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**OFFICE OF THE AUDITOR-GENERAL**

*Enhancing Accountability*

**REPORT**

		PAPERS LAID
DATE	25/10/2022	
TABLED BY	sen. Majority Whip	
COMMITTEE		
CLERK AT THE TABLE	Ms. M. Adjibodeu	

**OF**

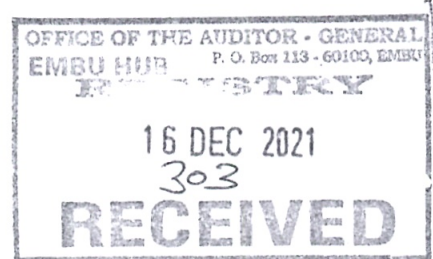
**THE AUDITOR-GENERAL**

**ON**

**EMBU COUNTY EMERGENCY FUND**

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

*Revised Template 30<sup>th</sup> June 2021*



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**EMBU COUNTY GOVERNMENT  
EMERGENCY FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE 2021**

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

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**Embu County Government, Emergency Fund  
Reports and Financial Statements  
For the year ended June 30, 2021**

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**1. KEY ENTITY INFORMATION AND MANAGEMENT**

**a) Background information**

Embu County Emergency Fund is established by and derives its authority and accountability from The Public Finance Management Act (Embu County Emergency Fund) on 25<sup>th</sup> March 2020. The Fund is wholly owned by the Embu County Government and is domiciled in Kenya.

The fund's objective is to enable payments to be made in respect of the county when an urgent and unforeseen need for expenditure arises for which there is no specific legislative authority.

The Fund's principal activity is enable payments for urgent and unforeseen need for expenditure

**b) Principal Activities**

The principal activity/mission/ mandate of the Fund is to curb natural calamities and other unforeseen needs including but not limited to accidents, terrorism, landslides, floods, fire, hunger, diseases outbreak and any other emergency declared by the committee from time to time.

**Embu County Government, Emergency Fund  
Reports and Financial Statements  
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**c) Board of Trustees/Fund Administration Committee**

Ref	Position	Name
a	Chairman of the Board	Johnson N. Nyaga
b	County Executive Committee Member - Public Service & Administration.	David Kariuki
c	County Executive Committee Member – Finance & Economic Planning.	John Njagi Njeru
d	County Chief Officer Administration	Muturi Wa Ileri
e	Red Cross liaison Officer	N/A
f	County Executive Committee Member for Health	David Kariuki Njeru
g	Four residents, One from each sub county	1. Bishop Cyrus Ngunyi 2. Pastor John Gachungi 3. Rev. Auther Murungi 4. Wilson Mugo
h	County Commissioner	N/A
i	Head Of Enforcement	Fredrick Njagi
j	Director of Disaster & Risk management	Joe Njoka
k	Chief of Staff	Stella K. Kariuki

**Embu County Government, Emergency Fund  
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**d) Key Management**

Ref	Position	Name
1	Fund Manager/ Administrator	Kenneth Njagi
2	Head of Accountant	Njagi Pius Mukundi
3	Chief Officer Finance	Damiano M. Njagi

**e) Fiduciary Oversight Arrangements**

Ref	Position	Name
1	Directorate Internal Audit	David Kithaka Njau

**f) Registered Offices**

P.O. Box 36 - 6010  
Town Hall/Treasury Building  
Off Kenyatta Highway  
Embu, KENYA

**g) Fund Contacts**

Telephone: (254) 720 465 609  
E-mail: [infor@embu.go.ke](mailto:infor@embu.go.ke)  
Website: [embu.go.ke](http://embu.go.ke)

**h) Fund Bankers**

1. Family Bank (k) Ltd

***Embu County Government, Emergency Fund***  
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**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 Adviser**

The Attorney General

State Law Office




Harambee Avenue

P.O. Box 40112




City Square 00200

Nairobi, Kenya

**2. THE BOARD OF TRUSTEES/ FUND ADMINISTRATION COMMITTEE.**

Name	Details of qualifications and experience
<p>1. Johnson N. Nyaga</p> 	<p>Date of Birth: 1976</p> <p><b><u>Qualifications:</u></b>            Degree in Commerce from the university of Nairobi, Master’s degree from Kenyatta University, Certificate of administration from the Kenya School Of revenue administration.</p> <p><b><u>Experience.</u></b>            Councillor, Municipal council of Runyenjes, Embu.            Commission of revenue Customs, KRA,            County Secretary, Embu</p>
<p>2. David Kariuki.</p> 	<p>Date of Birth: 1978</p> <p><b><u>Qualifications:</u></b>            Degree in Business administration from KEMU university, Masters degree in Business Administration from Kenyatta University, CPA(k)</p> <p><b><u>Experience.</u></b>            Marketing manager WINNAS Sacco , Embu CEO WINNAS Sacco Embu, Business man,            CEC Embu County</p>
<p>3. John Njagi</p> 	<p>Date of Birth: 1969</p> <p><b><u>Qualifications:</u></b>            Degree in Business Administration Accounting Option, Master’s degree in Finance KEMU, PhD, CPA(k), CPS(k), Member Institute of Internal Auditors</p> <p><b><u>Experience</u></b>            County Executive Committee Member, for Finance &amp; Economic Planning, Management Consultant – World bank, Accountant – Nairobi water and sanitation Co ltd, Accountant – Embu water &amp; sanitation co. ltd</p>

**Embu County Government, Emergency Fund  
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For the year ended June 30, 2021.**

<p>4. Muturi wa Ileri</p> 	<p>Date of Birth: 1959</p> <p><b><u>Qualifications:</u></b> Degree in Education from the University of Nairobi,</p> <p><b><u>Experience.</u></b> Worked with TSC Worked as County Director, Embu County Government Chief Officer, Embu County Government.</p>
<p>5. David Gedion Kariuki.</p> 	<p>Date of Birth: 1963</p> <p><b><u>Qualifications:</u></b> Master Degree in Education, from the Kenyatta University. Certificate of administration from the Kenya School Of revenue administration.</p> <p><b><u>Experience.</u></b> Worked With TSC CEC, Embu County Government.</p>
<p>6. Fred Njagi.</p> 	<p>Date of Birth: 1978</p> <p><b><u>Qualifications:</u></b> Degree in Administration from the university of Nairobi, Integrated management System Audit - Internal Audit course. Police Training Course, GSU training Course, GSU REKE training, Platoon Training School.</p> <p><b><u>Experience</u></b> Security manager, Chief Inspector, Director – Enforcement services Embu County</p>

*Embu County Government, Emergency Fund*  
**Reports and Financial Statements**  
**For the year ended June 30, 2021.**

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7. Kenneth Njagi.



Date of Birth: 1987

**Qualifications:**

Degree in Economics

**Experience**

Relations manager – Equity Bank, P.A to the Governor-  
Embu.

Director of Administration – Embu County

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

**Guidance**

The fund did not have any predetermined program or plan of execution given that no disaster is forecasted.

Such Un-predetermined Occurrences are tackled as they arise.

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

The key development objectives of the Embu County Government Emergency Fund enable payment to be made in respect of the County when an urgent and unforeseen need for expenditure arises for which there is no specific authority, including and not limited to:

- a) Accidents,
- b) Terrorist,
- c) Landslides,
- d) Floods,
- e) Fire,
- f) Hunger,
- g) Disease out breaks and
- h) Any other emergency so declared by the committee.

**Embu County Government, Emergency Fund  
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**Progress on attainment of Strategic objectives from Embu County Fund**

Below we provide the progress on attaining the stated objectives:



Program	Objective	Outcome	Indicator	Performance
Emergency Fund	To support the community in the event of natural disaster striking the residents	Mitigate against the resultant human suffering and possible loss of life.	Provision of humanitarian aid, drugs and such other requirement in the fight against the calamity.	<b>In FY 20/21 we invoked the provisions of the emergency fund act in the fight against the outbreak of COVID – 19 pandemic, a move which seriously aided in preventing loss of life.</b>

**Embu County Government, Emergency Fund  
Reports and Financial Statements  
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**4. MANAGEMENT TEAM**

Name	Details of qualifications and experience
<p>1. Johnson N. Nyaga</p> 	<p>Date of Birth: 1976</p> <p><b><u>Qualifications:</u></b> Degree in Commerce from the university of Nairobi, Master's degree from Kenyatta University, Certificate of administration from the Kenya School Of revenue administration.</p> <p><b><u>Experience.</u></b> Councillor, Municipal council of Runyenjes, Embu. Commission of revenue Customs, KRA, County Secretary, Embu</p>
<p>2. Muturi Wa Ileri</p> 	<p>Date of Birth: 1959</p> <p><b><u>Qualifications:</u></b> Degree in Education from the university of Nairobi,</p> <p><b><u>Experience.</u></b> Worked with TSC Worked as County Director, Embu County Government Chief Officer, Embu County Government.</p>
<p>3. David Gedion Kariuku</p> 	<p>Date of Birth: 1963</p> <p><b><u>Qualifications:</u></b> Master Degree in Education, from the Kenyatta University. Certificate of administration from the Kenya School Of revenue administration.</p> <p><b><u>Experience.</u></b> Worked With TSC CEC, Embu County Government.</p>

**Embu County Government, Emergency Fund  
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<p>4. David Kariuki Njeru</p> 	<p>Date of Birth: 1978</p> <p><b><u>Qualifications:</u></b> Degree in Business administration from KEMU university, Master's degree in Business Administration from Kenyatta University, CPA(k)</p> <p><b><u>Experience.</u></b> Marketing manager WINNAS Sacco , Embu CEO WINNAS Sacco Embu, Business man, CEC Embu County</p>
<p>5. Kenneth Njagi</p> 	<p>Date of Birth: 1987</p> <p><b><u>Qualifications:</u></b> Degree in Economics,</p> <p><b><u>Experience</u></b> Relations manager – Equity Bank, P.A to the Governor- Embu. Director of Administration – Embu County</p>

**5. BOARD/FUND ADMINISTRATION COMMITTEE CHAIRPERSON'S REPORT**

It is my pleasure to present the Funds' 2020/21 annual report and Financial Statements. The Board of Management is proud of the achievements realized by the Fund in this period towards the fight against the COVID – 19 pandemic. Considering the scale and complexity of operations of hospitals and in particular the Embu referral and teaching hospital, largest referral hospital in the region, I am particularly impressed by the “can do attitude” of staff coupled with their commitment to delivering the best possible service to patients, amidst the ranging pandemic. Embu County by virtual of it being previously the Provincial General Hospital continues to receive patients from multiple counties, a factor which compounded the fight against COVID – 19. Management and operations of the Fund was guided by the existing legal, and institutional frameworks that govern health sector to ensure efficient and effective delivery of services in the county in the event out and emergency. The Kenyan Constitution 2010 under the Bill of Rights provides the right to the highest attainable standard to the public including protection of life. With this in mind, and the strategic placement of Embu County as the former provincial head quarter, the placement of the Embu Teaching and referral hospital, the health sector, the Board is committed to ensure continued fight any catastrophe and deriver service delivery to the citizens. During the period under review, the fund effectively aided in the fight against the COVID-19 by providing resources and supporting initiatives that aided in the fight against the disease.

**Acknowledgement**

On behalf of the Board, I would like to thank all our stakeholders specially the Ministry of Health, The National Treasury and development partners for the support they continue to accord the County without which our achievements would not have been realized.

Signed: \_\_\_\_\_



**Johnson N. Nyaga**

**6. REPORT OF THE FUND MANAGER/ ADMINISTRATOR**

I would like to recognise the fund council and the whole of the management of the Emergency Fund for their relentless effort to deliver their mandate of serving the residents of Embu more so during the year in which we experienced a pandemic of global magnitude. This was evident during the fight against the threat the expeditious response in mitigation.

I believe this being the first year of the funds operations has set a pace to the extent that we will be well prepared to handle future emergencies.

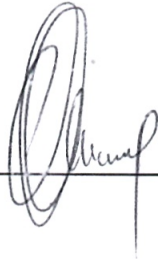
The fund absorbed 98% of the budget and call upon the government to provide more on the budget which will place the fund in a better position to handle any other eventuality.

Let's continue to serve the county at large in all ways that we can.

Thank you.

Signed: \_\_\_\_\_

**Kenneth Njagi**



**Embu County Government, Emergency Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**

**7. CORPORATE GOVERNANCE STATEMENT**

- a. The Board held three meeting during the year under review.

The attendance of the meetings was as below

<b>DATE</b>	<b>MEMBERS PRESENT</b>	<b>MEMBERS ABSENT WITH APOLOGY</b>	<b>MEMBERS ABSENT WITHOUT APOLOGY</b>	<b>IN- ATTENDANCE</b>
30.10.2020	12	2	0	4
19.01.2021	10	4	0	4
08.04.2021	7	7	0	4

- b. **Appointment and removal of trustees/ Administration Committee members**

The Governor writes the official appointment as per the provisos of article 6 of the Embu County Emergency Fund Act, 2020

- c. Roles and functions of the Administration Committee members,  
The functions are as defined by article 8 of the Act.

## **8. MANAGEMENT DISCUSSION AND ANALYSIS**

This being the first year of the board and the fund operations, the management was face with a Task of mitigating against COVID -19 pandemic. The fund had a budget of Kes. 19,000,000.00 at its disposal out of which 98% was used in emergency response. The main activity was that of equipping health workers against the pandemic.

- a. All business of the fund was conducted according to the existing law and regulations
- b. There was no risk face by the fund over the period under review.

## **9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

The Fund did not undertake any corporate social responsibility during the year under review.

### **1. Sustainability strategy and profile**

The fund solely depends on funding from the Embu County Government.

### **2. Environmental performance**

The fund is yet to formulate an environmental policy.

### **3. Employee welfare**

The fund operates in the Department of Public service and administration, specifically domiciled in the Governor's office and as such all employees are subject to the Embu county Public Service Board.

### **4. Market place practices**

The organisation should outline its efforts to:

#### **a) Responsible competition practice.**

The fund has in the past and will continually embrace the best procurement practices as the provisions of the Public Procurement and Disposal Act.

#### **b) Responsible Supply chain and supplier relations**

The fund has ensured that its suppliers and paid soonest upon delivery.

#### **c) Responsible marketing and advertisement**

The fund does not engage in marketing and advertisements.

#### **d) Product stewardship**

In our procurement processes, we ensure that all supplies are sources from credible supplies and dually certified by the Kenya bureau of standards (Kebs)

### **5. Community Engagements**

The fund primarily focused of the fight against the COVID – 19 pandemic

## **10. REPORT OF THE TRUSTEES/ FUND ADMINISTRATION COMMITTEE**

The Trustees submit 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 activities of the Fund was and continue to be, facilitating the combat of any urgent and unforeseen need for expenditure which has no specific legislative framework, or budgetary allocation.

### **10.2 Performance**

The performance of the Fund for the year ended June 30, 2021, are set out on page 22 to 37

### **10.3 Trustees**

The members of the Administration Committee who served during the year are shown on page 3 to 4. The changes in the Board during the financial year are as shown below:

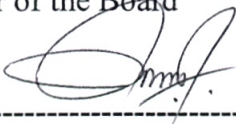
Change in CEC Health.

CEC. Mr. Patrick Waganagwa *was replaced by* Mr. David Kariuki Njeru

### **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.

By Order of the Board



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**Sign:**

**Name: Mr. Jason Nyaga**

**Chair, Fund Administration Committee**

**Date:** 09/09/2021

## **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 Public Finance Management (Embu County Emergency Fund) Regulations 2020, 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 Public Finance Management (Embu County Emergency Fund) Regulations 2020. 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 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.

**Embu County Government, Emergency Fund  
Reports and Financial Statements  
For the year ended June 30, 2021.**


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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.

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

**Approval of the financial statements**

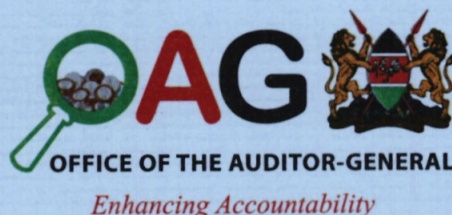
The Fund's financial statements were approved by the Board on **9th September 2021** and signed on its behalf by:

\_\_\_\_\_   
**Kenneth Njagi**

**Administrator of the County Public Fund**

# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
Email: 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 EMBU COUNTY EMERGENCY FUND FOR THE YEAR ENDED 30 JUNE, 2021

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### 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 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

#### Opinion

I have audited the accompanying financial statements of Embu County Emergency Fund set out on pages 22 to 35, which comprise of the statement of financial position as at

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

30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Embu County Emergency Fund as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Embu County Emergency Fund Regulations, 2020.

### **Basis for Opinion**

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

### **Key Audit Matters**

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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, 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**

#### **1. Lack of Approval for Fund Administration Expenses**

The statement of financial performance reflects expenditure of Kshs.18,538,259 which includes payments for expenditure incurred by Embu County Emergency Fund amounting

to Kshs.18,128,128. However, approvals from the County Executive Committee Member for each of the emergency expenditure were not provided for audit review. This was contrary to Regulation 10(1) of the Embu County Emergency Fund Regulations, 2020.

Further, approval of the County Assembly was not provided contrary to the provisions of Section 114(1) of the Public Finance Management Act, 2012 which provides that the County Executive Member for finance shall seek approval of the County Assembly within two months after payment is made from the emergency fund.

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

## **2. Failure to Prepare County Emergency Management Plan**

The Management did not prepare an approved County Emergency Management Plan which would contain risk assessments relating to emergencies or potential emergencies, functions of agencies and organizations in relation to Embu County emergencies, strategies and policy relating to emergency management at County level. This was contrary to Regulation 8(1)(b) of the Embu County Emergency Fund Regulations, 2020.

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 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 overall governance.

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

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

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

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

## **Auditor-General's Responsibilities for the Audit**

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in

compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

27 July, 2022

*Embu County Government, Emergency Fund*  
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**13.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2021.**

	Note	2020/2021 KShs
<b>Revenue from non-exchange transactions</b>		
Public contributions and donations		-
Transfers from the County Government	1	19,000,000
Fines, penalties and other levies		
		<b>19,000,000</b>
<b>Revenue from exchange transactions</b>		
Interest income		
Other income		
		-
<b>Total revenue</b>		<b>19,000,000</b>
<b>Expenses</b>		
Fund administration expenses	2	2,550,568
General expenses	3	15,987,691
Finance costs		-
<b>Total expenses</b>		<b>18,538,259</b>
<b>Other gains/losses</b>		
Gain/loss on disposal of assets		
<b>Surplus/(deficit) for the period</b>		<b>461,741</b>

The notes set out on pages 33 to 35 form an integral part of these Financial Statements.

**Embu County Government, Emergency Fund**  
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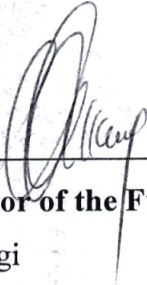
**13.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021**

	Note	2020/2021
		KShs
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	4	461,741
Current portion of long- term receivables from exchange transactions		-
Receivables from Non- exchange transactions		-
Prepayments		-
Inventories		-
		<b>461,741</b>
<b>Non-current assets</b>		
Long term receivables from exchange transactions		-
Property, plant and equipment		-
Intangible assets		-
		-
<b>Total assets</b>		<b>461,741</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables from exchange transactions		-
Provisions		-
Current portion of borrowings		-
Employee benefit obligations		-
<b>Non-current liabilities</b>		
Long term portion of borrowings		-
Non-current employee benefit obligation		-
<b>Total liabilities</b>		-
<b>Net assets</b>		<b>461,741</b>
Revolving Fund		-
Reserves		-
Accumulated surplus		461,741
<b>Total net assets and liabilities</b>		<b>461,741</b>

**Embu County Government, Emergency Fund  
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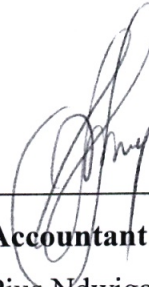
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The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on **9<sup>th</sup> September 2021** and signed by:



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**Administrator of the Fund**  
Kenneth Njagi



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**Fund Accountant**  
Njeru Pius Ndwiga  
ICPAK Member Number: 11859

**Embu County Government, Emergency Fund**  
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**13.3 STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2021**

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
<b>Balance as at 1 July 2020</b>	-	-	-	-
Surplus for the period	-	-	461,741	461,741
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
<b>Balance as at 30 June 2021</b>	-	-	<b>461,741</b>	<b>461,741</b>

*Embu County Government, Emergency Fund*  
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**13.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2020/2021 KShs
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Public contributions and donations		-
Transfers from the County Government	1	19,000,000
Interest received		-
Receipts from other operating activities		-
<b>Total Receipts</b>		<b>19,000,000</b>
<b>Payments</b>		
Fund administration expenses	2	2,550,568
General expenses	3	15,987,691
Finance cost		-
<b>Total Payments</b>		<b>18,538,259</b>
<b>Net cash flows from operating activities</b>		<b>461,741</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant, equipment and intangible assets		-
Proceeds from sale of property, plant and equipment		-
Proceeds from loan principal repayments		-
Loan disbursements paid out		-
<b>Net cash flows used in investing activities</b>		
<b>Cash flows from financing activities</b>		
Proceeds from revolving fund receipts		-
Additional borrowings		-
Repayment of borrowings		-
<b>Net cash flows used in financing activities</b>		<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>-</b>
Cash and cash equivalents at 1 JULY	4	461,741
<b>Cash and cash equivalents at 30 JUNE</b>		<b>461,741</b>

**13.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30<sup>th</sup> JUNE 2021.**

	Original budget	Adjustments	Final budget	Actual on comparable basis	% utilisation
	2020/2021	2020/2021	2020/2021	2020/2021	2021
<b>Revenue</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	
Public contributions and donations	-	-	-	-	-
Transfers from County Govt.	19,000,000		19,000,000	19,000,000	100%
Interest income	-	-	-	-	-
Other income	-	-	-	-	-
<b>Total income</b>	<b>19,000,000</b>	<b>-</b>	<b>19,000,000</b>	<b>19,000,000</b>	<b>100%</b>
<b>Expenses</b>					
Fund administration expenses	2,800,000	-	2,800,000	2,550,568	91%
General expenses	16,200,000	-	16,200,000	15,987,691	99%
Finance cost	-	-	-	-	-
<b>Total expenditure</b>	<b>19,000,000</b>	<b>-</b>	<b>19,000,000</b>	<b>18,538,259</b>	<b>98%</b>
<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>461,741</b>	<b>-</b>

**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 cash basis.

**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**

Standards and Amendments: Applicable: 1 <sup>st</sup> 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 was approved	There was no impact of the amendment to IPSAS 13 and IPSAS 17 with respect to the current financial report as the Fund 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.
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	We applied cash bases of accounting and as such there was no impact.

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**a) 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><b>IPSAS 41: Financial Instruments</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2022:</b></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"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul>

***Embu County Government, Emergency Fund  
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**b) Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2020/2021.

**2. Budget information**

The original budget for FY 2020/2021 was approved by the County Assembly in 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. Accordingly, the Fund recorded additional appropriations of 7,000,000 on 08<sup>th</sup> July 2020 FY 2020/2021 budget following the governing body's approval.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 13.5 of these financial statements.

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. 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.

**4. 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.

**5. Events after the reporting period**

There were no adjusting events after the reporting period.

**6. Ultimate and Holding Entity**

The entity is a County Public Fund established by Public Finance management (Embu County Emergency Fund) regulations 2020 under the Department of Public Service and administration. Its ultimate parent is the Embu County Government.

**7. Currency**

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

*Embu County Government, Emergency Fund*  
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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. Transfers from County Government**

Description	2020/2021
	KShs
Transfers from County Govt. – operations	19,000,000
Payments by County on behalf of the entity	-
<b>Total</b>	<b>19,000,000</b>

**2. Fund administration expenses**

Description	2020/2021
	KShs
Staff costs (Note 2a)	2,550,568
Loan processing costs	-
Professional services costs	-
Administration fees	-
<b>Total</b>	<b>2,550,568</b>

**2A. Staff costs**

Description	2020/2021
	KShs
Salaries and wages	-
Staff gratuity	-
Staff training expenses	-
Social security contribution	-
Other staff costs	2,550,568
<b>Total</b>	<b>2,550,568</b>

*Embu County Government, Emergency Fund*  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. General expenses**

Description	2020/2021
	KShs
Consumables	-
Electricity and water expenses	-
Fuel and oil costs	-
Insurance costs	-
Postage	-
Printing and stationery	-
Rental costs	-
Security costs	-
Telecommunication	-
Bank Charges	-
Hospitality	8,320
Depreciation and amortization costs	-
Other expenses	-
<b>Total</b>	<b>15,979,371</b>
	<b>15,987,691</b>

**4. Cash and cash equivalents**

Description	2020/2021
	KShs
Car loan account	-
County mortgage account	-
Fixed deposits account	-
On – call deposits	-
Current account	-
Others	461,741
<b>Total cash and cash equivalents</b>	<b>461,741</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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

Financial institution	Account number	2020/2021
		KShs
<b>a) Current account</b>		461,741
Family Finance Bank		-
Bank B		<b>461,741</b>
<b>Sub- total</b>		-
<b>b) Others(specify)</b>		-
Cash in transit		-
Cash in hand		-
Mobile Money		-
<b>Sub- total</b>		<b>461,741</b>
<b>Grand total</b>		

**Embu County Government, Emergency Fund  
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**13. a. APPENDIX I: INTER-ENTITY TRANSFERS**

ENTITY NAME:				
Break down of Transfers from the County Executive of Embu County Government				
FY 2020/2021				
c.	Direct Payments	Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
		June 2020	12,000,000	2019/2020
		July 2020	7,000,000	2019/2020
		<b>Total</b>	<b>19,000,000</b>	

The above amounts have been communicated to and reconciled with the parent Ministry.

**CECM - FINANCE**  
**Embu County Government**

Sign 

**Head of County Treasury at**  
**Embu County**

Sign 

**Embu County Government, Emergency Fund**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021.**

**15. b. APPENDIX II: Expenses Ledger**

Index	Date of payment	Payment Voucher No.	Payee	Payment in respect of ( Items Purchased)	Amount (Kes)
1.	28 July 2020	01	Dickson Nyaga Njeru	Staff Allowances	620,318
2.	28-July 2020	02	Cecilia Marigu Njeru	Staff Allowances	1,006,250
3.	28-July 2020	03	Elizabeth Munyutha M.	Staff Allowances	924,000
4.	05 Aug 2020	04	Quick Kobil	Fuel	1,401,463
5.	06 Aug 2020	05	Jatomy Enterprises Ltd	Food Stuffs	894,000
6.	06 Aug 2020	06	Wacc General Ltd	Food stuffs	1,200,000
7.	06 Aug 2020	07	Slopes & Peak Premiur	Food stuffs	1,185,000
8.	06 Aug 2020	08	Halismal Ltd	Masks	2,000,000
9.	01 Oct 2020	09	Shanaco Industrial Co.	Masks	1,997,000
10.	01 Oct 2020	10	Tripper Investments	Masks	1,996,900
11.	01 Oct 2020	11	Glitter Star World	Masks	1,997,800
12.	28 Oct 2020	12	Matthmu Limited	Thermo Guns	1,398,600
13.	22 Dec 2020	13	Tarino Enterprises	Diving Equipments	1,366,120
14.	23 Dec 2020	14	Quick Kobil	Fuel	262,488
15.	16 Jan 2021	15	Ephraim Technologies	Masks	280,000
16.	December	16	Bank Changes	Bank Changes	8,320
			<b>TOTALS</b>		<b>18,538,259</b>