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REPORT

OF

THE AUDITOR-GENERAL

ON

NYAMIRA COUNTY EMERGENCY FUND

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



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P.O BOX 434 – 40500 NYAMIRA
[Email: info@nyamira.go.ke](mailto:info@nyamira.go.ke)

[TEL:0738727272](tel:0738727272) or [0735232323](tel:0735232323)
Website: www.nyamira.go.ke

NYAMIRA COUNTY EMERGENCY FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2021**

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

NYAMIRA COUNTY EMERGENCY FUND
Reports and Financial Statements
For the year ended June 30, 2021

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

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Emergency Fund is established by and derives its authority and accountability from Nyamira County Emergency Fund Regulations, 2019 on 26th July 2019. The Fund is wholly owned by the County Government of Nyamira and is domiciled in Kenya.

The fund's objective is to cater for urgent and unforeseen circumstances within the county

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

b) Board of Trustees/Fund Administration Committee

As at the beginning of the financial year the following were the board members:

Ref	Position	Name
1.	Chairman of the Board	H.E John Obiero Nyagarama
2.	CECM, Health Services	Mr. Douglas Oseko Bosire
3.	CECM, Public service Management	Mr. Bernard Osumo
4.	CECM, Lands, Housing and Physical Planning	Mr. Zablon Onchiri
5.	CECM, Transport and Infrastructure	Mr. Peter Omwanza Muga
6.	CECM, Finance, ICT and Economic Planning (Fund Manager/ Administrator)	CPA John Omanwa Moenga
7.	Chief Officer (<i>Finance, ICT and Economic Planning</i>)	CPA Dominic Oyugi Barare
8.	County Commissioner	Mr. Amos Mariba

Due to the demise of H.E John Obiero Nyagarama, the new board was reconstituted in line with the new administration as under

**Nyamira County Emergency Fund
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Ref	Position	Name
1.	Chairman of the Board	H.E Amos Nyaribo
2.	CECM, Health Services	Mrs. Gladys Bogonko Momanyi
3.	CECM, Public service Management	Mr. Thomas Bundi Aroni Nyariki
4.	CECM, Lands, Housing and Physical Planning	Mr. Samuel Maiko Mokuwa
5.	CECM, Transport and Infrastructure	Mr. Jones Moko omwenga
6.	CECM, Finance, ICT and Economic Planning (Fund Manager/ Administrator)	CPA Emilly Ongaga
7.	Chief Officer (<i>Finance, ICT and Economic Planning</i>)	CPA Dominic Oyugi Barare
8.	County Commissioner	Mr.Amos Mariba

c) Key Management

Ref	Position	Name
1	Fund Manager/ Administrator	CPA. Emilly Ongaga
2.	Chief Finance, ICT & Economic Planning	CPA Dominic Oyugi Barare
2	Fund Accountant	CPA. Lawrence N Nyangena

d) Fiduciary Oversight Arrangements

Ref	Position	Name
1	Directorate Internal Audit	Stephen Mwencha
2	County assembly	County Assembly Finance & Economic planning committee, County Budget & Appropriation Committee

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

e) Registered Offices

P.O. Box 464-40500

Nyamira Building/House/Plaza

Nyamira,, KENYA

f) Fund Contacts

Telephone: (254) 0738727272, 0735232323

E-mail inf@nyamira.go.ke com

Website: [www.nyamira go.ke](http://www.nyamira.go.ke)

g) Fund Bankers

Kenya Commercial Bank

Nyamira Branch

P.O Box 403-40500

Nyamira, Kenya.

h) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

i) Principal Legal Adviser

Fredah Moraa Nyakundi

Director, Legal Services,

P.O. Box 434-40500 ,Nyamira, Kenya.

2. THE BOARD OF TRUSTEES/ FUND ADMINISTRATION COMMITTEE.



**HIS. EXCELLENCY HON. AMOS
KIMWOMI NYARIBO.
NYAMIRA GOVERNOR**

His Excellency Hon. Amos Kimwomi Nyaribo is the second Governor of Nyamira County. He took the mantle to lead the county after the death of the first Governor, The late H.E. Hon John Obiero Nyagarama on 18th December, 2020. H.E. Hon. Amos Kimwomi Nyaribo was sworn in on 29th December, 2020 at Nyamira Primary grounds. Until his entry into elective politics, Governor Amos Nyaribo who is a chartered Accountant worked in Government and non-state organizations in senior managerial positions. In 2013 together with the late H.E. Hon John Obiero Nyagarama, they were elected as Governor and Deputy Governor respectively in the 2013 general election. Besides being a public servant, Governor Nyaribo is a multi-talented and influential entrepreneur who has successfully started, grown and managed various enterprises in diverse sectors ranging from Dry Cleaning, Real Estate Development among others. Born in Magwagwa, North Mugirango constituency, Nyamira County H.E. Hon. Amos Kimwomi Nyaribo is a chartered Accountant with a Bachelor of Commerce degree.

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



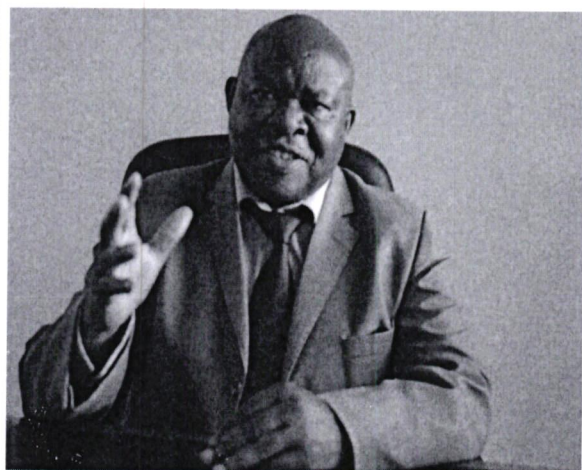
CPA. EMILY MORAA ONGAGA
Executive Committee Member: Finance ICT
and Economic Planning and AG. Public
Service Management

Academic Qualifications

Mrs Emily Moraa Ongaga holds a Master of Business Administration (Finance) degree from Egerton University and a Bachelor of Arts (Economics & Sociology) degree from the University of Nairobi.

Professional Experience

Prior to her appointment, she served as the Director Corporate Services in the National Commission for Science, Technology and Innovation. She is a member of the Institute of Certified Public Accountants of Kenya (ICPAK). She has a wealth of experience from various institutions spanning twenty one years.





MR. SAMUEL MOKUA MAIKO
Executive Committee Member: Environment
and Natural Resources

Academic Qualifications

Mr. Samuel Mokuu Maiko holds a Bachelor of Science degree in Agriculture and Certificate in Strategic Management, Project Management, Communication and Extension Management.

Professional Experience

Prior to his appointment as the Executive Committee Member for Lands, Housing and Urban Development, he served as the Executive Committee Member for Environment, Water, Mining and Natural Resources. He also served in various capacities with the National Government as District Cooperatives Officer, District agricultural extension officer, Provincial extension officer, Provincial soil and water management officer, and Livestock extension officer. He has thirty six years of work experience in public service

 <p>MS. GLADYS BOGONKO MOMANYI Executive Committee Member: Health Services</p>	<p><i>Academic Qualifications</i></p> <p>Ms. Gladys Bogonko Momanyi comes from Nyansiongo ward, Borabu Sub-county. She holds a Bachelor of Arts degree in Education and a Master of Arts in Peace & Justice. Additionally, she holds a Postgraduate certification in Database, GIS and Remote Sensing.</p> <p><i>Professional Experience</i></p> <p>She has served in the County Government of Nyamira under various portfolios. County Executive Committee member in the departments of Public Service Management, Education & ICT and recently, has been re-appointed to the department of Health Services. She has twenty three years of work experience in public service.</p>
 <p>MR. JONES MOKO OMWENGA Executive Committee Member: Roads, Transport And Public Works</p>	<p><i>Academic Qualifications</i></p> <p>Mr. Jones Moko Omwenga is from Itibo ward, Nyamira North sub-county. In his educational sojourn, he has attained a Master of Business Administration (Finance) from Jomo Kenyatta University of Agriculture & Technology and a Bachelor of Education degree from Kenyatta University.</p> <p><i>Professional Experience</i></p> <p>In the County Government of Nyamira, he has served as the County Executive Committee member for Education & Vocational Training, Trade, Tourism, Industrialization & Cooperatives and Finance & Economic Planning departments respectively.</p>



MR. THOMAS BUNDI ARONI NYARIKI
**Executive Committee Member: Lands,
Physical Planning & Urban Development**

Academic Qualifications

Mr. Thomas Bundi Aroni Nyariki is from Bonyamatuta ward, Nyamira South sub-county. He pursued a Bachelor of Commerce degree from Shivaji University Kolhapur in India and has advanced his studies to attain a Master of Arts in Monitoring & Evaluation from Daystar University. Additionally, he has pursued a number of professional and managerial courses in Strategic Leadership & Development Programme (SLDP) and Senior Management Courses (SMC) from the Kenya School of Government.

He has a post graduate diploma in M&E from Cavendish University from Zambia, PGD in public administration from Galilee Institute of Management Israel and a Masters of Business Administration from ESAMI

Professional Experience

He has a vast work experience spanning three decades. With the County Government of Nyamira, he held senior positions of Deputy County Secretary and in acting capacity as the County Secretary & Head of Civil Service. He also worked with World Bank, European Union and (DEFID).

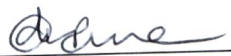
3. BOARD/FUND ADMINISTRATION COMMITTEE CHAIRPERSON'S REPORT

The fund was formed on 13th September, 2019 through legal notice n0.2 of 2019. The main functions as highlighted included mitigating the effects of pandemics that can cause national suffering. In the year 2020, the world was faced with a new virus COVID-19 that spelled a doom future of world economics. The county Government of Nyamira invoked the provision of the emergency Fund Regulation to allow application of monies within the fund to mitigate the effects of corona virus. In addition external funding from both National Government and other Donors was sought to of which this monies was applied in reduction of the spread of Covid -19 as shown in the Below table:

No.	DONOR	AMOUNT	REMARKS
1	County Own Contribution	Kshs. 110,000,000.00	To cater for the emerging cases of COVID 19 on need basis.

The application of this monies is highlighted in the fund manager's report as well as in the main Executive Financial statements where Donor monies were channelled.

In conclusion I wish to thank all partners who have put monies and efforts towards mitigating the effects of the virus including National Government World Bank and Danish Government. Lastly may I also thank the County Assembly for agreeing to set aside some of our resources towards this pandemic.

Signed: 
CPA Emily Ongaga
Fund Administrator
ICPAK Member Number 10900

Nyamira County Emergency Fund
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For the year ended June 30, 2021.

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

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 of Nyamira Emergency Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government of Nyamira Emergency Fund performance against predetermined objectives.

Program	Objective	Outcome	Indicator	Performance
County Emergency Fund	To respond to the unforeseen emergencies in the county	To increase the capacity of the county to respond to emergencies	Two Number of emergencies responded to	Minimise infection rates and deaths

5. REPORT OF THE FUND MANAGER/ ADMINISTRATOR

The Nyamira County emergency Fund was created by the County Assembly through the Nyamira County Emergency and Disaster Regulations 2019 to operationalize any responses to the declared emergencies and disasters. To manage this fund, a committee was constituted under the chairmanship of H.E the Governor with a membership drawn from the members of the County Executive Committee of the affected departments and a secretariat.

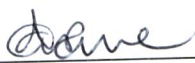
With regard to the Corona Virus Disease (COVID 19) a request was made on 20th April 2020 by the Executive committee Member for Health services for recognition of the disease (Corona Virus Disease) as an emergency in Nyamira by the Nyamira Emergency and Disaster Fund Committee. This request was granted by the committee under the chairmanship of H.E. the Governor after intense deliberations on 20th April 2020.

In the year under review the following institutions gave funding as below:

No.	DONOR	AMOUNT	REMARKS
1..	County Own Contribution	Kshs. 110,000,000.00	To cater for the emerging cases of COVID 19 on need basis.

In order to combat the disease and effects of the corona virus (COVID -19), the county government of Nyamira prioritised application of the fund monies for the following

1. Fast- track the completion of the Doctors' plaza creating an isolation centre in the building
2. Procure Supply, Delivery, Installation, and Commissioning of medical Equipment (80 No. Double Crank Bed sets and 220 No. Single Crank Bed Sets)
3. Procure for Supply and Delivery of 3 Ply Disposable Surgical Facemasks
4. Supply and Delivery Hospital Linen (700 Pieces of Hospital Bed Sheets and 400 Pieces of Hospital Counterpanes)
5. Procure for Supply and Delivery of Personal Protective Equipment for medical frontline workers in handling the affected persons.
6. To use part of the funds for administration expenses related to Covid 19.

Signed: 

CPA Emilly Ongaga

County Executive Committee Member-Finance and Economic Planning

ICPAK Member Number 10900

6. REPORT OF THE TRUSTEES/ FUND ADMINISTRATION COMMITTEE

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

6.1 Principal activities

The principal activities of the Fund are to provide funding of activities and programmes that alleviate and mitigate suffering of the citizens in the event of an occurrence that is of unusual nature.

6.2 Performance

The results of the Fund for the year ended June 30, 2021 are set out on page 13 to 39.

6.3 Trustees

The members of the Board of Trustees who served during the year are shown on page 4.

6.4 Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015

By Order of the Board

Signed: 

CPA Emilly Ongaga
County Executive Committee Member
Finance and Economic Planning
ICPAK Member Number 10900

7. 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 Nyamira County Emergency Fund Regulations 2019 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

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

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Nyamira County Emergency Fund Regulations 2019. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2021, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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 Committee on 20th September, 2021 and signed on its behalf by:



**CPA Emilly Ongaga
County Executive Committee Member
Finance and Economic Planning
Nyamira County Emergency Fund
ICPAK Member Number 10900**

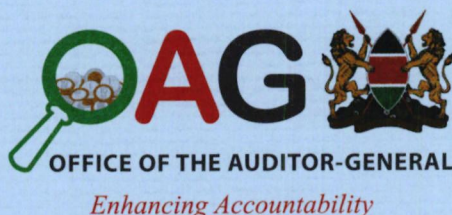
Nyamira County Emergency Fund
Reports and Financial Statements
For the year ended June 30, 2021.

**8. REPORT OF THE INDEPENDENT AUDITOR ON THE NYAMIRA
EMERGENCY FUND**

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

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NYAMIRA COUNTY EMERGENCY FUND FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Nyamira County Emergency Fund set out on pages 1 to 26, which comprise of the statement of financial position as

at 30 June, 2021, and the statement of financial performance, statement of changes in 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Nyamira County Emergency Fund as at 30 June, 2021 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Financial Management Act, 2012.

Basis for Qualified Opinion

Unsupported Hospitality Expenses

The statement of financial performance and Note 3 to the financial statements reflect general expenses amounting to Kshs.100,842,876 which includes hospitality expenses of Kshs.37,138,718. The hospitality expenses includes payments amounting to Kshs.3,860,000 in respect of Covid-19 surveillance, road block management and fumigation and expenditure of Kshs.2,359,900 incurred towards meals and airtime allowances as well as re-imbursments for attending consultative meetings on Covid-19. However, the expenditure was not supported by original vouchers, appropriate authority from the Fund Administrator and imprest warrants duly signed by the beneficiaries.

In the circumstances, the accuracy and completeness of the expenditure of Kshs.6,219,900 in respect to hospitality expenses could not be confirmed.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis of Conclusion

Irregular Reallocation of Emergency Funds

The statement of financial performance and Note 3 to the financial statements reflects general expenses amounting to Kshs.100,842,876 which includes an amount of Kshs.20,896,792 incurred on construction of Covid-19 Isolation Centre. However, physical verification of the project on 15 February, 2022 revealed that no Isolation Centre was constructed and instead the funds were reallocated towards the construction of the Doctors' Plaza which was a multi-year project which was still in progress and could not be classified as an emergency. Management did not provide an approval for reallocation of the funds by the County Disaster and Emergency Committee in line with Regulation 12 of the Nyamira County Emergency Fund Regulations, 2019.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis of 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 processes and systems of internal controls, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

The 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 such 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.

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

The 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.

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

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

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

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

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



CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


27 September, 2022

NYAMIRA COUNTY EMERGENCY FUND
Reports and Financial Statements
For the year ended June 30, 2021

9. FINANCIAL STATEMENTS
9.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
30th JUNE 2021.

	Note	2020/2021
		KShs
Revenue from non-exchange transactions		
Transfers from the County Government	1	110,001,000
		0
Revenue from exchange transactions		
Total revenue		110,001,000
Expenses		
Fund administration expenses	2	8,828,700
General expenses	3	100,742,876
Total expenses		109,671,576
Other gains/losses		
Surplus/(deficit) for the period		329,424

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 17th August, 2021 and signed by:

_____ 

Administrator of the Fund

Name: CPA Emily Ongaga

ICPAK Member Number: 10900

_____ 

Fund Accountant

Name: CPA Lawrence N.Nyangena

ICPAK Member Number: 12445

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

9.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2020/2021
		KShs
Assets		
Current assets		
Cash and cash equivalents	4	329,424
Non-current assets		
Total assets		329,424
Liabilities		
Current liabilities		
Employee benefit obligations		0
Non-current liabilities		
Non-current employee benefit obligation		0
Total liabilities		0
Net assets		329,424
Revolving Fund		0
Reserves		0
Accumulated surplus		329,424
Total net assets and liabilities		329,424

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 20th September, 2021 and signed by:



Administrator of the Fund

Name: CPA Emily Ongaga

ICPAK Member Number: 10900



Fund Accountant

Name: CPA Lawrence N.Nyangena

ICPAK: Member Number: 12445

NYAMIRA COUNTY EMERGENCY FUND
Reports and Financial Statements
For the year ended June 30, 2021

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

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2020	0	0	0	0
Surplus/(deficit) for the period	329,424	0	0	329,424
Balance as at 30 June 2021	329,424	0	0	329,424

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 20th September, 2021 and signed by:



Administrator of the Fund

Name: CPA Emily Ongaga

ICPAK Member Number: 10900



Fund Accountant

Name: CPA Lawrence N. Nyangena

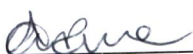
ICPAK: Member Number: 12445

NYAMIRA COUNTY EMERGENCY FUND
Reports and Financial Statements
For the year ended June 30, 2021

9.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2020/2021
		KShs
Cash flows from operating activities		
Receipts		
Public contributions and donations		0
Transfers from the County Government	1	110,001,000
Receipts from other operating activities		0
Total Receipts		110,001,000
Payments		
Fund administration expenses	2	8,828,700
General expenses	3	100,842,876
Finance cost		
Total Payments		109,671,576
Net cash flows from operating activities		329,424
Cash and cash equivalents at 1 JULY,2020	4	329,424
Cash and cash equivalents at 30 JUNE,2021	4	329,424

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 20th September, 2021 and signed by:



Administrator of the Fund

Name: CPA Emily Ongaga

ICPAK Member Number: 10900



Fund Accountant

Name: CPA Lawrence N. Nyangena

ICPAK: Member Number: 12445

9.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2021.

	Original budget	Adjustments	Final budget	Actual on comparable basis	% utilisation
	2021	2021	2021	2021	2021
	KShs	KShs	KShs	KShs	
Revenue					
Public contributions and donations	0	0	0	0	0
Transfers from County Govt.	110,001,000	0	110,001,000	110,001,000	100%
Interest income	0	0	0	0	
Total income	110,001,000	0	110,001,000	110,001,000	100%
Expenses					
Fund administration expenses	8,828,700		8,828,700	8,828,700	0%
General expenses	101,172,300		101,172,300	100,842,876	99%
Total expenditure	110,001,000		110,001,000	109,671,576	99%
Surplus for the period				329,424	

Budget notes

- 1. The expenditure is from income balance carried forward from the previous financial year.*

10. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

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

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Adoption of new and revised standards

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

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

<p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard</p>	<p>There was no impact.</p>
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b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

Standard	Effective date and impact:
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. <p><i>(State the impact of the standard to the entity if relevant)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Early adoption of standards

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

3. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

4. Budget information

The original budget for FY 2020/2021 was approved by the County Assembly on 27th June, 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

5. Property, plant and equipment

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

2. Intangible assets

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Financial instruments

a) Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or a entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

b) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

4. Inventories

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

5. Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

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

Contingent liabilities

The Entity does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent assets

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

6. Nature and purpose of reserves

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

7. Changes in accounting policies and estimates

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

8. Employee benefits – Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Foreign currency transactions

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

10. Borrowing costs

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

11. Related parties

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

12. Cash and cash equivalents

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

13. Comparative figures

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

14. Events after the reporting period

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

15. Ultimate and Holding Entity

The entity is a County Public Fund established by Nyamira County Emergency Fund Regulations under the Department of Finance and Economic Planning 'Its ultimate parent is the County Government of Nyamira.

16. Currency

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

17. Significant judgments and sources of estimation uncertainty

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

State all judgements, 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:

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

18. Financial risk management

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

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

a) Credit risk

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

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

	Total amount KShs	Fully performing KShs	Past due KShs	Impaired KShs
At 30 June 2021				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0
At 30 June 2020				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances		0	0	0
Total	0	0	0	0

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

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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Liquidity risk management

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

The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	KShs	KShs	KShs	KShs
At 30 June 2021				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0
At 30 June 2020				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

d) Foreign currency risk

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

		Other currencies	Total
	KShs	KShs	KShs
At 30 June 2021			
Financial assets	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors/ receivables			
Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Fund's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	Change in currency rate	Effect on surplus/ deficit	Effect on Equity
	KShs	KShs	KShs
2021			
Euro	10%	0	0
USD	10%	0	0
2020			
Euro	10%	0	0
USD	10%	0	0

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (2021: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2020 – KShs xxx)

f) Capital risk management

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

8. NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from County Government

Description	2020/2021
	KShs
Transfers from County Govt. – operations	110,001,000
Total	110,001,000

2. Fund administration expenses

Description	2020/2021
	KShs
Staff costs (Note2a)	8,828,700
Total	8,828,700

2A. Staff costs

Description	2020/2021
	KShs
Salaries and wages	8,828,700
Total	8,828,700

3. General expenses

Description	2020/2021
	KShs
Consumables	42,773,190
Bank Charges	34,176
Hospitality	37,138,972
Other expenses(Construction of Isolation Centre)	20,896,792
Total	100,842,976

4. Cash and cash equivalents

Description	2020/2021
	KShs
On – call deposits	329,297
Total cash and cash equivalents	329,297

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

		2020/2021
Financial institution	Account number	KShs
a) Current account		
Kenya Commercial bank	12729986	329,297
Sub- total		329,297
Grand total		329,297