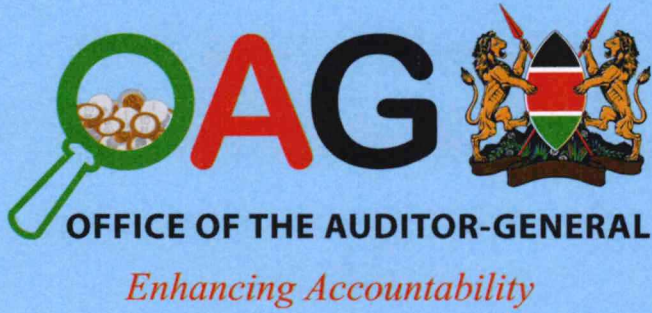
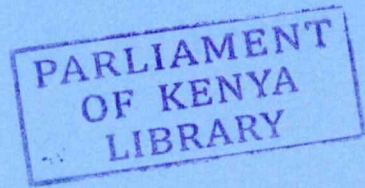


REPUBLIC OF KENYA



**REPORT**



**OF**

**THE AUDITOR-GENERAL**

**ON**

**TANA RIVER COUNTY DISASTER  
RISK MANAGEMENT FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2025**

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**TANA RIVER COUNTY DISASTER RISK MANAGEMENT FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2025**

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

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**Tana River County Disaster Risk Management Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**1. Acronyms and Definition of Key Terms**

**A. Acronyms**

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
DRM	Disaster Risk Management
NFI	Non food items
IDP	Internally Displaced people

**B. Definition of Key Terms**

**Fiduciary Management-** Members of Management directly entrusted with the responsibility of financial resources of the organization.

**Comparative Year-** Means the prior period.

## **2. Key Entity Information and Management**

### **a) Background information**

Tana River Disaster Risk Management Fund is established by and derives its authority and accountability from The Tana River County Disaster Risk Management Act, 2020 which was enacted on 30<sup>th</sup> October 2020. The Fund is wholly owned by the County Government of Tana River and is domiciled in Kenya.

The fund shall be utilized towards meeting the expenses for disaster prevention, preparedness, mitigation, risk reduction, response, relief, rehabilitation and reconstruction in the County.

The Fund's principal activity is to;

- Fund programs and initiatives towards provision of emergency relief to the most vulnerable including persons living with disabilities, the elderly, women and children.
- Stimulate and support sustainable alternative livelihoods
- Fund the purchase of essential supplies for disaster response
- Facilitate development of capacity and technical expertise in disaster risk management in the County
- Establish programs, activities and projects for disaster risk resilience; and
- Fund the control of any other emerging disaster

During the year 2024-2025 the Tana River Disaster Risk Management Fund received kshs. 139,682,547

The DRM fund has 4 functional areas these include

1. Resilience building
2. Disaster response
3. Recovery/ mitigation
4. Administration

**Tana River County Disaster Risk Management Fund  
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**b) Principal Activities**

The principal activity/mission/ mandate of the Fund is to:-

- Examine the vulnerability of different parts of the County to different disasters and identify specific prevention, reduction or mitigation measures.
- Lay down guidelines to be followed for preparation of disaster and emergency management plan by the County departments
- Implement the national government’s policy on disaster and emergency response
- Co-ordinate response in the event of disaster or emergency

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

Ref	Name	Position
1	H.E Dr. Dhadho Godhana	Governor/ Fund Chairman
2	David Koskei	County Commissioner
3	Makuru Salima Omara	Board secretary/ Fund Administrator
4	Abubakar Roba	Kenya Red Cross Society of Kenya
5	CPA Brenda Mokaya	CECM Finance and Economic Planning
6	Adam Kheir	CDC NDMA

**d) Key Management team**

Ref	Name	Position
1	Makuru Salima Omara	Board secretary/ Fund Administrator
2	Jillo M. Komora	Fund Accountant
3	Halubva Anna Gwiyo	Program Officer
4	Lulutya Mavuwe Sokorote	Data Analyst

**Tana River County Disaster Risk Management Fund**  
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5	Ade Maurice	Fund Procurement Officer
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**e) Fiduciary Oversight Arrangements**

SN	Position	Name
1	Directorate Internal Audit	Charles Njuguna

**f) Registered Offices**

P.O. Box 29-70101  
Tana River County Government  
Headquarter  
Hola, Kenya

**g) Fund Contacts**

Telephone: (254) 798973312  
E-mail: [tanarivercounty.go.ke](mailto:tanarivercounty.go.ke)  
Website: [www.tanarivercounty.go.ke](http://www.tanarivercounty.go.ke)

**h) Fund Bankers**

Kenya Commercial Bank  
P.O. Box 100-70101  
Hola, Kenya

**Key Entity and Management (Continued)**

**i) Independent Auditors**

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

**j) Principal Legal Adviser**



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

**k) County Attorney**




The County Attorney  
County Government of Tana River  
P. O, Box 29-70101  
Hola, Kenya

**Tana River County Disaster Risk Management Fund  
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**3. Board of Trustees/ Fund Administration Committee**

Name	Details of qualifications and experience
<p>1. H.E. Rtd Major Retired Dhadho Godhana</p> 	<p>Doctor of Public Administration Master of Arts - MA Leadership - ongoing. BA Development Studies. Kimmage Development Study Centre - Ireland, a Military professional who rose to the rank of a Major, a Member of Parliament and a former Deputy Minister for Communications and Livestock Development respectively. A founder of a number of Civil Society Organizations and Community initiatives notably The Green Village Initiative Kenya and the Tana Riverine Community Development Forums, The Galole Farmers' Cooperative among others. Honoured with Elder of The Burning Spear medal and UN Force Commanders Commendation for exemplary performance in Peace Support Operations in The Former Yugoslavia. He is currently the Governor of Tana River County and the Chairperson to the Board</p>
<p>2. David Koskei</p> 	<p>David Koskei has been serving as County Commissioner of Tana River since February 2024, following promotion from a Deputy County Commissioner role. His working experience in this capacity spans key areas: leading security operations and conflict mitigation, coordinating major infrastructure and irrigation projects, engaging with stakeholders on land and governance issues, and strengthening service delivery in a challenging county context. He is a member and the co-chair of the Board</p>

***Tana River County Disaster Risk Management Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2025**

<p>3. CPA Brenda Mocheche Mokaya</p> 	<p>Holds MBA Finance, CPA finalist and a member of ICPAK Currently serving as the CECM Finance and Economic Planning, and now serves as a member to the Tana River Disaster Risk Management Board</p>
<p>4. Salima Makuru Omara</p> 	<p>Makuru Salima Omara holds a masters in leadership and Management. She also holds a bachelor’s degree in Education and Counselling. She is currently serving as the Fund Administrator and the secretary to the board</p>
<p>5. Abubakar Roba</p> 	<p>Works for the Kenya Red Cross as the head of operations in all disaster related matters. Initially he used to work in private sector in managerial position. Currently serving as member to the Tana River Disaster Risk Management Board</p>

**Tana River County Disaster Risk Management Fund**  
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6. Adam Kheir Ndamingu

Adam Kheir Ndamingu holds BSc in Animal Production, he is currently the County Drought Coordinator in Tana River County, member of the Disaster Risk Management Committee.

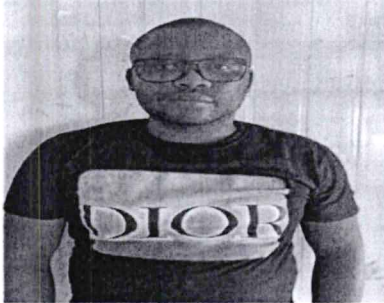

**Tana River County Disaster Risk Management Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

**4. Management Team**

Name	Details of qualifications and experience
<p>1. Salima Makuru Omara</p> 	<p>Makuru Salima Omara holds a masters in leadership and Management. She also holds a bachelor’s degree in Education and Counselling. She is currently serving as the Fund Administrator and secretary to the board</p>
<p>2. Jillo M Komora</p> 	<p>Mr. Komora holds Bachelor degree in Commerce, finance option, CPA Finalist and an ICPAK member number 24131 Currently serving as the Fund Accountant</p>
<p>3. Halubwa Anna Gwivo</p> 	<p>Halubva Anna Gwiyo is the Program Officer, Cohesion and Special Programs. Anna Gwiyo Holds a Bachellor Degree in Community Development and sociology</p>
<p>4. Lulutya Mavuwe Sokorote</p>	<p>Lulutya Mavuwe Sokorote is currently the Data Officer in Special Programs, He holds a Bachelor’s degree in Project Management. He also holds a diploma certificate in Community Development and counselling among other</p>

**Tana River County Disaster Risk Management Fund  
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	courses
5. Ade Maurice 	Mr. Ade Maurice holds Bachelor of Business Administration, Supply chain Management option, a member of KISM number 79823 and currently serving as the Fund Procurement Officer.

## **5. Board/Fund Chairperson’s Report**

### **Foreword Note by H.E. the Governor, Chairperson of the Fund Board**

It is with great honor and responsibility that I present this Chairman’s Report for the financial year 2024-2025 on behalf of the Tana River County Disaster Risk Management (DRM) Fund. The Fund continues to be a critical instrument in building community resilience, coordinating response interventions, and safeguarding the livelihoods of our people against disasters that frequently affect our County.

### **Changes in the Fund During the Year**

During the year under review, the Fund maintained a strong governance structure anchored on a multi-stakeholder Board comprised of county leadership, representatives from the National Government, humanitarian partners, and technical officers. While the composition of the Board remained largely stable, there were notable improvements in strengthening the Secretariat through the appointment of additional technical officers in finance and disaster response coordination. These changes have enhanced efficiency in planning, reporting, and execution of Fund activities.

### **Review of the Fund’s Performance**

The 2024-2025 financial year was marked by both challenges and achievements. On one hand, the County continued to face recurrent drought episodes and localized flooding in some riverine areas, which strained our resources. On the other hand, the Fund successfully:

- Facilitated timely dissemination of the Disaster Risk Management (DRM) General Regulations, Financial Regulations, and the County Emergency Operation Plan across the sub-counties.
- Supported food relief interventions targeting the most vulnerable households in drought-affected clusters.
- Invested in preparedness initiatives, including capacity building of ward-level disaster committees and procurement of contingency supplies.
- Strengthened financial accountability by developing and adopting a governance charter and improving internal controls.

Financially, the Fund achieved a prudent balance between resource mobilization and expenditure. Despite fiscal pressures, we recorded steady growth in resource inflows through county budget allocations and partnerships with national agencies and humanitarian actors.

### **Future Outlook of the Fund**

***Tana River County Disaster Risk Management Fund***  
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Looking ahead, the Fund is committed to enhancing disaster resilience in Tana River County. Key priorities for the coming year will include:

- Scaling up community-based early warning systems and disaster adaptation measures.
- Expanding investment in infrastructure for disaster preparedness, including storage facilities and water trucking capacity.
- Strengthening collaboration with both development partners and local communities to mobilize additional resources.
- Enhancing monitoring and evaluation frameworks to ensure transparency, accountability, and evidence-based decision making.

The Fund will also continue aligning its activities with both the County Integrated Development Plan (CIDP) and the national disaster risk management framework, ensuring synergy with broader development goals.

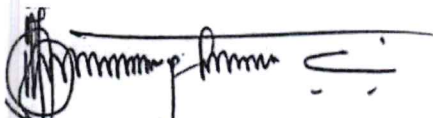
**Other Matters**

In the spirit of good governance, the Fund has remained compliant with statutory obligations, including timely financial reporting and regular board meetings. We have further embraced transparency by ensuring community engagement in decision-making and by committing to governance audits as part of continuous improvement.

**Conclusion**

I take this opportunity to sincerely appreciate the dedication of all Board members, the Secretariat, our partners, and the people of Tana River County for their continued trust and support. Disasters will continue to challenge us, but with resilience, collaboration, and accountability, we are confident that the Fund will continue to provide a robust safety net for our communities.

Together, we remain steadfast in our resolve to build a safer and more resilient Tana River County.



H.E. Dr. RTD. Major Godhana Dhadho Gadae  
**Governor, Tana River County, Chairperson of the Board**

## **6. Report of The Fund Administrator**

Tana River County is rated as one of the poorest Counties in Kenya with an approximate population of 316,000 (Three hundred sixteen thousand) persons living in absolute poverty due to different factors such as historical and political marginalization, recurrent inter-ethnic conflicts, poor quality and access to social services, poor infrastructure, recurrent drought, climate change, insecurity and low literacy levels. This coupled with reducing food production experienced progressively, has led to food insecurity, malnutrition, poor health and high mortality rates of people during drought. Recovery from drought is a significant challenge because the impact of drought leaves household assets critically depleted. Therefore, the DRM Fund was for drought management to increase the resilience levels of communities in the target areas and to promote early response to drought and floods in order to minimize the losses of households, assets, lives.

Throughout the year the fund had had received kes.139,682,547 shillings being the 2% of County budget. During the FY 2024-2025 the department through the DRM Fund spent most of its money on the activities as listed

- Transportation of relief food to various parts of the County.
- Capacity building on its staff and other DRM personnel
- Inter-tribal Conflict Resolution barazas
- Disaster Preparedness trainings across the County
- Purchase of fuel
- Purchase of relief food and NFIs for the IDPs
- Payment of allowances to officers during Disaster rescue and response exercise
- Payment of relief food for IDPs

### **Challenges in implementation of the fund**

- Untimely disbursement of funds that hinders operations.
- Too much political interference
- Increased Emerging needs the future of the Fund seems excellent assuming that the operating environment is improved. Due to the increased needs within the community, there is need to increase the funding.

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- Insufficient funds that hinders operation

The key areas to focus on include; Capacity building, Mainstreaming DRM at the community, Water trucking programs, increase storage by constructing mega dams

**7. Statement of Performance Against the County Fund’s Predetermined Objectives**

**Introduction**

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

The key development objectives of the Fund as per the strategic plan for FY 2024-2025 are to:

Prevent disasters occurrences, Prepare and stockpiling for the preparations towards disasters; mitigate the effects of disasters and Timely response to disaster

**Progress on the attainment of Strategic development objectives**

Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Inter-tribal Conflict Resolution Barazas	To ensure lives and livelihood are aren’t lost and maintain peace and order within the County	Number of peace barazas required to ensure peace, order is maintained and normal operations restored	Number of peace barazas successfully conducted	<b>More than 15 peace barazas conducted, conflicts resolved and now people living peacefully</b>
Transportation and distribution of relief food	To ensure Reducing the risk of deaths and	Number of vulnerable families that require relief food for their sustainability	Number of vulnerable families that benefit from the	<b>More than 500 vulnerable households successfully</b>

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	malnutrition due to lack of sufficient food especially to vulnerable households, IDPs due to floods and clusters		relief food provided	<b>benefited from the relief food</b>
Provision of storage water tanks	To ensure clean and sufficient water is available for use especially those affected by drought, the IDPs and those in the clusters	Number of vulnerable households/clusters/IDPs that require clean water	Number of IDPs/clusters / vulnerable households successfully benefited from the tanks for clean water	<b>More than 20 clusters benefited from the tanks and now enjoying sufficient storage for clean water minimizing occurrence of water borne diseases</b>
Capacity Building	To ensure DRM Personnel, communities are equipped with	Number of DRM staff / officers whom require DRM clinics and training	Number of DRM staff / officers successfully trained	<b>During the year more than 100 members were equipped with skills and now ready to</b>

*Tana River County Disaster Risk Management Fund*  
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	knowledge and skills to overcome disasters			<b>overcome disaster</b>
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## **8. Corporate Governance Statement**

### **Introduction**

The Tana River County Disaster Risk Management Fund (DRMF) is guided by principles of accountability, inclusivity, and transparency in the utilization of public resources. In line with the Constitution of Kenya (2010), the Public Finance Management (PFM) Act (2012), and the Tana River County Disaster Risk Management Act, the Fund has established governance mechanisms that ensure effective oversight, prudent resource use, and delivery of its mandate. This corporate governance statement provides an overview of the Fund's governance practices during the financial year 2024-2025.

### **I. Appointment of Board Members**

The governance of the Fund is vested in the Disaster Risk Management Fund Board, composed of both County and National Government representatives, as well as key partners in the disaster management sector.

#### **Composition of the Board:**

- H.E. the Governor – **Chairman**
- The County Commissioner – **Co-Chair**
- County Chief Officer for Special Programs – **Secretary**
- CEC Member for Finance – **Member**
- County Drought Coordinator, NDMA – **Member**
- County Coordinator, Kenya Red Cross Society (KRCS) – **Member**

This composition ensures a strong blend of political leadership, administrative oversight, technical expertise, and stakeholder collaboration.

#### **Process of Appointment and Removal:**

Board members are designated by virtue of their offices in the County and National Government or by institutional nomination. Any changes in representation are effected upon transfer, redeployment, or replacement of the officeholder, with due communication to the Board. Removal or replacement follows provisions under the PFM Act, County legislation, and the Fund's operational guidelines.

#### **Diversity and Representation:**

The Board reflects diversity in institutional representation, with a balance between government agencies and humanitarian organizations. Gender equity and inclusivity are also observed, in line with constitutional requirements.

#### **Board Charter:**

The Board operates under a Charter that outlines its mandate, authority, code of conduct, and

roles. The Charter provides a framework for accountability, ethical leadership, and transparent decision-making.

## **II. Roles and Functions of the Board**

The Board provides leadership and oversight to ensure that the Fund achieves its objectives of financing disaster preparedness, mitigation, response, and recovery. Its responsibilities include:

- Approving work plans, budgets, and allocation of resources.
- Providing policy direction and ensuring alignment with national and county disaster risk strategies.
- Overseeing financial accountability and compliance with the PFM Act and other relevant laws.
- Coordinating multi-agency disaster management efforts for timely and effective response.
- Monitoring programme implementation and evaluating impact.
- Strengthening partnerships with humanitarian and development partners.

## **III. Induction, Training, and Development**

All Board members are inducted upon assumption of office, ensuring familiarity with the Fund's governance framework, financial regulations, and operational mandate. During FY 2024-2025, Board members also undertook training sessions on disaster risk financing, public procurement, and governance. Capacity-building was further enhanced through workshops facilitated by the National Disaster Management Authority (NDMA), Kenya Red Cross Society, and the Council of Governors.

Continuous learning and exposure to global best practices remain a priority, especially in areas of climate change adaptation, early warning systems, and community resilience building.

## **IV. Board and Members' Performance**

The performance of the Board is evaluated annually, focusing on governance effectiveness, policy guidance, oversight, and attendance. For FY 2024-2025, the Board demonstrated strong performance in the areas of resource mobilization, coordination of emergency response during floods and drought, and engagement with partners.

However, gaps were noted in strengthening monitoring and evaluation systems, particularly in digital reporting and data management, which the Board has committed to address in the subsequent year.

## **V. Number of Board Meetings and Attendance**

During the reporting period, the Board convened **seven (7) scheduled meetings** and **two (2) special sessions** in response to disasters. The overall attendance rate was **above 85%**, reflecting

the commitment of members to their responsibilities. Attendance records were maintained as part of accountability and performance monitoring.

## **VI. Succession Plan**

The Fund has put in place a succession framework to guarantee continuity in leadership and governance. Since most Board members serve by virtue of their offices, succession planning is tied to institutional continuity. The plan ensures:

- Smooth handover whenever there is a change in County or National Government officeholders.
- Proper orientation and induction of incoming members.
- Maintenance of institutional memory through structured record-keeping and capacity-building.
- Ongoing development of second-tier officers within the County Government to prepare them for future leadership roles in disaster risk management.

## **VII. Policy to Manage Conflict of Interest**

The Board is yet to develop a **Conflict of Interest Policy** in line with the Public Officer Ethics Act (2003) and Leadership and Integrity Act (2012). Members are required to disclose any personal, financial, or institutional interest that may influence decision-making. Such disclosures are recorded in a Conflict of Interest Register. Where conflicts arise, the concerned member is excluded from deliberations and voting on the matter. This ensures fairness, impartiality, and trust in the Board's decisions.

## **VIII. Board Remuneration**

Board members do not receive direct salaries for their roles since their participation is tied to public service positions or institutional representation. However, they are entitled to allowances and reimbursements as guided by the Salaries and Remuneration Commission (SRC) circulars and applicable County regulations. Such remuneration is strictly limited to facilitation of meetings and official duties, ensuring prudent use of public funds.

## **IX. Ethics and Conduct**

The Fund has not yet established an established a **Code of Ethics and Conduct** that provides guidelines on professional behavior, integrity, confidentiality, and respect for the rule of law.

## **X. Communication Policy**

The Fund has a **Communication and Public Disclosure Policy** that promotes transparency and timely dissemination of information to stakeholders and the public. The policy provides for:

***Tana River County Disaster Risk Management Fund***  
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- Regular publication of financial and operational reports.
- Engagement with communities through barazas, public participation forums, and county media channels.
- Use of official communication channels (press releases, circulars, website updates) to ensure consistent messaging.
- Feedback and grievance-handling mechanisms to promote accountability.

#### **XI. Terms of Reference of Committees**

The Board has established **specialized committees** to enhance oversight and efficiency in specific areas. These include:

- **Finance and Audit Committee** – responsible for financial oversight, internal controls, risk management, and audit follow-up.
- **Programs and Response Committee** – oversees planning, implementation, and monitoring of disaster preparedness, mitigation, and response activities.
- **Human Resource and Governance Committee** – responsible for succession planning, capacity-building, and governance compliance.

Each committee operates under approved **Terms of Reference (TORs)**, which define their mandates, reporting structures, and accountability to the Board.

#### **XII. Policy on Related Party Transactions**

The Fund has adopted a policy to regulate related party transactions in line with the PFM Act and international best practices. All transactions involving Board members, their relatives, or institutions they represent must be disclosed and approved by the full Board. Such transactions are only permitted if they are in the best interest of the Fund, conducted transparently, and on arm's-length terms. A register of related party transactions is maintained and reviewed periodically to ensure compliance.

## **9. Management Discussion and Analysis**

### **Introduction**

The Management of the Tana River County Disaster Risk Management Fund (DRMF) is pleased to present this Management Discussion and Analysis (MD&A) for the financial year ended 30th June 2025. This report provides an overview of the operational and financial performance of the Fund, outlines key projects implemented, compliance with statutory requirements, risks faced, and other material information relevant to stakeholders.

### **Operational and Financial Performance**

During the financial year 2024-2025, the Fund recorded significant progress in disaster preparedness, response, and recovery activities across Tana River County.

### **Revenue and Expenditure Performance**

The Fund mobilized revenues amounting to 139,682,547, representing 2% from the County budget maintaining a modest surplus.

### **Expenditure Breakdown**

The allocation of funds was aligned to priority areas of disaster management:

- **Response**– Emergency food distribution, water trucking, and disaster evacuation support.
- **Recovery & Rehabilitation**– Shelter reconstruction, rehabilitation of flood-damaged infrastructure.
- **Preparedness**– Investment in early warning systems and stockpiling of relief items.
- **Capacity Building**– Training of disaster response teams and community sensitization.
- **Administration**– Coordination and operational expenses.

### **Key Projects and Investment Decisions**

The following flagship projects were implemented during the year:

1. Construction of emergency makeshift ECDE Classrooms within the clusters
2. Installation of water storage tanks to the clusters
3. Peace building and reconciliation programs

### **Compliance with Statutory Requirements**

The Fund operated in full compliance with:

- **Public Finance Management (PFM) Act, 2012** – ensuring accountability and reporting.
- **Public Procurement and Asset Disposal Act, 2015** – adherence to procurement standards.

***Tana River County Disaster Risk Management Fund***  
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- **County Governments Act, 2012** – stakeholder participation and inclusivity.
- All financial statements were prepared in accordance with **International Public Sector Accounting Standards (IPSAS)**.
- Tana River County Disaster Risk Management Act 2021
- Tana River County DRM Financial Regulations

**Major Risks Facing the Fund**

Despite progress, the Fund faced several challenges:

<b>Risk Factor</b>	<b>Severity (1–10)</b>	<b>Mitigation Strategy</b>
Unpredictable disasters	9	Scaling up early warning systems
Delayed disbursements	7	Engagement with National Treasury
Compliance gaps	6	Strengthened internal controls
Resource constraints	8	Diversification of funding sources

*See Figure 1: Major Risks Facing the Fund*

**Material Arrears and Financial Obligations**

By the close of the financial year, the Fund had **no material arrears** in statutory remittances such as PAYE, NSSF, and NHIF contributions since the fund has no employees. No pending bills were carried forward into the 2025-2026 financial year.

Generally, the financial year 2024-2025 marked a period of growth, resilience, and improved service delivery for the Tana River County Disaster Risk Management Fund. Through prudent financial management, timely response interventions, and strengthened governance structures, the Fund made notable contributions to safeguarding livelihoods and building resilience in the County.

The Fund remains committed to continuous improvement, stronger partnerships, and innovative approaches to disaster risk management to address the growing vulnerabilities posed by recurrent disasters.

## **10. Environmental and Sustainability Reporting**

To protect and improve the environment and natural resources for the people Tana River County and Kenya, through environmental awareness, execution of laws and regulations, social contribution and strengthening initiatives for sustainable environmental and natural resources management.

### **i) *Sustainability strategy and profile***

Tana River County Government through its mission statement aims to ensure effective and accountable leadership, promote just, democratic and secure environment and establish strong governance institutions to empower citizens, for the achievement of socio-economic development. It aims to realize a democratic political system founded on issue-based politics, respect to the rule of law and protection of the rights and freedoms of every individual espousing principle of good governance by advocating for integrity, transparency, accountability, devolution of power and sustainability in implementation of all development programs and projects.

### **ii) *Environmental performance***

The purpose of the Tana River Disaster Risk Management Act is meant to address the growing unforeseen disaster and measures on how to address them. This will protect lives for the current and future generations on matters on disasters

The key interventions the Fund will focus on are:

Drought/flood management to increase the resilience levels of communities especially the most vulnerable in the affected areas and to promote early response to drought and floods in order to minimize the losses of households, assets, lives.

- Promote preparedness and initiate response to deal with disasters as they occur
- Evacuate, rescue and give support to the victims of any hazard

- Avert danger, threat, risk, hazard or menace of any disaster
- Offer rehabilitative and reconstruction services to return to normalcy
- Mitigate, lessen, alleviate or reduce risk of any disaster or severity or consequences

**iii) *Employee welfare***

The Tana River County Disaster Risk Management Fund (DRMF) recognizes that its workforce is central to the achievement of its mandate to prevent, mitigate, and respond to disasters in the County. As such, the Fund continues to promote fair, inclusive, and safe employment practices that are compliant with national laws and constitutional values.

**Recruitment and Inclusivity**

The Fund's recruitment process is guided by the principles of equal opportunity, fairness, meritocracy, and inclusiveness, as provided for in the Constitution of Kenya (2010), the Employment Act (2007), and relevant county public service regulations.

- Gender Equity and Youth Inclusion: Hiring policies prioritize gender balance and youth inclusion in line with the two-thirds gender rule and the county's youth empowerment agenda.
- Inclusion of Persons with Disabilities (PWDs): At least 5% of recruitment opportunities are reserved for persons with disabilities. Accessible formats and accommodations are provided to facilitate inclusion.
- Stakeholder Engagement: Recruitment and HR policies are reviewed in consultation with employee representatives, legal experts, and public service boards.
- Policy Review: Employment policies are reviewed every three years, or sooner if legislative amendments or emerging workforce needs require it.

**Skills Development and Career Management**

To improve efficiency and disaster response capability, the Fund supports continuous learning through:

***Tana River County Disaster Risk Management Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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- Capacity building programs in areas such as emergency response, risk assessment, climate adaptation, GIS mapping, and humanitarian coordination.
- Career progression frameworks, including mentorship for junior staff and provision of study leave for advanced training.

**Appraisal and Reward System**

The Fund implements a structured Performance Appraisal System (PAS) tied to deliverables in the annual work plan. Staff performance is assessed annually, and high performers are:

- Recognized through commendations
- Considered for leadership roles or secondments
- Nominated for external training opportunities

**Occupational Safety and Health (OSHA, 2007) Compliance**

Given the high-risk nature of disaster response, the Fund prioritizes staff safety by:

- Conducting safety audits and risk assessments in field operations
- Providing Personal Protective Equipment (PPE) to all field staff and volunteers
- Holding annual health and safety training on first aid, fire safety, and emergency preparedness

**Work-Related Injuries**

During the FY 2024-2025, two minor injuries were reported during a flood response in Garsen and Madogo. No fatalities occurred. Immediate medical assistance was provided and a subsequent review of safety protocols led to the improvement of deployment checklists and onsite risk assessments before team dispatch.

**iv) Market place practices-**

As a public institution, the Tana River County Disaster Risk Management Fund is committed to integrity, fairness, and transparency in all its operational and procurement practices.

**a) Responsible competition practice.**

- Open Tendering: All procurement is conducted transparently through competitive and Direct bidding as per the Public Procurement and Asset Disposal Act, 2015.

**Anti-Corruption Measures:**

- Staff sign integrity declarations
- Whistleblower protection and reporting mechanisms are in place
- Procurement and finance officers undergo annual ethics training
- Service Delivery Enhancements:
- Updated Service Charter published on the county website and at disaster coordination centers
- Use of cashless payment systems for disbursement of emergency relief funds and stipends

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

*In maintaining good business practices, the County emphasizes integrity and respect for contractual agreements. Once contracts are awarded, suppliers are engaged in a transparent manner, with clear terms of reference and obligations outlined to minimize disputes. The County has strengthened its contract management systems, ensuring that services and goods are delivered as agreed and that suppliers receive fair treatment throughout the implementation period. The County also strives to honor payments within the stipulated timelines to minimize pending bills issues in order to build trust and encourage stronger partnerships with suppliers.*

**c) Responsible Engagement with Citizens**

- Public engagement is central to the Fund's operations:
- Regular sensitization forums on disaster preparedness conducted in villages, Communities, and market centers

- Use of community radios, bulk SMS alerts, and social media to relay early warning messages
- Inclusive outreach that respects language, cultural, and gender diversity

**d) Product stewardship or Awareness creation**

The Fund upholds citizen rights in its operations:

- Ensures dissemination of accurate information on relief programs, targeting criteria, and grievance mechanisms
- Operates a complaints and feedback desk in all sub-county offices
- Maintains confidentiality of personal data collected during beneficiary registration, in line with the Data Protection Act, 2019

Conducts public education on rights such as:

- Access to relief services
- Right to representation and peaceful assembly
- Right to participate in development planning and disaster preparedness committees
- Right to participate in development of the County Disaster Contingency Plan/ Emergency plan/ Strategic plan
- Right to civic education on disaster and grievance redress mechanisms

v) ***Corporate Social Responsibility / Community Engagements***

The Tana River County Disaster Risk Management Fund's CSR and community engagement efforts are aligned with its mandate to build resilience, promote preparedness, and enhance recovery for disaster-affected communities.

**Community-Based Projects and Investments**

During the FY 2024-2025, the Fund undertook several activities including:

**Livelihood Support:**

- Distribution of agricultural seeds to farmers across the County and to over 500 households

**Education:**

- Assisted in construction of emergency makeshift ECDE classrooms across the Clusters/ those displaced by floods

- Distribution of relief food especially the most vulnerable or those affected with floods

**Public Participation and Sensitization**

- Participated in budget consultative forums to align disaster priorities with community needs
- Participated in peace reconciliation exercise through peace barazas during intertribal conflicts
- Involved community members in development of the County Disaster Contingency Plan
- Conducted civic education on disaster rights and grievance redress mechanisms through barazas and Community networks (CMDRR)

## **11. Report of The Trustees**

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the Fund affairs.

### **Principal activities**

The principal activities of the Fund are:

- Capacity builds the staff and the community members in matters of disasters
- Promote preparedness and initiate response to deal with disasters as they occur
- Evacuate, rescue and give relief to the victims of any hazard
- Avert danger, threat, risk, hazard or menace of any disaster
- Offer rehabilitative and reconstruction services to return to normalcy
- Mitigate, lessen, alleviate or reduce risk of any disaster or severity or consequences

### **Results**

The results of the Fund for the year ended June 30, 2025 are set out on pages 1 to 8 provided in the financial statement

### **Trustees**

The members of the Board of Trustees who served during the year are shown on pages iv to viii provided in the report

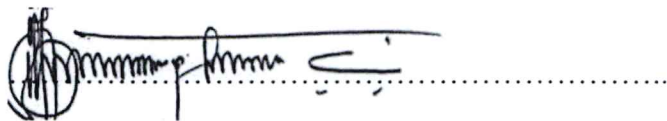
### **Auditors**

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

**Tana River County Disaster Risk Management Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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A handwritten signature in black ink, appearing to be 'M. M. M. M.', is written over a horizontal dotted line. The signature is somewhat stylized and cursive.

**Chair of the Board/Fund Administration Committee**

**Date:** 10-7-2025

**Tana River County Disaster Risk Management Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**12. Statement of Management’s Responsibilities**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by the Tana River County Disaster Risk Management Act 2021 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *by the Tana River County Disaster Risk Management Fund Act 2020*. The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2025, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund’s ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

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

**Approval of the financial statements**

The Fund’s financial statements were approved by the Board on 10-7- 2025 and signed on its behalf by:

**Tana River County Disaster Risk Management Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

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SA. Waka

Administrator of the County Public Fund



# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
Email: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## **REPORT OF THE AUDITOR-GENERAL ON TANA RIVER COUNTY DISASTER RISK MANAGEMENT FUND FOR THE YEAR ENDED 30 JUNE, 2025**

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### PREAMBLE

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

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

### REPORT ON THE FINANCIAL STATEMENTS

#### **Qualified Opinion**

I have audited the accompanying financial statements of Tana River County Disaster Risk Management Fund set out on pages 1 to 31, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance,

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*Report of the Auditor-General on Tana River County Disaster Risk Management Fund for the year ended 30 June, 2025*

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

In my opinion, except for the 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 Tana River County Disaster Risk Management Fund as at 30 June, 2025 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 the Tana River County Disaster Risk Management Fund Act, 2020 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Unsupported Use of Goods and Services**

The statement of financial performance reflects use of goods and services expenditure amount of Kshs.84,508,143 as disclosed in Note 8 to the financial statements. Review of the supporting documents revealed that out of the expenditure of Kshs.84,508,143 an amount of Kshs.17,436,163 was not adequately supported.

In the circumstances, the accuracy, completeness and propriety of use of goods and services expenditure amount of Kshs.84,508,143 could not be confirmed.

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

#### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

#### **Other Matter**

#### **Unresolved Prior Year Audit Matters**

In the audit of the previous year several issues were raised under the report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, even though Management indicated that the issues were resolved, no evidence was provided to support how the issues listed in Appendix 1 were resolved.

## Other Information

The Management is responsible for the Other Information set out on page iii to xxxiv which comprise of Key Entity Information and Management, Board of Trustees/Fund Administration Committee, Management Team, Report of the Fund Administrator, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Trustees and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Fund's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

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

### Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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. Duplicate Fund Roles

The County Executive established both the Tana River County Disaster Risk Management Fund and Tana River County Emergency Fund to address emergencies and disaster events as and when they occur. However, records provided for audit indicate the two (2) Funds have duplicating roles and funded similar activities during the year as detailed below:-

Expenditure Item	Disaster Risk Management Fund (Kshs)	Emergency Fund (Kshs)
Relief Food	23,971,728	36,358,500
Water Tanks	6,960,000	47,599,860
Conflict Resolutions	4,800,000	3,250,000

No explanation was provided by Management on action being taken to address the duplicating functions of the two (2) County Executive Funds.

In the circumstances, the duplicated activities may not have resulted in the effective use of public resources and value for money may not have been achieved.

## **2. Errors in Presentation and Disclosures in the Annual Report and Financial Statements**

Review of the financial statements revealed that the financial statements presented for audit did not comply with the reporting template issued by the Public Sector Accounting Standards Board as follows:

- (i) The Fund Administration Committee reflected on pages vii to ix are only six (6) individuals instead of seven (7) as required by Section 4 of the Tana River County Disaster Risk Management Fund Act, 2020.
- (ii) Management Discussion and Analysis on page xxiii to xxiv and Statement of Management's Responsibilities on page xxxiii reflects Tana River County Disaster Risk Management Act, 2021 instead of 2020.
- (iii) The significant accounting policies from on 9 to page 23 reflect the word entity instead of the Fund. The policies also under pages 9 and 19 reflect the guidance note as part of the statements.

In the circumstances, the Management was in breach of Section 164(1) of the Public Finance Management Act, 2012 which requires at the end of each financial year, the Accounting Officer for a County Government entity to prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The Standards require 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 comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, 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 the Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Fund's, ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The Standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

21 November, 2025

## Appendix I: Unresolved Prior Year Audit Matters

S/No.	Financial Year	Title
1.	2023/2024	Errors in Presentation and Disclosure of the Annual Report and Financial Statements
2.	2023/2024	Inaccurate Deficit Amount
3.	2023/2024	Unsupported Current Liabilities Balance
4.	2023/2024	Inaccurate Accumulated Surplus Balance
5.	2023/2024	Unaccounted for Collapsible Water Tanks
6.	2023/2024	Use of Goods and Services
7.	2023/2024	Irregular Expenditure on Food Stuffs
8.	2023/2024	Unaccounted for Consultancy Expenditure
9.	2023/2024	Establishment of Two Funds with Similar Activities
10.	2023/2024	Budgeted Deficit

**Tana River County Disaster Risk Management Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**14. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2025**

Description	Note	2024-2025	Restated 2023-2024	Original 2023-2024
		Kshs	Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>				
Public Contributions and Donations	6	-	2,401,911	2,401,911
Transfers From the County Government	7	139,682,547	137,602,243	137,602,243
		<b>139,682,547</b>	<b>140,004,154</b>	<b>140,004,154</b>
<b>Revenue From Exchange Transactions</b>				
Other Income		-	-	-
			-	
<b>Total Revenue</b>		<b>139,682,547</b>	<b>140,004,154</b>	<b>140,004,154</b>
<b>Expenses</b>				
Use of goods and services	8	84,508,143	252,497,067	197,177,067
<b>Total Expenses</b>		<b>84,508,143</b>	<b>252,497,067</b>	<b>197,177,067</b>
<b>Other Gains/Losses</b>				
Gain/Loss on Disposal of Assets		-	-	-
Gain /Loss on fair value of investments		-	-	-
<b>Surplus/(Deficit) for the Period</b>		<b>55,174,404</b>	<b>(112,492,913)</b>	<b>(57,172,913)</b>

(The restatement was to rectify the understated Use of goods and Services by Kshs. 55,320,000 trade payables and adopt the accrual basis of accounting)

.....  
 Name: SALINA OMARA  
 Administrator of the Fund

.....  
 Name: JILL N. KOMORA  
 Fund Accountant

ICPAK Member Number: 27131



**Tana River County Disaster Risk Management Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**15. Statement of Financial Position As at 30 June 2025**

Description	Note	2024-2025	Restated 2023-2024	Original 2023-2024
		Kshs	Kshs	Kshs
<b>Assets</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	9	553,822	699,418	699,418
		-	-	
		-	-	
<b>Total current assets</b>		<b>553,822</b>	<b>699,418</b>	<b>699,418</b>
<b>Non-Current Assets</b>				
<b>Total non- current assets</b>		-	-	
<b>Total Assets (A)</b>		<b>553,822</b>	<b>699,418</b>	<b>699,418</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Trade and Other Payables	10	-	55,320,000	-
<b>Total current liabilities</b>		-	<b>55,320,000</b>	<b>55,320,000</b>
<b>Non-Current Liabilities</b>				
<b>Total Liabilities (B)</b>		-	<b>(55,320,000)</b>	
<b>Net Assets (A-B)</b>		<b>553,822</b>	<b>(54,620,582)</b>	<b>(54,620,582)</b>
<b>Represented By:</b>				
Revolving Fund		-		
Reserves		-	-	
Accumulated Surplus		553,822	(54,620,582)	(54,620,582)
<b>Net Assets</b>		<b>553,822</b>	<b>(54,620,582)</b>	<b>699,418</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 6-7-2025 and signed by:

**Tana River County Disaster Risk Management Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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.....  
Name: *SALIMA OMARA*  
Administrator of the Fund



.....  
Name: *JILLO M-KEMORA*  
Fund Accountant  
ICPAK Member Number: *24131*

**16. Statement of Changes in Net Assets for the year ended 30<sup>th</sup> June 2025**

Description	Revolving Fund	Accumulated surplus	Total
	Original Kshs	Restated Kshs	Kshs
<b>Balance As At 1 July 2023</b>	57,872,331	57,872,331	57,872,331
Surplus/(Deficit) For the Period	-55,320,000	(112,492,913)	(112,492,913)
Funds Received During the Year	140,004,154	-	-
Transfers	-197,177,067	-	-
Revaluation Gain	-	-	-
<b>Balance As At 30 June 2024</b>	<b>-54,620,582</b>	<b>-54,620,582</b>	<b>-54,620,582</b>
<b>Balance As At 1 July 2025</b>	-	<b>-54,620,582</b>	<b>-54,620,582</b>
Surplus/(Deficit) For the Period	-	55,174,404	55,174,404
<b>Balance As At 30 June 2025</b>	-	<b>553,822</b>	<b>553,822</b>

*(The restatement was to rectify error balances in revolving fund column and restate balances correctly at accumulated surplus column.)*

*Tana River County Disaster Risk Management Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**Statement of Cash Flows for The Year Ended 30 June 2025**

17. Description	Note	2024-2025	2023-2025
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public Donation		-	2,401,911
Transfers from the county government		139,682,547	137,602,243
Receipts from other operating activities		-	-
<b>Total receipts</b>		<b>139,682,547</b>	<b>140,004,154</b>
<b>Payments</b>			
Use of goods and services		(139,828,143)	(197,177,067)
Other payments		-	-
<b>Total payments</b>		<b>(139,828,143)</b>	<b>(197,177,067)</b>
<b>Net cash flows from operating activities</b>		<b>(145,596)</b>	<b>(57,172,913)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from sale of property, plant & 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>		<b>-</b>	<b>-</b>

*Tana River County Disaster Risk Management Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
<b>Net cash flows used in financing activities</b>		-	-
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		<b>(145,596)</b>	<b>(57,172,913)</b>
Cash and cash equivalents at 1 July 2024	9	699,418	57,872,331
<b>Cash and cash equivalents at 30 June 2025</b>	<b>9</b>	<b>553,822</b>	<b>699,418</b>

*Tana River County Disaster Risk Management Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**18. Statement Of Comparison of Budget and Actual Amounts for The Period 2025**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
<b>Budget carryovers from the previous year*</b>	699,418	-	699,418	699,418	-	100%
<b>Receipts</b>					-	
Transfers From County Govt.	139,682,547	-	139,682,547	139,682,547	-	100%
Interest Income	-	-	-	-	-	
<b>Total Income</b>	<b>140,381,965</b>	<b>-</b>	<b>140,381,965</b>	<b>140,381,965</b>	<b>-</b>	<b>100%</b>
<b>Expenses</b>					-	
Use of goods and services	140,381,965	-	140,381,965	139,828,143	553,822	99.6%
	-	-	-	-	-	
<b>Total Expenditure</b>	<b>140,381,965</b>	<b>-</b>	<b>140,381,965</b>	<b>139,828,143</b>	<b>553,822</b>	<b>99.6%</b>
<b>Surplus For the Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>553,822</b>		

**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	(145,596)
1	Carryovers from previous year	699,418
2	Reason for differences	-
3	Reason for differences	-
4	Reason for differences	-
	<b>Closing Cash and Cash Equivalent as per the statement of Cash flows</b>	<b>553,822</b>

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**19. Notes to the Financial Statements**

**Significant Accounting Policies**

**1. General Information**

Tana River County Disaster Risk Management Fund entity is established by and derives its authority and accountability from Disaster Risk Management Act. The entity is wholly owned by the Tana River County Government and is domiciled in Kenya. The entity's principal activity is Disaster Management ranging from Resilience Building, Response activities, Mitigation and Recovery

**2. Statement of compliance and basis of preparation**

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

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

*(When an IPSAS becomes effective on 1<sup>st</sup> January 2000, it is applicable in Kenya from 1<sup>st</sup> July 2014)*

**(i) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025**

There were no new and amended standards issued in the financial year.

**(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.**

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43: Leases	<b>Applicable 1<sup>st</sup> January 2025</b> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the fund. The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.

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	<i>State the expected impact of the standard to the Fund if relevant</i>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><b><i>State the expected impact of the standard to the Fund if relevant</i></b></p>
IPSAS 45: Property Plant and Equipment	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognized as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><b><i>State the expected impact of the standard to the Fund if relevant</i></b></p>
IPSAS 46: Measurement	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ol> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><b><i>State the expected impact of the standard to the Fund if relevant</i></b></p>
IPSAS 47: Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users</p>

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	<p>of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. <i>State the expected impact of the standard to the Fund if relevant</i></p>
<p>IPSAS 48: Transfer Expenses</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. <i>State the expected impact of the standard to the Fund if relevant</i></p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. <i>State the expected impact of the standard to the Fund if relevant</i></p>
<p>IPSAS 50: Exploration For &amp; Evaluation of Mineral Resources</p>	<p><b><i>Applicable 1<sup>st</sup> January 2027</i></b> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the fund's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ol> <p><i>State the expected impact of the standard to the Fund if relevant</i></p>

**(i) Early adoption of standards**

The Fund did not early – adopt any new or amended standards in the financial year.

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**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i. Revenue from non-exchange transactions**

**Transfers from other government entities**

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

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the Funds right to receive payments is established.

**Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

**b) Budget information**

The original budget for FY 2024-2025 was approved by the County Assembly on 2024. 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 fund upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund did not receive additional appropriations on the FY 2025 budget following the governing body's approval.

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

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**Summary of Significant Accounting Policies (Continued)**

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 cash flows has been presented.

**c) Property, plant and equipment**

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

**a) 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.

**b) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.* Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

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**Summary of Significant Accounting Policies (Continued)**

**c) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The fund does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the fund measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**Financial assets**

**Classification of financial assets**

The Fund classifies its financial assets as subsequently measured at amortized cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the fund's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless the fund has made irrevocable election at initial recognition for particular investments in equity instruments.

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the fund classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

**Summary of Significant Accounting Policies (Continued)**

**Amortized cost**

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Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

**Impairment**

The Fund assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Notes*.

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**Summary of Significant Accounting Policies (Continued)**

**Financial liabilities**

**Classification**

The Fund classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

**d) 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 labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

**e) Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**f) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognizes a social benefit as an expense for the social benefit scheme at the same time that it recognizes a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

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**Summary of Significant Accounting Policies (Continued)**

**g) Contingent liabilities**

The 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.

**Contingent assets**

The 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 Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**h) Nature and purpose of reserves**

The Fund creates and maintains reserves in terms of specific requirements. Entity to state the reserves maintained and appropriate policies adopted.

**i) Changes in accounting policies and estimates**

The 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.

**j) Employee benefits – Retirement benefit plans**

The 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.

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**Summary of Significant Accounting Policies (Continued)**

**k) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**l) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**m) Related parties**

The 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.

**n) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the 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 authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**o) Comparative figures**

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

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**Summary of Significant Accounting Policies (Continued)**

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

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

State all judgments, estimates and assumptions made e.g.

**a) Estimates and assumptions –**

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

**b) Useful lives and residual values**

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

- 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

**c) Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

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.

*(Include provisions applicable for your organization e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)*

**Tana River County Disaster Risk Management Fund  
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**Notes To the Financial Statements Continued**

**6. Public contributions and donations**

Description	2024-2025	2023-2024
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From the Public	-	2,401,911
<b>Total</b>	<b>-</b>	<b>2,401,911</b>

**7. Transfers from County Government**

Description	2024-2025	2023-2024
	Kshs	Kshs
Transfers From County Govt. –Operations	139,682,547	137,602,243
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
<b>Total</b>	<b>139,682,547</b>	<b>137,602,243</b>

**8. Use of Goods and Services**

Description	2024-2025	Restated 2023-2024	Original 2023-2024
	Kshs.	Kshs.	
Administration costs	3,181,500	2,437,757	2,437,757
Conflict Resolution costs	4,800,000	-	-
Fuel And Oil Costs	3,000,000	6,500,000	6,500,000
Committee Allowance	2,443,400	-	-
Flood Risk Assessment Costs	4,992,880	-	-
Water tanks	6,960,000	-	-
Consultancy Services	8,974,200	-	-
Bank Charges	18,772	15,456	15,456
General expenses	15,689,500	-	-
Emergency makeshift classrooms	10,476,163	-	-
Other- Relief related costs	23,971,728	243,543,854	188,223,854
<b>Total</b>	<b>84,508,143</b>	<b>252,497,067</b>	<b>197,177,067</b>

(The restatement was to rectify the understated Use of goods and services by Kshs. 55,320,000 trade payables and adopt the accrual basis of accounting)

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**9. Cash and cash equivalents**

5. Description	2024-2025	2023-2024
	Kshs	Kshs
Tana River Disaster Risk Management Fund Account	553,822	699,418
Others	-	-
<b>Total Cash and Cash Equivalents</b>	<b>553,822</b>	<b>699,418</b>

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

Financial Institution	Account number	2024-2025	2023-2024
		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>			
Kenya Commercial Bank	1290396809	553,822	699,418
Bank B	-	-	-
<b>Sub- Total</b>		<b>553,822</b>	<b>699,418</b>
<b>d) Others(Specify)</b>			
Cash In Transit		-	-
Cash In Hand		-	-
<b>Sub- Total</b>		-	-
<b>Grand Total</b>		<b>553,822</b>	<b>699,418</b>

**Tana River County Disaster Risk Management Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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

Description	2024-2025		2023-2024	
	Kshs		Kshs	
Trade Payables	-		55,320,000	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
<b>Total Trade and Other Payables</b>	-		<b>55,320,000</b>	
Ageing analysis (Trade and other payables)	2024-2025	% of the Total	2023-2024	% of the Total
Under one year	-	%	55,320,000	100%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (tie to above total)</b>	-		<b>55,320,000</b>	

**10.2 Cash generated from operations.**

Description	2024-2025		2023-24	
	Kshs		Kshs	
<b>Surplus/ (Deficit) For the Year Before Tax</b>	<b>55,174,404</b>		<b>-112,492,913</b>	
<b>Adjusted For:</b>				
<b>Working Capital Adjustments</b>				
Increase In Receivables	-		-	
(decrease)/Increase in Payables	-55,320,000		55,320,000	
<b>Net Cash Flow from Operating Activities</b>	<b>-145,596</b>		<b>-57,172,913</b>	

## **11. 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; etc.

### **b) Related party transactions**

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Transfers From Related Parties'	139,682,547	137,602,243
Transfers To Related Parties	-	-

### **c) Key management remuneration**

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Board Of Trustees	-	-
Key Management Compensation	-	-
<b>Total</b>	-	-

### **d) Due from related parties**

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Due From Parent Ministry	-	-
Due From County Government	-	-
<b>Total</b>	-	-

**Other Disclosures Continued**

**e) Due to related parties**

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
<b>Total</b>	-	-

**12. Contingent assets and contingent liabilities**

<b>Contingent Liabilities</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Court Case Against the Fund	-	-
Bank Guarantees	-	-
<b>Total</b>	-	-

### **13. Financial risk management**

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

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

#### **a) Credit risk**

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the fund'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 fund's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

<b>Description</b>	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 June 2025</b>				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	553,822	-	-	-
<b>Total</b>	<b>553,822</b>	-	-	-
<b>At 30 June 2024</b>				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	699,418	-	-	-
<b>Total</b>	<b>699,418</b>	-	-	-

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 fund recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The fund has significant concentration of credit risk on amounts due from 20

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 fund's short, medium and long-term funding and liquidity management requirements. The fund 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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2025</b>				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2024</b>				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	-	-

**c) Market risk**

The board has put in place an internal audit function to assist it in assessing the risk faced by the fund 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 fund'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 optimizing 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 fund'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 fund's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description		Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2025</b>			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
<b>Liabilities</b>			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
<b>Net Foreign Currency Asset/(Liability)</b>	-	-	-

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

**Foreign currency sensitivity analysis**

The following table demonstrates the effect on the Fund's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three

main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
<b>As at 30 June 2025</b>			
Euro	10%	-	-
USD	10%	-	-
<b>As at 30 June 2024</b>			
Euro	10%	-	-
USD	10%	-	-

**ii. Interest rate risk**

Interest rate risk is the risk that the fund's financial condition may be adversely affected as a result of changes in interest rate levels. The funds'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 endeavored to bank with institutions that offer favorable interest rates.

***Sensitivity analysis***

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

**d) Capital risk management.**

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

Description	2024-2025	2023-2024
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund		
Accumulated surplus	553,822	(54,620,582)
<b>Total funds</b>	<b>553,822</b>	<b>(54,620,582)</b>
Total borrowings	-	-
Less: cash and bank balances	(553,822)	(699,418)
Net debt/(excess cash and cash equivalents)	-	55,320,000
<b>Gearing</b>	<b>0%</b>	<b>%</b>

**14. Events after the reporting period**

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

**15. Ultimate and Holding Entity**

The fund is a County Public Fund established by The Tana River County Disaster Risk Management Act, 2020. Its ultimate parent is the County Government of Tana River.

**16. Currency**

The financial statements are presented in Kenya Shillings (Kshs)

**20. Annexes**

**Annex I: 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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Errors in Presentation and Disclosure of the Annual Report and Financial Statements.	Requested Restatement	Not Resolved	Senate committee schedule
2	Unaccounted for Collapsible Water Tanks ie Distribution lists not fully attached	Distribution lists fully availed for audit review	Not Resolved	Senate committee schedule
3	Irregular Expenditure on Food Stuffs ie Governors gazette notice declaration for emergency not availed	Elnino Resource mobilization committee gazette availed, DRM committee minutes, KIRA reports availed	Not Resolved	Senate committee schedule
4	Establishment of Two Funds with Similar Activities	Relevant documentation availed	Not Resolved	Senate committee schedule
5	Establishment of Two Funds with Similar Activities ie Tana River DRM Fund and Tana	Distinct operational mandate Emergency fund established by PFM Act, DRM Fund established DRM Act	Not Resolved	Senate committee schedule

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	River Emergency Fund			

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Fund responsible for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

Fund Administrator

Date.....



**County Government of Tana River**  
**Tana River County Disaster Risk Management Fund**  
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**Annex II: Inter-Fund Confirmation Letter**

*Tana River Disaster Management Fund*

*P. Box 29- 70101, Hola*

The *County Treasury of Tana River* wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2025 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Tana River Disaster Risk Management Fund] as at 30 <sup>th</sup> June 2025							
Reference Number	Date Disbursed	Amounts Disbursed by [County Government of Tana River] (Kshs) as at 30 <sup>th</sup> June 2025				Amount Received by [beneficiary Fund] (KShs) as at 30 <sup>th</sup> June 2025 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
1		139,682,547	-	-	139,682,547	139,682,547	-
<b>Total</b>		<b>139,682,547</b>	<b>-</b>	<b>-</b>	<b>139,682,547</b>	<b>139,682,547</b>	<b>-</b>

In confirm that the amounts shown above are correct as of the date indicated.

**Head of Accountants department of beneficiary Fund:**

Name CORNELIUS WAMUKOTA Sign [Signature] Date 10<sup>th</sup> July 2025

*County Government of Tana River*  
*Tana River County Disaster Risk Management Fund*  
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**Annex III: Reporting on Disaster Management Expenditure**

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
DRM				general disaster activities	8,643,672	
DRM	Resilience	floods		Resilience	10,476,163	
DRM		Drought		Resilience	6,960,000	
DRM	Response	Inter tribal Conflicts		Response	4,800,000	
DRM	Recovery	Floods		Recovery	23,971,728	
DRM	Resilience			Resilience	24,663,700	
DRM	Preparedness	Floods		Preparedness	4,992,880	