	-
Staff training expenses	-	-
Social security contribution	-	-
Other staff costs	-	-
Total	-	-

KAKAMEGA COUNTY EMERGENCY FUND**Reports and Financial Statements****For the Period ended 30th June, 2021****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****7. General expenses**

Description	2020/2021	2019/2020
	KShs	KShs
Hospitality	7,589,030	
Emergency Exp	2,068,465.70	
Fencing Kakamega High	3,950,000.55	
Road Repairs & Maintenance	12,486,653.00	3,000,000.00
Covid 19-Expenses	99,397,437.00	
Bank Charge	31,020.00	3,600.00
Construction Of Box Culvert		7,258,177.20
Natural Disaster Support		1,000,000.00
Construction Of Latrines		409,780.00
Bridge Construction		775,094.00
Total	125,522,606.25	12,446,652

8. Finance costs

Description	2020/2021	2019/2020
	KShs	KShs
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
Bank charge	-	-
Total	-	-

9 Transfer to other Government Agency

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Transfers to County treasury	-	4,591,106
Total	-	4,591,106

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Cash and cash equivalents

5Description	FY2020/2021	FY2019/2020
	KShs	KShs
Operation account	5,556,072	105,053,948.06
Fund account	-	-
Total	5,556,072	105,053,948.06

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

		2020/2021	2019/2020
Financial institution	Account number	KShs	KShs
a) Current account			
			-
			-
			-
			-

KAKAMEGA COUNTY EMERGENCY FUND**Reports and Financial Statements****For the Period ended 30th June, 2021****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****11 Receivables from exchange transactions**

Description	2020/2021	2019/2020
	KShs	KShs
Current Receivables		
	-	-
Total	-	-

Additional disclosure on interest receivable

Description	2020/2021	2019/2020
	KShs	KShs
Interest receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Receivables from Non-Exchange transaction

Description	2020/2021	2019/2020
	KShs	KShs
Transfer from County Executive	-	-
Transfer from County Assembly of Kakamega	-	-
Total receivables from non-exchange transactions	-	-

13 Receivables from exchange transactions

Description	2020/2021	2019/2020
	KShs	KShs
Long term Receivables	-	-
Outstanding Loans	-	-
Total	-	-

14 Prepayments

Description	2020/2021	2019/2020
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments(specify)	-	-
Total	-	-

15 Inventories

Description	2020/2021	2019/2020
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Other inventories(specify)	-	-
Total inventories at the lower of cost and net realizable value	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	KShs	KShs	KShs	KShs	KShs
At 1st July 2019	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
At 30th June 2020	-	-	-	-	-
At 1st July 2020	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
At 30th June 2021	-	-	-	-	-
Depreciation and impairment	-	-	-	-	-
At 1 st July 2019	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2020	-	-	-	-	-
At 1st July 2020	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-

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	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	KShs	KShs	KShs	KShs	KShs
At 30 th June 2021	-	-	-	-	-
Net book values	-	-	-	-	-
At 30 th June 2020	-	-	-	-	-
At 30 th June 2021	-	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Intangible assets-software

Description	2020/2021	2019/2020
	KShs	KShs
Cost	-	-
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Amortization and impairment	-	-
At beginning of the year	-	-
Amortization	-	--
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

18 Trade and other payables from exchange transactions

Description	2020/2021	2019/2020
	KShs	KShs
Trade payables	-	-
Refundable deposits	-	-
Accrued expenses	-	-
Other payables	-	-
Total trade and other payables	-	-

19 Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year(1.07.2020)	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Transfers from non -current provisions	-	-	-	-
Balance at the end of the year (30.06.2021)	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20 Borrowings

Description	2020/2021	2019/2020
	KShs	KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the period	-	-
Repayments of domestic borrowings during the period	-	-
Balance at end of the period	-	-

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

	2020/2021	2019/2020
	KShs	KShs
External Borrowings		
Dollar denominated loan	-	-
Sterling Pound denominated loan	-	-
Euro denominated loan	-	-
Domestic Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
Total balance at end of the year	-	-

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

Description	2020/2021	2019/2020
	KShs	KShs
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21 Employee benefit obligations

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

22 Cash generated from operations

	2020/2021	2019/2020
	KShs	KShs
Surplus/ (deficit) for the year before tax		
Adjusted for:		
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Interest income	-	-
Finance cost	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
Net cash flow from operating activities	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Related party balances

a) Nature of related party relationships

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b) Related party transactions

	2020/2021	2019/2020
	KShs	KShs
Transfers from related parties'	-	-
Transfers to related parties	-	-

c) Key management remuneration

	2020/2021	2019/2020
	KShs	KShs
Board of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

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d) Due from related parties

	2020/2021	2019/2020
	KShs	KShs
Due from parent Ministry	-	-
Due from County Government	-	-
Due from County Assembly		-
Total		

e) Due to related parties

	2020/2021	2019/2020
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Total	-	-

2. Contingent assets and contingent liabilities

Contingent liabilities	2020/2021	2019/2020
	KShs	KShs
Court case against the Fund	-	-
Bank guarantees	-	-
Total	-	-

9. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
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Signed by...



Chief Officer Ministry of Finance