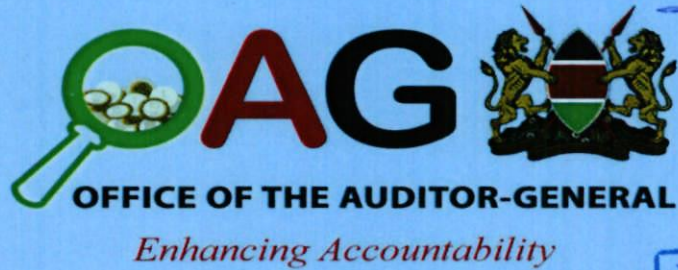


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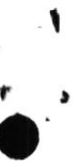
THE AUDITOR-GENERAL

ON

GARISSA COUNTY EMERGENCY FUND

FOR THE YEAR ENDED
30 JUNE, 2020

PAPERS LAID	
DATE	09/03/2022
TABLED BY	DSMW
COMMITTEE	—
CLERK AT THE TABLE	CHANIA



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Revised Template June 2020



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GARISSA COUNTY EMERGENCY FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020

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

Garissa County Emergency Fund
Reports and Financial Statements
For the year ended June 30, 2020

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**Garissa County Emergency Fund
Reports and Financial Statements
For the year ended June 30, 2020**

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Garissa County Emergency Fund is established by and derives its authority and accountability from Garissa County Emergency Fund Act, 2014 on 29th Sept 2014. The Fund is wholly owned by the County Government of Garissa and is domiciled in Kenya.

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

b) Principal Activities

The mandate of the Fund is to enable payments to be made in respect of a county when an urgent and unforeseen need for expenditure arises for which there is no specific legislative authority

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	H E Ali Bunow Korane	Governor
2	H E Abdi Dagane Muhumed	Deputy Governor
3	Abdi Sheikh Muhumed	County Secretary
4	CPA Roble Said Nuno	CECM-Finance

d) Key Management

Ref	Name	Position
1	Ibrahim Malow Nur	Chief Officer-Finance
2	Mohamed Dubat	Fund Administrator

**Garissa County Emergency Fund
Reports and Financial Statements
For the year ended June 30, 2020**

e) Registered Offices

P.O. Box 1377-70100
Treasury offices
Lamu Road
Nairobi, KENYA

f) Fund Contacts

E-mail: Enquiries@garissa.go.ke
Website: www.garissa.go.ke

g) Fund Bankers

1. First Community Bank
Garissa Branch

h) Independent Auditors

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

i) Principal Legal Adviser

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

2. BOARD/FUND CHAIRPERSON'S REPORT

The Public Finance Management Act (PFM Act, 2012) Section 111, grants powers to the County Executive Committee Member for Finance to establish and administer County Government Emergency Fund in accordance with a framework and criteria approved by the County Assembly. The County Executive Committee Member for Finance may make payments from the emergency fund only if he is satisfied that there is an urgent and unforeseen need for expenditure for which no legislative authority exists and that the payments is meant to alleviate the damage, loss, hardship or suffering or the payment is not budgeted for and cannot be delayed until a later financial year without harming the general public interest. However, The Unforeseen event should be one that threatens damage to human life or welfare or threatens damage to environment.

- Changes in the Fund during the year (in terms of the board or key management team)

The emergency is managed by Fund Administrator and there were no changes in the key management team of the fund for the year under review.

- Review of the Fund's performance

The County Government of Garissa allocated Kshs. 138 million for Emergency Fund for the financial year 2019/2020. We were able to disperse Ksh 92 million to the emergency fund account for drought mitigation interventions in the sub counties hard hit by the drought and Covid 19 mitigation measure. In addition, the county supplied animal feeds to aid herders.

- Future outlook of the Fund

The Emergency fund administrator request H.E the Governor, Garissa County to allocate more funds to this program in order to ensure that the county and the communities are at high state of readiness to implement preparedness and response activities. In addition, we will continue to strengthen our coordination role at both county and national level resulting in more timely and effective drought response.

This office can confirm the funds received during the period were used for the eligible purpose for which it was intended and also properly accounted for.

Signed: _____



CPA Roble Said Nuno

COUNTY EXECUTIVE COMMITTEE MEMBER -FINANCE

3. REPORT OF THE FUND ADMINISTRATOR

The Garissa County Emergency Fund was established in 2014 with the gazettelement of the Garissa County Emergency Fund Act of 2014.

The challenges faced by the fund includes.

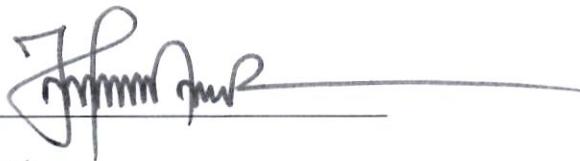
The following are among the challenges faced by the funds Administrator: -

1. Late disbursement of the emergency Funds from the Treasury
2. The vast land of Garissa County made some areas inaccessible due to various reasons such poor road infrastructure making the interventions difficult.
3. Insecurity has hampered delivery and distribution of food relief and other emergency items. Hulugho for example cannot be accessed without armed escort.

Way forward

1. The County should put in place contingency plan for drought and other related emergencies
2. Engage the National treasury in good time to ensure funds are released in good time for timely interventions
3. During rainy seasons, Community awareness campaigns should be strengthened to ensure communities move from flood prone areas. This will reduce intervention areas meant for the fund to be utilised.
4. Communities on the hard to reached areas should be mobilised during the drought season to ensure that they move to areas where interventions can reach easily. The County government should put water tanks in strategic places where access is easier for both humans and livestock.

Signed: _____



Mohamed Dubat

FUND ADMINISTRATOR

4. CORPORATE GOVERNANCE STATEMENT

The Garissa County Emergency Fund is a fund established pursuant to Section 110 of the Public Finance Management Act, 2012.

- The County Executive Committee Member shall be responsible for administering the fund.
- The County Executive Committee Member shall open and maintain a separate account into which monies appropriated to that fund shall be paid.

POWER OF THE COUNTY EXECUTIVE COMMITTEE MEMBER

The County Executive Committee Member may make payment from the fund only if satisfied that

- There is an urgent and unforeseen need for the expenditure for which there is no legislative authority.
- It is for the public interest.
- An event has caused damage, loss, hardship or suffering to resident of the county.
- An event threatens to damage the environment.
- An event is limited to the county

Statement of Compliance

The fund confirms that throughout the FY 2019/2020 it complied with statutory and regulatory requirements and that the fund has been managed in accordance with the principle of good corporate governance.

5. MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the County Assembly of Garissa appropriated Kshs. 138,000,000 for the emergency fund. The total Funds received during the year were Kshs. 92,000,000 out of which a total expenditure of Kshs.91,650,036 was incurred on emergencies during the year. The expenditure was incurred as per the Emergency Fund Act and regulations approved by the County executive through the County Assembly of Garissa.

6. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The fund was not involved in any corporate social responsibility activities in FY-2019/2020.

7. REPORT OF THE TRUSTEES

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

Principal activities

The purpose of the Fund is to enable payment to be made in respect of a county when an urgent and unforeseen need for expenditure arises for which there is no specific legislative authority.

Results

The results of the Fund for the year ended June 30, 2020 are set out on page 12.

Trustees

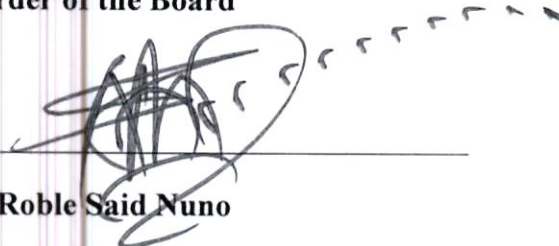
The members of the Board who served during the year are shown on page 5 – 7.

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

Date: _____



CPA Roble Said Nuno

COUNTY EXECUTIVE COMMITTEE MEMBER -FINANCE

8. 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 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

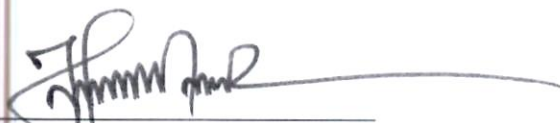
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the 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 Garissa County Emergency Fund Act, 2014. The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2020, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the 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 17/09/ 2020 and signed on its behalf by:



Mohamed Dubat
Administrator of the County Public Fund

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 GARISSA COUNTY EMERGENCY FUND FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Garissa County Emergency Fund set out on pages 12 to 28, which comprise the statement of financial position as at 30 June, 2020 and the statement of financial performance, 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 the Garissa County Emergency Fund as at 30 June, 2020 and 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 Finance Management Act, 2012 and the Garissa County Emergency Fund Act, 2014.

Basis for Qualified Opinion

1. Emergency Relief and Assistance

Included in the emergency relief and assistance figure of Kshs.91,539,636 in the statement of financial performance as disclosed in Note 3 to the financial statements is an amount of Kshs.3,150,800 in respect of domestic travel and subsistence. However, examination of payment records revealed that the expenditure was not supported with the necessary documents such as imprest warrants and reports for activities undertaken.

In the circumstances, the probity of the expenditure of Kshs.3,150,800 for domestic travel and subsistence for the year ended 30 June, 2020 could not be confirmed.

2. Hospitality Supplies and Services

Included in the emergency relief and assistance figure of Kshs.91,539,636 is an amount of Kshs.1,500,000 incurred on hospitality supplies and services. However, examination of payment records revealed that expenditure amounting to Kshs.1,440,000 was not supported. Inconsistencies were noted between the list of attendees and charges attached to the payment voucher and the attendance list in the Local Service Order and the invoice.

Consequently, the probity of the expenditure of Kshs.1,440,000 incurred on hospitality supplies and services could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Garissa 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 communicate in my report.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in 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

Non-Approval of the Fund's Expenditure by County Assembly

During the year under review, the Fund incurred expenditure totalling to Kshs.91,650,036. However, the management did not seek approval of the County Assembly within two (2) months after the payment was made from the emergency fund contrary to Section 114 of the Public Finance Management Act, 2012 and Section 10 of Garissa County Emergency Act, 2014.

In the circumstances, the Fund management is in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity 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 control 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 control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 February, 2022

**Garissa County Emergency Fund
Reports and Financial Statements
For the year ended June 30, 2020**

10. FINANCIAL STATEMENTS

10.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2020

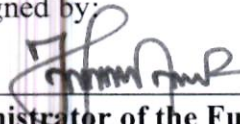
	Note	2019/2020	2018/2019
		KShs	KShs
Revenue from non-exchange transactions			
Transfers from the County Government	1	92,000,000	80,000,000
Revenue from exchange transactions			
Interest income		-	-
Total revenue		92,000,000	80,000,000
Expenses			
General Expenses	2	110,400	14,370
Emergency relief and assistance	3	91,539,636	79,240,956
Total expenses		91,650,036	79,255,326
Other gains/losses			
Gain/loss on disposal of assets		-	-
Surplus/(deficit) for the period		349,964	744,674


**Garissa County Emergency Fund
Reports and Financial Statements
For the year ended June 30, 2020**

10.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2019/2020 KShs	2018/2019 KShs
Assets			
Current assets			
Cash and cash equivalents	4	349,964	744,674
Non-current assets			
Property, plant and equipment		-	-
Total assets		349,964	744,674
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions		-	-
Non-current liabilities			
Non-current employee benefit obligation		-	-
Total liabilities			
Net assets			
Accumulated surplus		349,964	744,674
Total net assets and liabilities		349,964	744,674

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 17/09/2020 and signed by:


 Administrator of the Fund
 Name: Mohamed Dubat


 Fund Accountant
 Name: Mohamud Dubow

10.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2020

	Emergency Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2018			-	
Surplus/(deficit) for the period	-	-	744,674	744,674
Balance as at 30 June 2019	-	-	744,674	744,674
Balance as at 1 July 2019			744,674	744,674
Prior Year Adjustment (Refund to CRF Account)			(744,674)	(744,674)
Surplus/(deficit) for the period	-	-	349,964	349,964
Balance as at 30 June 2020			349,964	349,964

**Garissa County Emergency Fund
Reports and Financial Statements
For the year ended June 30, 2020**

10.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Not €	2019/2020 KShs	2018/2019 Kshs.
Cash flows from operating activities			
Receipts			
Transfers from the County Government	1	92,000,000	80,000,000
Total Receipts		92,000,000	80,000,000
Payments			
General Expenses	2	110,400	14,370
Emergency Relief and assistance	3	91,539,636	79,240,956
End year refund to CRF Account		744,674	
Total Payments		92,394,710	79,255,326
Net cash flows from operating activities		(394,710)	744,674
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	-
Net cash flows used in investing activities			
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents		(394,710)	744,674
Cash and cash equivalents at 1 July	4	744,674	-
Cash and cash equivalents at 30 JUNE	4	349,964	744,674



10.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2020

	Original budget	Adjustment	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2020	2020	2020	2020	2020	2020
Revenue	KShs	KShs	KShs	KShs	KShs	
Transfers from County Govt.	150,000,000	12,000,000	138,000,000	92,000,000	46,000,000	100%
Total income	150,000,000	-	138,000,000	92,000,000	46,000,000	100%
Expenses						
Emergency relief and assistance	150,000,000	-	138,000,000	91,650,036	46,349,964	66.4%
Total expenditure	150,000,000	-	138,000,000	91,650,036	46,349,964	66.4%
Surplus for the period	-	-	-	349,964		

10.6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

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

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

2. Adoption of new and revised standards

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

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2020 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

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

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

**Garissa County Emergency Fund
Reports and Financial Statements
For the year ended June 30, 2020**

Standard	Effective date and impact:
	<ul style="list-style-type: none"> • 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.
<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.

c) Early adoption of standards

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the 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 2019/2020 was approved by the County Assembly on 29th June, 2019. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The 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 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 11.5 of these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, 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.

6. Intangible assets

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

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

7. Financial instruments

Financial assets

Initial recognition and measurement

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when 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 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)

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Inventories

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

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

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

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

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

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

9. 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.

SUMMARY OF 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.

10. Nature and purpose of reserves

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

11. 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.

12. 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.

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.

13. Foreign currency transactions

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14. 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.

15. 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, the CEO and senior managers.

16. Cash and cash equivalents

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

17. Comparative figures

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

18. Events after the reporting period

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

19. Ultimate and Holding Entity

The entity is a County Public Fund established by Garissa County Emergency Fund Act, 2014 on 29th Sept 2014. The Fund is domiciled under the Ministry of Finance. Its ultimate parent is the County Government of Garissa.

20. Currency

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

21. 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.

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

Useful lives and residual values

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

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

Provisions

No provisions were raised.

**Garissa County Emergency Fund
Reports and Financial Statements
For the year ended June 30, 2020**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from County Government

Description	2019/2020	2018/2019
	Kshs.	KShs
Transfers from County Govt. – operations	92,000,000	80,000,000
Total	92,000,000	80,000,000

2. General Expenses

Description	2019/2020	2018/2019
	Kshs.	KShs
General Office Supplies	92,000	-
Routine Maintenance of Assets	10,000	-
Bank Charges	8,400	14,370
Total	110,400	14,370

3. Emergency Relief and assistance

Description	2019/2020	2018/2019
	Kshs.	KShs
Fuel, Oil and Lubricants	-	12,235,680
Emergency expenses	78,064,836	67,005,276
Transfer to Health Department	8,500,000	
Domestic Travel and Subsistence	3,150,800	
Hospitality Supplies and Services	1,500,000	
Rentals of Produced Assets	324,000	
Total	91,539,636	79,240,956

4. Cash and cash equivalents

Description	2019/2020	2018/2019
	KShs	KShs
Garissa County Emergency Fund Account	349,964	744,674
Total cash and cash equivalents	349,964	744,674

**Garissa County Emergency Fund
Reports and Financial Statements
For the year ended June 30, 2020**

5. 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 of Garissa

Transfers from County Government

Description	2019/2020	2018/2019
	KShs	KShs
Transfer from County Government	92,000,000	80,000,000
Total cash and cash equivalents	92,000,000	80,000,000

**Garissa County Emergency Fund
Reports and Financial Statements
For the year ended June 30, 2020**

6. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Unsupported Emergency Expenses	Supporting documents to be provided for audit	Fund Administrator	Not resolved	30 June 2021
2.0	Fuel, Oil and Lubricant	Supporting documents to be provided for audit	Fund Administrator	Not resolved	30 June 2021