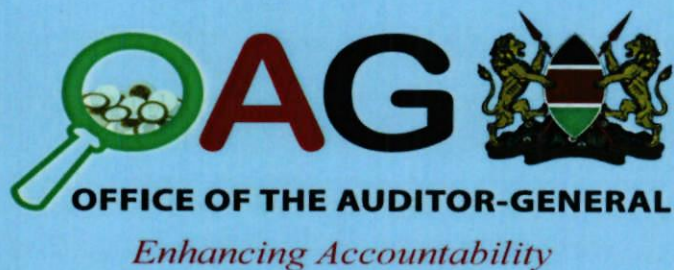


REPUBLIC OF KENYA



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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**BARINGO COUNTY EMERGENCY FUND**

**FOR THE YEAR ENDED**  
**30 JUNE, 2020**

PAPERS LAID	
DATE	23/02/2022
TABLED BY	SML
COMMITTEE	—
CLERK AT THE TABLE	CAROLINE CHEROP



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**BARINGO COUNTY**  
**EMERGENCY FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**  
**JUNE 30, 2020**

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

**BARINGO COUNTY EMERGENCY FUND**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

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## ***BARINGO COUNTY EMERGENCY FUND***

### **Reports and Financial Statements**

**For the year ended June 30, 2020**

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#### **1. KEY ENTITY INFORMATION AND MANAGEMENT**

##### **a) Background information**

Baringo County Government Emergency Fund is established by and derives its authority and accountability from section 110 of the Public Finance Management Act 2012 on 3<sup>rd</sup> February 2015. The Fund is wholly owned by the County Government of Baringo and is domiciled in Kenya.

The fund's objective is to allow the County Executive Member to make payments when there is an urgent and unforeseen need for expenditure for which there is no specific legislative authority and meet expenses for emergency preparedness and mitigation.

The Fund's principal activity is to meet expenditures on urgent and unforeseen events characterized as:

1. Events not budgeted for and cannot be delayed until a later financial year without harming the general public interest.
2. Payments meant to alleviate the damage, loss, hardship or suffering which may be caused directly by the event.
3. The damage caused by the event is on a small scale and limited to the county.

##### **b) Principal Activities**

The principal activity/mission/ mandate of the Fund are to manage resources prudently in order to address disaster promptly and the objectives are:

- i. Prudent Financial management
- ii. Prevention of danger or threat of any disaster
- iii. Mitigation or reduction of risk of any disaster or severity or consequence.
- iv. Capacity building.
- v. Preparedness to deal with any disaster.
- vi. Prompt response to any threatening disaster or disaster.
- vii. Assessing severity or magnitude of any disaster.
- viii. Evacuation, rescue and relief.
- ix. Resource mobilization

**BARINGO COUNTY EMERGENCY FUND**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

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**c) Board of Trustees/Fund Administration Committee**

Ref	Name	Position
1	John Kisang -Chairperson	Chief Officer Finance
2	John Kidogo-Member	Chief Officer water and irrigation
3	Jane Barus-Member	Chief Officer education and ICT
4	Michael Baimet-Member	Director disaster management
5	Vincent Abuje-Member	Director Agriculture
6	BethwelWafula-Member	County Coordinator NDMA

**d) Key Management**

Ref	Name	Position
1	John Kisang-Chairperson	Chief Officer Finance
2	David Rerimoi	Deputy Director Accounting Services
3	Michael Baimet-secretary	Director disaster Management
4	GikonoKiptoo	Director Finance
5		

**BARINGO COUNTY EMERGENCY FUND**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

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**e) Registered Offices**

P.O. Box 53-30400  
AFC Building  
Kabarnet-Iten Road  
Kabarnet Kenya.

**f) Fund Contacts**

Telephone:053-22290  
E-mail: cectreasurybaringo@gmail.com.  
Website: www.baringo.go.ke

**g) FundBankers**

Transnational Bank  
A/C 1422765000010  
Matetai Building  
Philemon road  
Kabarnet

**h) Independent Auditors**

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

**i) Principal Legal Adviser**

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

**BARINGO COUNTY EMERGENCY FUND**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

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**2. THE BOARD OF TRUSTEES**

Ref	Name	Position
1	John Kisang -Chairperson	Date of birth :1972 Academic qualification: Degree Currently Chief Officer Finance
2	John Kidogo-Member	Chief Officer water and irrigation
3	Jane Barus-Member	Date of Birth:1978 Academic qualification: PhD Business Administration. CPA (K) Currently Chief Officer education and ICT
4	Michael Baimet-Member	Date of birth:1986 Academic qualification: Degree Currently Director disaster management
5	Vincent Abuje-Member	Director Agriculture
6	Bethwel Wafula-Member	County Coordinator NDMA

***BARINGO COUNTY EMERGENCY FUND***

**Reports and Financial Statements**

**For the year ended June 30, 2020**

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

**Introduction**

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

The object and purpose of the Baringo County Government Emergency Fund is to allow the County Executive Member to make payments when there is an urgent and unforeseen need for expenditure for which there is no specific legislative authority and meet expenses for emergency preparedness and mitigation.

The Fund's principal activity is to meet expenditures on urgent and unforeseen events characterized as:

- Events not budgeted for and cannot be delayed until a later financial year without harming the general public interest.
- Payments meant to alleviate the damage, loss, hardship or suffering which may be caused directly by the event.
- The damage caused by the event is on a small scale and limited to the county.

The Baringo County Government Emergency Fund addressed the following urgent events during the financial year;

- Emergency rehabilitation of Chelemei Water Pan and EndaoRiver to completion.
- Rescue of stolen livestock and funeral cost for Banditry victims.
- COVID 19 logistics and personal protective equipment.
- Supply of emergency food relief.
- Retrieval of bodies drowned.

**BARINGO COUNTY EMERGENCY FUND**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

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**4. MANAGEMENT TEAM**

<b>Name</b>	<b>Details of qualifications and experience</b>
1. John Kisang-chairperson of the Fund.	Year of birth:1972 Key Qualifications:Degree Currently Chief Officer Finance
2. David Rerimoi	Year of Birth:1980 Key Qualifications: Masters in Business Administration (UON),BCOM,CPA(K) Senior Management Course
3. GikonoKiptoo	Year of Birth:1980 Key Qualifications: Masters in Business Administration ,BCOM,CPA(K)

**BARINGO COUNTY EMERGENCY FUND**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

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

During the year under review, the fund did witness a change in the composition of its board and management team. John Kisang took over as the Chairperson and new members introduced were John Kidogo, Dr. Jane Barus, MichealBaimet, Vincent Abuje and BethwelWafula. Total income for the year was ksh 109,345,140.00. This included cash transfer of ksh 8,200,000 from FY 2018/2019 budget, cash transfers of ksh 14,000,000 from FY 2019/2020 budget and cash transfers of ksh 87,000,000 from FY 2019/2020 COVID budget. Total expenditure during the year was ksh 92,244,695.60 paid to meet various expenditure request by disaster management committee and also the COVID response committee. The surplus at the end of financial year was ksh 17,286,287.75. Total income increased to ksh109,345,140.00due to COVID funds of ksh 87,000,000. Previous year total income was 25,337,067. In the year under review, total expenses were ksh 92,244,695.60 (previous year ksh 25,378,962). Going forward, the fund will analyse its prior year's income and expenditure so as to present a realistic budget.

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



Date: \_\_\_\_\_

15/1/2021

John Kisang

**BARINGO COUNTY EMERGENCY FUND**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

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**6. REPORT OF THE FUND ADMINISTRATOR**

The performance of the fund was fair despite challenges associated with COVID 19 pandemic. Total revenue was ksh 109,345,140 (2018/2019 was ksh 25,337,067) out of which ksh 109,200,000 was transfer from county government and ksh 145,140 was total interest income. Total expenses was ksh 92,244,695.60 out of which staff cost was ksh 2,000,000 and ksh 90,244,695.6 .The surplus for the period was ksh 17,100,444.40 (2018/2019 was deficit of ksh 41,895.80. Total assets for the period under review was ksh 17,286,287.75 ( 2018/2019 was ksh 185,843.35) .total liabilities was zero resulting into net assets of ksh 17,286,287.75 . Reserves from the previous period was ksh 185,843.35 which when added with accumulated surplus of ksh 17,100,444.40 gives total net assets and liabilities of ksh 17,286,287.75. The balances on statement of changes in net assets as at 30<sup>th</sup> June 2020 was ksh17,286,287.75 . For the period ended 30<sup>th</sup> June 2020, net cash flows from operating activities was ksh17,100,444.40 while cash and cash equivalent as at 30<sup>th</sup> June 2020 was ksh 17,285,287.75.

Signed: \_\_\_\_\_  \_\_\_\_\_ Date: 15/1/2021

John Kisang

***BARINGO COUNTY EMERGENCY FUND***

**Reports and Financial Statements**

**For the year ended June 30, 2020**

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**7. CORPORATE GOVERNANCE STATEMENT**

Baringo County Government Emergency Fund draws its membership from staff of County Executive and also representatives from National Draught Management Authority. Currently, it is composed of 5 appointed and 1 member from the National Draught Management Authority. The fund is gender balanced with one member being female. Further, the fund has observed ethnic diversity.

During financial year 2019-2020, Baringo County Government Emergency Fund held 2 meetings. The meetings of the Committee are convened by the Chairperson or in the absence of the Chairperson, by a member designated by the Chairperson and shall be convened at such times as may be necessary for the discharge of the Committee's functions.

The Committee administers the Fund by:

- (a) Considering and approving various requests made by County Disaster Management Committee.
- (b) Supervising the day-to-day running of the Fund.

The annual financial statements of the Fund are subject to audit by the Auditor- General.

**BARINGO COUNTY EMERGENCY FUND**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

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**8. MANAGEMENT DISCUSSION AND ANALYSIS**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a Baringo County Emergency Fund established by *the Public Finance Management Act 2012* 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 Baringo County Emergency 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, 2020. 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 Baringo County Emergency 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 Baringo County Emergency Fund Regulations 2015. 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, 2020, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the Baringo County Emergency 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 Emergency Fund Management Committee on 15/1/2021 2020 and signed on its behalf by:



\_\_\_\_\_  
Administrator of the Baringo County Emergency Fund

**BARINGO COUNTY EMERGENCY FUND**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

---

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

Baringo County Emergency Fund exists to transform lives by meeting expenditures on urgent and unforeseen events. Such events are not budgeted for hence delaying them to another financial year harms the general public. They are meant to alleviate damage, loss, hardship or suffering caused by the event. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on three pillars: putting the Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

**1. Sustainability strategy and profile**

The fund Facilitated COVID 19 awareness and surveillance activities, peace building activities, and COVID 19 sensitization activities within Baringo County.

**2. Environmental performance**

Baringo County Government Emergency Fund rehabilitated Chelemei water pan and EndaoRiver thus providing water to people and livestock around that place.

**3. Employee welfare**

Provision of PPEs to Baringo County Government staff, testing staff for COVID 19 monitoring, training staff on COVID 19 health.

**4. Market place practices**

Baringo County Emergency Fund strives to ensure that there is fair competition in the procurement processes of emergency supplies. To ensure that there is fairness, framework contracts are normally done. Payments to suppliers are normally done real time. Products supplied through emergency fund are normally certified by relevant authorities for safety purposes.

**5. Community Engagements**

Baringo County Government Emergency Fund assisted the community in rescuing stolen livestock, facilitated funerals for banditry victims, facilitation of retrieval of bodies drowned in Lake Baringo, urgent response to crocodile attacks, provision of relief food, provision of face masks.

## **10. REPORT OF THE TRUSTEES**

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the Fund affairs.

### **Principal activities**

The principal activities of the Fund are

- a. Prudent Financial management.
- b. Prevention of danger or threat of any disaster
- c. Mitigation or reduction of risk of any disaster or severity or consequence.
- d. Capacity building.
- e. Preparedness to deal with any disaster.
- f. Prompt response to any threatening disaster or disaster.
- g. Assessing severity or magnitude of any disaster.
- h. Evacuation, rescue and relief.
- i. Resource mobilization

### **Results**

The results of the Fund for the year ended June 30, 2020 are set out on page 17 to 21.

### **Trustees**

The members of the Board of Trustees who served during the year are shown on page 4. There were minor changes in the Board during the financial year. John Kidogo replaced Richard Ruto as board member while Jane Barus replaced Susan Nakoru while Vincent Abuje replaced Joel Maina.

### **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

Michael Baimet  
Member of the Board

  
\_\_\_\_\_

**BARINGO COUNTY EMERGENCY FUND**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

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**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 Baringo County Emergency Fund established by the Public Finance Management Act 2012 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 Baringo County Emergency 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, 2020. 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 Baringo County Emergency 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 by the Public Finance Management Act 2012. 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, 2020, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the Baringo County Emergency 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.

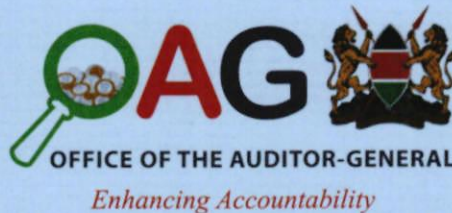
**Approval of the financial statements**

The Fund's financial statements were approved by the Board on 15/1/2021 ~~2020~~ and signed on its behalf by:



\_\_\_\_\_  
Administrator of the County Public Fund

# REPUBLIC OF KENYA



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E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke

HEADQUARTERS  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON BARINGO COUNTY EMERGENCY FUND FOR THE YEAR ENDED 30 JUNE, 2020

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### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Baringo County Emergency Fund set out on pages 17 to 50, which comprise of the statement of financial position as at 30 June, 2020, 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Baringo County Emergency Fund as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Public Finance Management Act, 2012 and the Public Finance Management (Baringo County Emergency Fund) Regulations, 2015.

#### Basis for Qualified Opinion

##### 1. Errors in Presentation of the Financial Statements

The financial statements presented for audit contained several inconsistencies and errors on page numbering and incomplete disclosures. Further, Management discussion and analysis on page 12 has no report on the operational and financial performance of the Fund's key projects or investments, decision implemented or ongoing, statement on compliance with statutory requirements, major risks facing the Fund, material arrears in statutory and other financial obligations, and any other information required by the reporting template.

Consequently, the financial statements were not prepared in accordance with the requirements of the Public Sector Accounting Standards Board.

## **2. General Expenses**

As disclosed in Note 8 to the financial statements, the statement of financial performance reflects an expenditure of Kshs.90,244,696 in respect of general expenses. Review of expenditure records revealed the following anomalies:

### **2.1 Undelivered Medical Supplies**

Included in the general expenses of Kshs.90,244,696 is an amount of Kshs.86,189,291 incurred on consumables and other expenses. However, expenditure records revealed that medical supplies worth Kshs.17,187,550 were not recorded in stores ledgers and could not be ascertained if the supplies were delivered.

### **2.2 Unsupported General Expenses**

Included under general expenses is an amount of Kshs.49,913,801 on other expenses out of which Kshs.3,822,951 was incurred on various emergency activities. However, the respective procurement records, delivery notes and evidence of goods received were not provided for audit review.

### **2.3 Unaccounted for Fuel Expenditures**

Included also in the general expenses is an amount of Kshs.3,729,350 incurred on fuel and oil cost which was not supported by way of fuel register, detail orders, work tickets and supplier statements to confirm that the fuel was accounted for and utilized for the intended purpose.

In view of the anomalies, it is not possible to confirm the validity and accuracy of the balance, and whether the Fund obtained value for money for the expenditure totalling Kshs.24,739,851 during the year under review.

## **3. Cash and Cash Equivalents**

The statement of financial position reflects cash and cash equivalents balance of Kshs.17,286,288 as at 30 June, 2020. Analysis of bank statements revealed cash withdrawals totalling to Kshs.1,900,000 that was not reflected in the cashbook.

The cash withdrawals were also not supported by requisitions for funds and approvals by the fund administrator, emergency committee minutes, payment vouchers and detailed schedules of activities.

In the circumstances, it has not been possible to confirm the validity, accuracy and value for money on the cash withdrawals of Kshs.1,900,000.

## **4. Imprest**

### **4.1 Undisclosed Outstanding Imprest**

The statement of financial position reflects nil accounts receivables (outstanding imprest) as at 30 June, 2020. However, a perusal of imprest register revealed undisclosed outstanding imprest of Kshs.13,279,032 issued during the financial year had not been surrendered as at 30 June, 2020. This contravenes Regulation 93(5) of the Public Finance Management (County Governments) Regulations, 2015 which requires that a holder of a temporary imprest shall account or surrender the imprest within seven (7) working days after returning to duty station.

Consequently, the accuracy and completeness of the reported nil balance in respect of accounts receivable-outstanding imprest could not be confirmed.

#### 4.2 Imprest Management

The statements of financial performance reflects expenditure of Kshs.90,244,696 and Kshs.2,000,000 in respect of general expenses and other staff costs respectively.

Included in the expenditure are unexplained non-expenditure items totalling to Kshs.19,933,822 described as BCG imprest and facilitation cost as shown below:

<b>Component</b>	<b>Note</b>	<b>Financial Statements (Kshs.)</b>	<b>BCG Imprest and Facilitation cost (Kshs.)</b>
Staff	7	2,000,000	2,000,000
Other Expenses	8	49,913,801	17,721,350
Hospitality	8	212,472	212,472
<b>Total</b>		<b>52,126,273</b>	<b>19,933,822</b>

Management did not provide documents to support the imprests which were treated as expenditure upon issuance instead of being expensed after surrender. This is contrary to Regulation 93(1) of the Public Finance Management (County Governments) Regulations, 2015 which provides that an imprest shall be issued for a specific purpose, and any payments made from it, shall be only for the purposes specified in the imprest warrant. Further a holder of a temporary imprest shall account or surrender the imprest within seven (7) working days after returning to duty.

In the circumstance, the Management was in breach of the law and the validity and regularity of the the expenditure of Kshs.19,933,822 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Baringo 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 qualified 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.

#### Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circular Ref: No. AG.4/16/3 Vol.1(9) dated 24 June, 2020.

# 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 matters 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 Approved Budget**

The statement of comparison of budget and actual amounts for the year ended 30 June, 2020 reflects final expenditure budget of Kshs.87,000,000 and actual on comparable basis of Kshs.92,244,696 resulting to over expenditure of Kshs.5,244,696. However, the approved budget estimates in support of the revenue and expenditure were not provided for audit. This is contrary to contravenes Regulation 13(1) of the Public Finance Management (Baringo County Emergency Fund) Regulations, 2015 which stipulates that at least three months before the commencement of each financial year, the committee shall prepare estimates of the income and expenditure of the Fund for that year.

In the circumstances, the transfers made from the County Treasury and payments incurred were in breach of the law.

### **2. General Expenses**

The statement of financial performance for the year ended 30 June, 2020 reflects general expenses of Kshs.90,244,696 as disclosed under note 8 to the financial statements. The following unsatisfactory matters were noted:

#### **2.1 Non - Emergency Expenditures**

Included under general expenses is an amount of Kshs.36,275,490 in respect of consumables, out which Kshs.2,865,000 was expensed on activities that were not of emergency in nature. This is contrary to Regulation 4(a) of the Public Finance Management (Baringo County Emergency Fund) Regulations, 2015 which require the County Executive Member to make payments only where it is urgent and unforeseen need for expenditure for which there is no specific legislative authority and meet expenses for emergency preparedness and mitigation.

Consequently, the validity of the expenditure of Kshs.2,865,000 could not be confirmed.

#### **2.2 Irregular Procurement of Medical Supplies and Cereals**

Included also under general expenses is an expenditure of Kshs.36,275,490 for consumables and an amount of Kshs.49,913,801 in respect of other expenses. However, review of procurement records revealed goods and supplies were procured at higher prices than the lowest bid price offered resulting in a price variation of Kshs.16,215,528 as shown below:

<b>General Expenses Component</b>	<b>Amount Paid (Kshs.)</b>	<b>Lowest Bid Amount (Kshs.)</b>	<b>Variance Amount (Kshs.)</b>
<b>Consumables</b>			
Human Drugs to Fight Covid19	546,000	296,350	249,650
Face Masks	2,500,000	2,000,000	500,000
Spraying Pumps for Fumigation	378,700	122,500	256,200
Chlorine Granules - Covid 19	594,000	270,000	324,000
PPE to Curb Covid 19	9,435,000	606,800	8,828,200
<b>Other Expenses</b>			
Covid 19 Equipment	863,000	448,120	414,880
Covid 19 Equipment	766,000	482,800	283,200
Covid 19 Equipment	942,800	322,552	620,248
Medical Supplies	295,500	63,850	231,650
Con-Soya Blend Cereal Plus 29,500 kgs	7,993,500	3,486,000	4,507,500
<b>Total</b>	<b>25,314,500</b>	<b>8,098,972</b>	<b>16,215,528</b>

This is contrary to Section 54(2) of the Public Procurement and Asset Disposal Act, 2015 which provides that standard goods, services and works with known market prices shall be procured at the prevailing market price.

Under the circumstances, the regularity and value for money on the expenditure of Kshs.25,314,500 on general expenses could not be confirmed.

### **2.3 Procurement of Supplies from Non-Prequalified Suppliers**

The expenditure of Kshs.90,244,696 on general expenses refurbishment also includes an amount of Kshs.41,654,200 for supply and delivery of various goods and hospital commodities from non-prequalified suppliers contrary to Section 25(3) of the Public Procurement and Disposal Act, 2015 which requires that the procuring entity shall invite tenders from only the persons who have been pre-qualified.

In the circumstances, the validity and value for money on the expenditure of Kshs.41,654,200 could not be confirmed.

### **2.4 Non-Deduction and Remittance of Withholding Taxes**

Included under general expenses is Kshs.49,913,801 out of which Kshs.5,469,400 was made to various suppliers including withholding taxes of Kshs.109,388. This is contrary to Section 42A(4)(4B) of the Tax Procedure Act, 2015 which provides that the tax withheld under this section shall be remitted to Commissioner on or before the twentieth day of the month following the month in which the deduction is made.

Consequently, the Fund is in breach of the law.

### **3. Non-Adherence to Emergency Fund Regulations**

During the year under review of Fund Management failed to comply with the Public Finance Management (Baringo County Emergency Fund) Regulations, 2015 as follows:

No	Regulation	Provision of the Regulations	Observation
1	15(1)	The County Executive Committee Member for Finance shall seek approval of the County Assembly within two months after payment is done	There is no evidence that the County Executive Committee member for Finance sought approval of the County Assembly on the expenditure
2	17(1)	The Committee shall prepare quarterly financial reports during the financial year on the operations of the Fund	There was no evidence of quarterly financial reports
3	8(1)	There is established an Emergency Fund Management Committee which shall consider recommendations and authorize payments.	There is no evidence of establishment of the Emergency Management Committee
4	9(a)(b)	That the Emergency Fund Committee shall consider recommendations from the disaster management committee and authorize payments.	There is no evidence of considerations and approval of payments by the Committee

No explanation was provided for the anomalies noted.

Consequently, the Fund did not abide to the Regulations.

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

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### Conclusion

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

### Basis for Conclusion

#### Lack of Fire and Risk Management Policy

It was noted that in the year under review, the Fund did not have a risk management strategy contrary to Regulation 158(1) (a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires the accounting officer to develop risk management strategies, which include fraud prevention mechanism and internal control that builds robust business operations.

In the circumstances, the risk management, development of strategies and controls may not have been implemented as required.

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 related sustainability of services and using the applicable basis of accounting unless Management is aware of 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, 2017.

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to 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, 2017 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

04 February, 2022

**BARINGO COUNTY EMERGENCY FUND****Reports and Financial Statements****For the year ended June 30, 2020****13. FINANCIAL STATEMENTS****13.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED  
30<sup>th</sup> JUNE 2020**

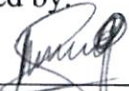
	Note	2019/2020	2018/2019
		KShs	KShs
<b>Revenue from non-exchange transactions</b>			
Public contributions and donations	1	-	-
Transfers from the County Government	2	109,200,000.00	25,300,000.00
Fines, penalties and other levies	3	-	-
		<b>109,200,000.00</b>	<b>25,300,000.00</b>
<b>Revenue from exchange transactions</b>			
Interest income	4	145,140.00	37,067.00
Other income	5	-	-
		<b>145,140.00</b>	<b>37,067.00</b>
<b>Total revenue</b>		<b>109,345,140.00</b>	<b>25,337,067.00</b>
<b>Expenses</b>			
Fund administration expenses	6	-	-
Staff cost	7	2,000,000.00	-
General expenses	8	90,244,695.60	25,378,962.80
Finance costs	9	-	-
<b>Total expenses</b>		<b>92,244,695.60</b>	<b>25,378,962.80</b>
<b>Other gains/losses</b>			
Gain/loss on disposal of assets	9	-	-
<b>Surplus/( deficit) for the period</b>		<b>17,100,444.40</b>	<b>(41,895.80)</b>


**BARINGO COUNTY EMERGENCY FUND**  
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**13.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020**

	Note	2019/2020	2018/2019
		KShs	KShs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	17,286,287.75	185,843.35
Current portion of long term receivables from exchange transactions	12	-	-
Prepayments	13	-	-
Inventories	14	-	-
<b>Non-current assets</b>		<b>17,286,287.75</b>	<b>185,843.35</b>
Property, plant and equipment	15	-	-
Intangible assets	16	-	-
Long term receivables from exchange transactions	12	-	-
<b>Total assets</b>		<b>17,286,287.75</b>	<b>185,843.35</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	17	-	-
Provisions	18	-	-
Current portion of borrowings	19	-	-
Employee benefit obligations	20	-	-
<b>Non-current liabilities</b>			
Non-current employee benefit obligation	20	-	-
Long term portion of borrowings	20	-	-
<b>Total liabilities</b>		<b>-</b>	<b>-</b>
<b>Net assets</b>		<b>17,286,287.75</b>	<b>185,843.35</b>
Revolving Fund		-	-
Reserves		185,843.35	227,739.15
Accumulated surplus		<b>17,100,444.40</b>	(41,895.80)
<b>Total net assets and liabilities</b>		<b>17,286,287.75</b>	<b>185,843.35</b>

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 15 January 2020 and signed by:

  
 Administrator of the Fund  
 Name: John Kisang

  
 Fund Accountant  
 Name: Gikono Kiptoo  
 ICPAK Member Number: 8377

**BARINGO COUNTY EMERGENCY FUND**  
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**13.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2020**

	Revolving Fund	Revaluati on Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
<b>Balance as at 1 July 2018</b>	-	-	227,739.15	227,739.15
Surplus/(deficit) for the period	-	-	(41,895.80)	(41,895.80)
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
<b>Balance as at 30 June 2019</b>	-	-	<b>185,843.35</b>	<b>185,843.35</b>
<b>Balance as at 1 July 2019</b>	-	-	<b>185,843.35</b>	<b>185,843.35</b>
Surplus/(deficit) for the period	-	-	17,100,444.40	17,100,444.40
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
<b>Balance as at 30 June 2020</b>	-	-	<b>17,286,287.75</b>	<b>17,286,287.75</b>

**BARINGO COUNTY EMERGENCY FUND**  
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**13.4. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2019/2020	2018/2019
		KShs	KShs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations	1	-	-
Transfers from the County Government	2	109,200,000.00	25,300,000.00
Fines, penalties and other levies	3	-	-
Interest received	4	145,140.00	37,067.00
Receipts from other operating activities	5	-	-
<b>Total Receipts</b>		<b>109,345,140.00</b>	<b>25,337,067.00</b>
<b>Payments</b>			
Fund administration expenses	6	-	-
Staff cost	7	2,000,000.00	-
General expenses	8	90,244,695.60	25,378,962.80
Finance cost	9	-	-
<b>Total Payments</b>		<b>92,244,695.60</b>	<b>25,378,962.80</b>
<b>Net cash flows from operating activities</b>		<b>17,100,444.40</b>	<b>(41,895.80)</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>(-)</b>	<b>(-)</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>(-)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>17,100,444.40</b>	<b>(41,895.80)</b>
<b>Cash and cash equivalents at 1<sup>st</sup> JULY 2019</b>	11	185,843.35	227,739.15
<b>Cash and cash equivalents at 30<sup>th</sup> JUNE 2020</b>	11	<b>17,286,287.75</b>	<b>185,843.35</b>

13.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30<sup>th</sup> JUNE 2020

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilization
	2020	2020	2020	2020	2020	2020
	KShs	KShs	KShs	KShs	KShs	
<b>Revenue</b>						
Public contributions and donations	-	-	-	-	-	-
Transfers from County Govt.	87,000,000.00	-	87,000,000.00	109,200,000.00	(22,200,000)	126%
Interest income	-	-	-	-	-	-
Other income	-	-	-	145,140.00	(145,140.00)	0
<b>Total income</b>	<b>87,000,000.00</b>	<b>-</b>	<b>87,000,000.00</b>	<b>109,345,140.00</b>	<b>(22,345,140.00)</b>	<b>126%</b>
<b>Expenses</b>						
Fund administration expenses	-	-	-	-	-	-
Staff cost	-	-	-	2,000,000.00	(2,000,000.00)	0
General expenses	87,000,000.00	-	87,000,000.00	90,244,695.60	(3,244,695.60)	104%
Finance cost	-	-	-	-	-	-
<b>Total expenditure</b>	<b>87,000,000.00</b>	<b>-</b>	<b>87,000,000.00</b>	<b>92,244,695.60</b>	<b>-5,244,695.60</b>	<b>104%</b>
<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,100,444.40</b>	<b>-</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 accrual basis.

**2. Adoption of new and revised standards**

**a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2020**

Standard	Impact
IPSAS 40: Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3(applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

**b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020**

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<b>Applicable: 1<sup>st</sup> January 2022:</b> 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 cashflows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <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> </ul>

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Standard	Effective date and impact:
	<ul style="list-style-type: none"> <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>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2022</b></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> <p>(a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2022:</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other Improvements to IPSAS</p>	<p><b>Applicable: 1<sup>st</sup> January 2021:</b></p> <p>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</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and</p>

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Standard	Effective date and impact:
	<p>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</p> <p>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.</p> <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>IPSAS 40, Public Sector Combinations.  Amendments to include the effective date paragraph which were inadvertently omitted when IPSAS 40 was issued</p>

**c) Early adoption of standards**

Baringo County Emergency Fund did not early – adopt any new or amended standards in year 2020.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 Baringo County Emergency Fund 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 2019/2020 was approved by the County Assembly on 30<sup>th</sup> June 2019. 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 Baringo County Emergency Fund budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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, Baringo County Emergency Fund 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.

**6. Intangible assets**

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

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

**7. Financial instruments**

***Financial assets***

***Initial recognition and measurement***

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. Baringo County Emergency Fund 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.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Held-to-maturity***

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when Baringo County Emergency Fund 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***

Baringo County Emergency Fund assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cashflows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

***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. Baringo County Emergency Fund 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.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**8. Inventories**

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

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Baringo County Emergency Fund.

**9. Provisions**

Provisions are recognized when the Baringo County Emergency Fund 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 Baringo County Emergency Fund expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

***Contingent liabilities***

Baringo County Emergency Fund 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.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Contingent assets*

The Baringo County Emergency Fund 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 Baringo County Emergency Fund 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.

**10. Nature and purpose of reserves**

Baringo County Emergency Fund creates and maintains reserves in terms of specific requirements. Changes in accounting policies and estimates

Baringo County Emergency Fund recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**11. Employee benefits— Retirement benefit plans**

Baringo County Emergency Fund provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

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

**12. 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.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**13. 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.

**14. Related parties**

Baringo County Emergency Fund regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

**15. 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.

**16. Comparative figures**

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

**17. Events after the reporting period**

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

**18. Ultimate and Holding Entity**

Baringo County Emergency Fund is a County Public Fund established by Public Finance Management Act 2012 and Baringo County Emergency Fund Regulation 2015 under the Department of County Treasury. Its ultimate parent is the County Government of Baringo.

**19. Currency**

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**20. Significant judgments and sources of estimation uncertainty**

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

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

**Useful lives and residual values**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**21. 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.

**a) Credit risk**

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

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

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

	Total amount KShs	Fully performing KShs	Past due KShs	Impaired KShs
<b>At 30 June 2019</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2020</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

**b) Liquidity risk management**

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

The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts 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
<b>At 30 June 2019</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2020</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-

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**SUMMARY OF 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.

**i. Foreign currency risk**

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

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

	KShs	Other currencies KShs	Total KShs
<b>At 30 June 2019</b>			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables	-	-	-
<b>Liabilities</b>			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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
<b>2019</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2020</b>			
Euro	10%	-	-
USD	10%	-	-

**ii. Interest rate risk**

Interest rate risk is the risk that the Baringo County Emergency Fund 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.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 0 (2020: KShs. 0 ). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs 0 (2019– KShs 0)

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**d) Capital risk management**

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

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

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**13.7. NOTES TO THE FINANCIAL STATEMENTS**

**1. Public contributions and donations**

Description	2019/2020	2018/2019
	KShs	KShs
Donation from development partners	-	-
Contributions from the public	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**2. Transfers from County Government**

Description	2019/2020	2018/2019
	KShs	KShs
Transfers from County Govt. – operations	109,200,000.00	25,300,000.00
Payments by County on behalf of the entity	-	-
<b>Total</b>	<b>109,200,000.00</b>	<b>25,300,000.00</b>

**3. Fines, penalties and other levies**

Description	2019/2020	2018/2019
	KShs	KShs
Late payment penalties	-	-
Fines	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**4. Interest income**

Description	2019/2020	2018/2019
	KShs	KShs
Interest income from Mortgage loans	-	-
Interest income from car loans	-	-
Interest income from investments	-	-
Interest income on bank deposits	145,140.00	37,067.00
<b>Total interest income</b>	<b>145,140.00</b>	<b>37,067.00</b>

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**5. Other income**

Description	2019/2020	2018/2019
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender documents	-	-
Miscellaneous income	-	-
<b>Total other income</b>	-	-

**6. Fund administration expenses**

Description	2019/2020	2018/2019
	KShs	KShs
Staff costs (Note 7)	-	-
Loan processing costs	-	-
Professional services costs	-	-
Administration fees	-	-
<b>Total</b>	-	-

**7. Staff costs**

Description	2019/2020	2018/2019
	KShs	KShs
Salaries and wages	-	-
Staff gratuity	-	-
Staff training expenses	-	-
Social security contribution	-	-
Other staff costs	2,000,000.00	-
<b>Total</b>	<b>2,000,000.00</b>	-

**BARINGO COUNTY EMERGENCY FUND**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**8. General expenses**

Description	2019/2020	2018/2019
	KShs	KShs
Consumables	36,275,490.00	-
Electricity and water expenses	-	-
Fuel and oil costs	3,729,350.00	-
Insurance costs	-	-
Postage	-	-
Printing and stationery	-	-
Rental costs	-	-
Security costs	-	-
Telecommunication	67,000.00	-
Bank Charges	46,582.20	1,765.00
Hospitality	212,472.00	-
Depreciation and amortization costs	-	-
Other expenses	49,913,801.40	25,377,197.80
<b>Total</b>	<b>90,244,695.60</b>	<b>25,378,962.80</b>

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

**9. Finance costs**

Description	2019/2020	2018/2019
	KShs	KShs
Interest on Bankoverdrafts	-	-
Interest on loans from banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**10. Gain/(loss) on disposal of assets**

Description	2019/2020	2018/2019
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**11. Cash and cash equivalents**

Description	2019/2020	2018/2019
	KShs	KShs
Baringo County Car loan account	-	-
Baringo County mortgage account	-	-
Baringo County Emergency Fund Account	17,286,287.75	185,843.35
Fixed deposits account	-	-
On – call deposits	-	-
Current account	-	-
Others	-	-
<b>Total cash and cash equivalents</b>	<b>17,286,287.75</b>	<b>185,843.35</b>

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

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

Financial institution	Account number	2019/2020	2018/2019
		KShs	KShs
<b>a) Fixed deposits account</b>			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
<b>Sub- total</b>		-	-
<b>b) On - call deposits</b>			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
<b>Sub- total</b>		-	-
<b>c) Current account</b>			
Transnational Bank	1422765000010	17,286,287.75	185,843.35
Bank B		-	-
<b>Sub- total</b>		<b>17,286,287.75</b>	<b>185,843.35</b>
<b>d) Others(specify)</b>			
Cash in transit		-	-
Cash in hand		-	-
M Pesa		-	-
<b>Sub- total</b>		-	-
<b>Grand total</b>		<b>17,286,287.75</b>	<b>185,843.35</b>

**12. Receivables from exchange transactions**

Description	2019/2020	2018/2019
	KShs	KShs
<b>Current Receivables</b>		
Interest receivable	-	-
Current loan repayments due	-	-
Other exchanged debtors	-	-
Less: impairment allowance	-	-
<b>Total Current receivables</b>	-	-
<b>Non Current receivables</b>		
Long term loan repayments due	-	-
<b>Total Non- current receivables</b>	-	-

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<b>Totalreceivables from exchange transactions</b>	-	-
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**Additional disclosure on interest receivable**

Description	2019/2020	2018/2019
	KShs	KShs
<b>Interest receivable</b>		
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	-	-
<b>Current loan repayments due</b>		
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	-	-

**13. Revenue from Non-Exchange transaction**

Description	KShs	KShs
	2019/2020	2018/2019
	KShs	KShs
Transfer to County Executive	-	-
Transfer to Emergency Fund	-	-
<b>Totalreceivables from non-exchange transactions</b>	-	-

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

**14. Prepayments**

Description	2019/2020	2018/2019
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments(specify)	-	-
<b>Total</b>	-	-

**15. Inventories**

Description	2019/2020	2018/2019
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Other inventories(specify)	-	-
<b>Total inventories at the lower of cost and net realizable value</b>	-	-

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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
<b>At 1<sup>st</sup> July 2019</b>	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June 2020</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July 2019</b>	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June 2020</b>	-	-	-	-	-
<b>Depreciation and impairment</b>					
<b>At 1<sup>st</sup> July 2019</b>	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
<b>At 30<sup>th</sup> June 2020</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July 2019</b>	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
<b>At 30<sup>th</sup> June 2020</b>	-	-	-	-	-
<b>Net book values</b>					
<b>At 30<sup>th</sup> June 2019</b>	-	-	-	-	-
<b>At 30<sup>th</sup> June 2020</b>	-	-	-	-	-

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

**17. Intangible assets-software**

Description	2019/2020	2018/2019
	KShs	KShs
<b>Cost</b>		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
<b>Amortization and impairment</b>		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
<b>NBV</b>	-	-

**18. Trade and other payables from exchange transactions**

Description	2019/2020	2018/2019
	KShs	KShs
Trade payables	-	-
Refundable deposits	-	-
Accrued expenses	-	-
Other payables	-	-
<b>Total trade and other payables</b>	-	-

**19. Provisions**

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year (1.07.2018)	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Transfers from non-current provisions	-	-	-	-
<b>Balance at the end of the year (30.06.2019)</b>	-	-	-	-

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

**20. Borrowings**

Description	2019/2020	2018/2019
	KShs	KShs
<b>Balance at beginning of the period</b>	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the period	-	-
Repayments of domestics borrowings during the period	-	-
<b>Balance at end of the period</b>	-	-

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

	2019/2020	2018/2019
	KShs	KShs
<b>External Borrowings</b>		
Dollar denominated loan	-	-
Sterling Pound denominated loan	-	-
Euro denominated loan	-	-
<b>Domestic Borrowings</b>	-	-
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
<b>Total balance at end of the year</b>	-	-

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

Description	2019/2020	2018/2019
	KShs	KShs
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
<b>Total</b>	-	-

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

**21. CHANGES IN RECEIVABLE**

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Account receivable as at 1 <sup>st</sup> July 2019 (A)	-	-
Account receivable issued during the year (B)	-	-
Account receivable settled during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-

**22. CHANGES IN ACCOUNTS PAYABLE**

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Accounts Payable as at 1 <sup>st</sup> July 2019 (A)	-	-
Accounts Payable held during the year (B)	-	-
Accounts Payable paid during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-

**23. 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	-	-	-	-
<b>Total employee benefits obligation</b>	-	-	-	-

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**24. Cash generated from operations**

	2019/2020	2018/2019
	KShs	KShs
<b>Surplus/ (deficit) for the year before tax</b>	<b>17,100,444.40</b>	<b>(41,895.80)</b>
<b>Adjusted for:</b>		
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Interest income	-	-
Finance cost	-	-
<b>Working Capital adjustments</b>		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
<b>Net cash flow from operating activities</b>	<b>17,100,444.40</b>	<b>(41,895.80)</b>

**25. 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) Key management
- d) Board of Trustees

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**b) Related party transactions**

	2019/2020	2018/2019
	KShs	KShs
Transfers from related parties'	109,200,000.00	25,300,000.00
Transfers to related parties	-	-

**c) Key management remuneration**

	2019/2020	2018/2019
	KShs	KShs
Board of Trustees	-	-
Key Management Compensation	-	-
<b>Total</b>	-	-

**d) Due from related parties**

	2019/2020	2018/2019
	KShs	KShs
Due from parent Ministry	-	-
Due from County Government	-	-
<b>Total</b>	-	-

**e) Due to related parties**

	2019/2020	2018/2019
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
<b>Total</b>	-	-

**26. Contingent assets and contingent liabilities**

Contingent liabilities	2019/2020	2018/2019
	KShs	KShs
Court case xxx against the Fund	-	-
Bank guarantees	-	-
<b>Total</b>	-	-

*(Give details)*

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**14. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS**

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

The County has not received the any audit certificate from the office of the auditor general and therefore it is not possible to make any follow up since no issue has been raised officially so far.

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**Annex 1: TRIAL BALANCE**

**AS AT 30TH JUNE 2020**

	<b>Ksh.</b>	<b>Ksh.</b>
	<b>Debit</b>	<b>Credit</b>
Staff costs	2,000,000.00	-
Consumables	36,275,490.00	-
Electricity and water expenses	-	-
Fuel and oil costs	3,729,350.00	-
Insurance costs	-	-
Postage	-	-
Printing and stationery	-	-
Rental costs	-	-
Security costs	-	-
Telecommunication	67,000.00	-
Bank Charges	46,582.20	-

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Hospitality	212,472.00	-
Depreciation and amortization costs	-	-
Other expenses	49,913,801.40	-
Transfers from Baringo County Govt. – operations	-	109,200,000.00
Interest Income	-	145,140.00
Surplus carried forward	17,100,444.40	-
<b>TOTAL</b>	<b>109,345,140.00</b>	<b>109,345,140.00</b>