

REPUBLIC OF KENYA

SCANNED



REPORT

PAPERS LAID	
DATE	02/05/2023
TABLED BY	DEPUTY MINISTRY WARD
COMMITTEE	—
CLERK AT THE TABLE	MR. INNOCENT NIBAY

OF

THE AUDITOR-GENERAL

ON

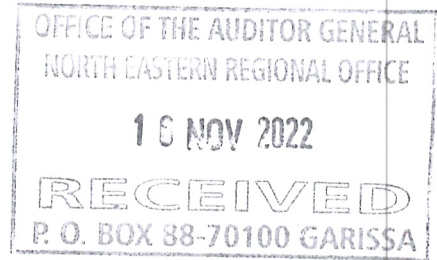
**TANA RIVER COUNTY DISASTER
RISK MANAGEMENT FUND**

**FOR THE YEAR ENDED
30 JUNE, 2022**

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TANA RIVER COUNTY DISASTER RISK MANAGEMENT FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022**

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

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Tana River Disaster Risk Management Fund
Annual Report and Financial Statements for the year ended June 30, 2022

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1. Key Entity Information and Management

a) Background information

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

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

The Fund's principal activity is to;

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

During the year 2021/2022 the Tana River Disaster Risk Management Fund received kshs. 132,165,375 of which Kshs. 128,200,413.75 was for carrying out the funds activities and Kshs. 3,964,961.25 was for administration costs.

Principal Activities

The principal activity/mission/ mandate of the Fund is to ...

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

b) Disaster Risk Management Committee

Ref	Name	Position
1	H.E Dhadho Godhana	Governor/ Fund Chairman
2	Makuru Salima Omara	County Chief Officer/ Fund Administrator
3	Halubva Anna Gwiyo	Secretariat
4	Lulutya Mavuwe Sokorote	Secretariat

c) Key Management

Ref	Name	Position
1	H.E Dhadho Godhana	Governor/ Fund Chairman
2	Makuru Salima Omara	County Chief Officer/ Fund Administrator
3	Halubva Anna Gwiyo	Secretariat
4	Lulutya Mavuwe Sokorote	Secretariat

d) Registered Offices

P.O. Box 29, 70101
Tanariver County Government
Headquarter
Hola, KENYA

e) Fund Contacts

Telephone: (254) 798973312
E-mail: tanarivercounty.go.ke
Website: www.tanarivercounty.go.ke

f) Fund Bankers

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

g) Independent Auditors




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

Tana River Disaster Risk Management Fund
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h) Principal Legal Adviser




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

2. The DRM Board of Trustees

Name	Details of qualifications and experience
<p>1. HE Major retired Dhadho Godhana</p> 	<p>HE Major retired Dhadho Godhana holds a doctorate in public administration. He is currently the Governor of Tana River County.</p>
<p>2. Trustee 2 Salima Makuru Omara</p> 	<p>Makuru Salima Omara holds a masters in leadership and Management. She also holds a bachelor's degree in Education and Counselling. She is currently the Chief Officer Cohesion and special programs and office of the Governor</p>
<p>3. Trustee 3</p>	<p>Halubva Anna Gwiyo is the Program Officer, Cohesion and Special Programs. Anna Gwiyo Holds a Bachelor Degree in Community Development and sociology</p>
<p>4. Trustee 4 Lulutya Mavuwe Sokorote</p> 	<p>Lulutya Mavuwe Sokorote is currently the Data Officer in Special Programs, He holds a degree in Project Management. He also holds a diploma certificate in Community Development and counselling among other courses</p>

Tana River Disaster Risk Management Fund
Annual Report and Financial Statements for the year ended June 30, 2022

3. Management Team

Name	Details of qualifications and experience
<p>1. HE Major retired Dhadho Godhana</p> 	<p>HE Major retired Dhadho Godhana holds a doctorate in public administration. He is currently the Governor of Tana River County.</p>
<p>2. Salima Makuru Omara</p> 	<p>Makuru Salima Omara holds a masters in leadership and Management. She also holds a bachelor’s degree in Education and Counselling. She is currently the Chief Officer Cohesion and special programs and office of the Governor</p>
<p>3. Halubva Anna Gwiyo</p>	<p>Halubva Anna Gwiyo is the Program Officer, Cohesion and Special Programs. Anna Gwiyo Holds a Bachellor Degree in Community Development and sociology</p>
<p>4. Lulutya Mavuwe Sokorote</p> 	<p>Lulutya Mavuwe Sokorote is currently the Data Officer in Special Programs, He holds a degree in Project Management. He also holds a diploma certificate in Community Development and counselling among other courses</p>

4. Fund Chairperson's Report

Tana River County is rated as one of the poorest Counties in Kenya with 62% of total population living in absolute poverty due to different factors, such as historical and political marginalization, recurrent inter-ethnic conflicts, poor quality and access to social services, poor infrastructure, recurrent drought, climate change, insecurity and low literacy levels. This coupled with reducing food production experienced progressively, has led to food insecurity, malnutrition, poor health and high mortality rates of people during drought. Recovery from drought is a significant challenge because the impact of drought leaves household assets critically depleted. Therefore, the Emergency Fund was for drought management to increase the resilience levels of communities in the target areas and to promote early response to drought in order to minimize the losses of household assets.

Overview on Performance

Despite the limited financial resources due to low appeal coverage, the County Drought Response Committee agreed to prioritize on 4 programs;

1. Water trucking and distribution
2. Drilling and water supply projects
3. Hay Procurement
4. Food and Non-Food Items Procurement

Appreciation

We continue to enjoy incredible support and goodwill from diverse stakeholders and development partners. I would like to appreciate and most sincerely thank the Fund Committee for their selfless services. I also wish to note with appreciation the support extended to us by the National Drought Management Authority, Tana Water and Sanitation Company, WFP, Office of the County Commissioner and the Kenya Red Cross

We greatly value and appreciate this support and trust that we can continue to count on it in the future.

We look forward with the conviction that Tana River County will remain not just a place but a good place to be.



.....
Name: H.E. Dr. Major Rtd Dhadha Goelima,

Chairperson

Tana River Disaster Risk Management Fund
Annual Report and Financial Statements for the year ended June 30, 2022

5. Report of The Fund Administrator

I am delighted to present the report showing the performance of the Emergency Fund for the year 2021/22.

During the FY 2021/2022 the department through the DRM Fund managed to do a number of things including

1. Payment for transportation of relief food from Nairobi to Hola
2. Payment for transportation of relief food from Nairobi to Garsen
3. The Fund Administrator should sign the Fund Administrator report.
4. Payment for proposed pipeline extension at Mororo
5. Payment for drilling and equipping and solarization of borehole at madogo slaughter house
6. payment for supply and delivery of relief food (beans and rice)
7. payment for supply and delivery of relief food (beans and rice)

Challenges in implementation of the fund

- a. Poor road network in some needy areas.
- b. Fear of political interference
- c. Increased Emerging needs The future of the Fund seems excellent assuming that the operating environment is improved. Due to the increased needs within the community, there is need to increase the funding.

The key areas to focus on include; Capacity building, Mainstreaming DRM at the community, Water trucking programmes, Increase storage by constructing mega Dams

.....
Name: SALIMA D. MAKURU

DRM Fund Administrator

**Tana River Disaster Risk Management Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

**6. Statement of Performance Against the County Fund's Predetermined Objectives
Introduction**

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

The key development objectives of the Fund as per the strategic plan for (*Indicate period of the strategic plan*) are to:

Progress on the attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Disaster prevention	Safeguard and make available vital materials, supplies and equipment to ensure the safety and recovery of records from predictable disasters failures	Increased efficient transportation of people, goods and services	% of motorable and passable roads within the city	100%
Preparedness	Reduce the risk of disasters caused by human error, deliberate destruction, and building or equipment	outcome	indicator	100%
Mitigation	Be better prepared to recover from a major natural catastrophe			100%
Response	To avoid deaths and sufferings			100%

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7. Corporate Governance Statement

Appointment of members of the Tana River County Disaster Risk Management Fund Committee took place on 2nd April 2022

The Committee held a number of meetings on different places including one in Malindi and at the Governor's residence

8. Management Discussion and Analysis

With the support from different partners, the Committee through DRM supported the rehabilitation of Mororo water supply and also rehabilitated the Madogo slaughter house.

9. Environmental and Sustainability Reporting

Tana River County Government exists to transform lives for Tana River residents. This is our main purpose; the driving force behind everything we do. Our vision is to be a peaceful, cohesive and prosperous county offering high quality of life to its residents. It is what guides us to deliver our strategy as highlighted below:

1. Sustainability strategy and profile

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

2. Environmental performance

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

The purpose of the Tana River County Climate Change Act is meant to address the growing environmental and mitigation of climate change. This will protect the environment for the current and future generations and progressively strive to meet the realization of the right to healthy and clean environment.

The key interventions the county will focus on are:

- Increasing forest cover
- Control of air, land and water pollution.
- Management and conservation of environment and natural resources
- Law enforcement on climate change mitigations

- Control of noise pollution
- Control and management of sand harvesting

The overriding policy goal is to entrench the rights to clean and healthy environment, which is sustainable and renewable. The policy goal is to enhance climate resilience through development, management, implementation, regulation and monitoring of adaptation and mitigation measures and actions.

3. Employee welfare

The County Government of Tana River always puts into consideration all the relevant laws, policies and guidelines during its recruitment process. These include; the constitution of Kenya (2010), the Employment Act (2007), County government Act (2012) and the County Public Service Human Resource Manual (2016). The constitution of Kenya (2010), Article 27(8) provides that affirmative action should be factored where the state is required to take legislative and other measures to ensure that no more than two-thirds of the members of elective or appointive bodies are of the same gender. This has been cascaded to the County Government recruitment processes. The County Government Act 2012 also envisages the principle of gender equality in County Government hiring process whereby we are happy to report that Tana River County has complied by having a ratio of 60% men and 40 % women in the public service.

To manage employee's skills and management career development, the County Government of Tana River has employed several strategies, which range from training, promotions, and performance management. The County Government of Tana River has put in place measures that foster employee's skills through local and international training opportunities based on the training needs/gaps in various departments. It has also utilized Kenya School of Government to train its employees various courses in management of public service. The County government of Tana River has rolled out a structured performance management process where the employees are required to sign performance contracts and appraisals in order to ensure that they are aware of their department's goals, objectives and evaluations done as stipulated in the draft performance management policy. Promotions are done regularly to motivate and help the employees in their career advancement. The County government of Tana River has adhered to the guidelines in the Occupational Safety and health Act (2007) (OSHA).

Tana River Disaster Risk Management Fund
Annual Report and Financial Statements for the year ended June 30, 2022

11. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by *(The Fund should state the appropriate legislation establishing the Fund)* 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, 2022. 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 *(quote the applicable legislation establishing the County Public Fund)*. 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, 2022, 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

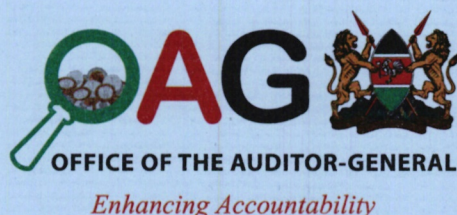
The Fund's financial statements were approved by the Board on 26/11/2022 and signed on its behalf by:


.....
SALIMA O. MWAKURU

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 TANA RIVER COUNTY DISASTER RISK MANAGEMENT FUND FOR THE YEAR ENDED 30 JUNE, 2022

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 Tana River County Disaster Risk Management Fund set out on pages 1 to 21, which comprise the statement of financial

position as at 30 June, 2022 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 Tana River County Disaster Risk Management Fund as at 30 June, 2022, 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 Tana River County Disaster Risk Management Act, 2020.

Basis for Qualified Opinion

Unsupported Expenditure on Use of Goods and Services

The statement of financial performance reflects use of goods and services expenditure of Kshs.102,568,150. However, included in the expenditure is a payment of Kshs.2,256,750 in respect of drilling, equipping and solarization of borehole at Madogo whose payment vouchers and other tender documents were not provided for audit.

In the circumstances, the accuracy, completeness and regularity of expenditure of Kshs.2,256,750 incurred on borehole drilling could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Tana River County Disaster Risk Management Fund 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 audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness

and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Incomplete Board Composition

Section 1b under non-financial information section of the financial statements indicates that the Fund Administration Committee comprised of four (4) Members. However, Section 4(1) and (2) of Tana River County Disaster Risk Management Act, 2020 provides for Disaster Risk Management Committee which shall consist of eight (8) Members.

In the circumstances, it was not possible to confirm the legality of the resolutions made by the four member committee on behalf of the Fund.

2. Late Submission of the Financial Statements

The financial statements for the Fund for the year ended 30 June, 2022 were submitted to the Auditor-General on 16 November, 2022. This was one and half months after the statutory deadline as provided by Section 116(7) of the Public Finance Management Act, 2012 which requires financial statements to be submitted to the Auditor-General within three months after the end of each financial year.

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

3. Failure to Deduct Value Added Tax

During the year under review, the Fund procured relief food and animals feeds amounting to Kshs.94,700,000. However, payments totalling Kshs.90,700,000 were made without deducting the applicable Value Added Tax at the rate of 6% resulting into a loss the Government of approximately Kshs.4,692,379. This was contrary to the provisions of the value Added Tax Act, which requires withholding agents to deduct six percent (6%) withholding tax from contractors and remit it to Kenya Revenue Authority before the end of the 20th day in the upcoming month.

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

4. Establishment of Two Funds with Similar Activities

Review of the Fund's expenditure revealed that the activities carried out during the year were similar to those undertaken by the Tana River County Emergency Fund. Both Funds derived their mandate from Section 116 of the Public Finance Management Act, 2012. Management did not provide an explanation for establishment of Funds with similar activities including purchase and distribution of relief foods, drilling, equipping and solarization of boreholes.

In the circumstances, it was not possible to confirm whether funds allocated to the Fund were effectively utilized.

5. Irregular Procurement of Drilling, Test Pumping and Solarization of Boreholes

Note 2 to the financial statements reflects use of goods and services expenditure of Kshs.102,568,150. Included in this expenditure are amounts totalling to Kshs.3,769,000 in respect of drilling, equipping, test pumping, solarization and piping of various boreholes within the County. However, Management used direct procurement method for the works without justifications as required by the Section 103(2) of the Public Procurement and Asset Disposal Act, 2015.

In addition, professional opinion in respect of project for pipeline extension at Mororo was not signed by the Head of Procurement Function as required by Section 84(1) of the Public Procurement and Asset Disposal Act, 2015.

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

6. Irregular Award of Contracts for Transportation of Relief Food

During the year under review, contracts amounting to Kshs.5,750,000 were awarded to two transporters of relief foods. However, review of the procurement records revealed that the winning bidders did not meet the mandatory compliance requirements including provision of valid business licenses and tax compliance certificates set out in the quotations and evaluation criteria in accordance with Section 106(3) of the Public Procurement and Asset Disposal Act, 2015 which provides that the successful quotation shall be the quotation with the lowest price that meets the requirements set out in the request for quotations.

Further, tender opening and evaluation was undertaken by the same three (3) member committee contrary to the provision of Section 78(1)(b) of the Public Procurement and Assets Disposal Act, 2015 which provides that at least one of the opening committee members shall not be directly involved in the processing or evaluation of the tenders.

The expenditure was not supported with inspection and acceptance certificate, delivery notes, way bills and signed professional opinion.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and The Fund Administration Committee

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 governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability 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.

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.

The Fund Administration Committee responsible for overseeing 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 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 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 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 ability of the Fund 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 the 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

13 March, 2023


Tana River Disaster Risk Management Fund

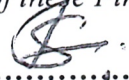
Annual Report and Financial Statements for the year ended June 30, 2022

13. Statement of Financial Performance for The Year Ended 30th June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Transfers From the County Government	1	132,165,375	-
			-
Total Revenue		132,165,375	-
Expenses			-
Use of goods and services	2	102,578,150	-
Total Expenses		102,578,150	-
Other Gains/Losses			-
Gain/Loss on Disposal of Assets		-	-
Surplus/(Deficit) For The Period		29,587,225	-

(The notes set out on pages 18 to 20 form an integral part of these Financial Statements)


Name: SALIMA O'MAIKURU
Administrator of the Fund



Name: Linyah Sokorobe
Fund Accountant
ICPAK Member Number:


**Tana River Disaster Risk Management Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

14. Statement of Financial Position as at 30 June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	3	29,587,225	-
Inventories		-	-
		29,587,225	-
Non-Current Assets			
Property, Plant and Equipment		-	-
		-	-
Total Assets		29,587,225	-
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions		-	-
		-	-
Non-Current Liabilities			
Non-Current Employee Benefit Obligation		-	-
Total Liabilities		-	-
Net Assets		29,587,225	-
Revolving Fund		-	-
Reserves		-	-
Accumulated Surplus		29,587,225	-
Total Net Assets and Liabilities		29,587,225	-

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 _____ 2022 and signed by:


 Name: SALIMA O. MAICURU
 Administrator of the Fund

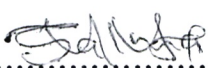

 Name: Luvya S. Konde
 Fund Accountant
 ICPAK Member Number:

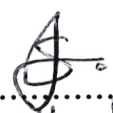
Tana River Disaster Risk Management Fund
Annual Report and Financial Statements for the year ended June 30, 2022

15. Statement of Changes in Net Assets for the year ended 30th June 2022

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2020	-	-	-	-
Surplus/(Deficit) For the Period	-	-	-	-
Funds Received During the Year	-	-	-	-
Transfers	-	-	(-)	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2021	-	-	-	-
Balance As At 1 July 2021	-	-	-	-
Surplus/(Deficit) For the Period	-	-	-	-
Funds Received During the Year	132,165,375	-	-	132,165,375
Transfers	102,578,150	-	(-)	102,578,150
Revaluation Gain	-	-	-	-
Balance As At 30 June 2022	29,587,225	-	-	29,587,225

(Provide details on the nature and purpose of reserves)


 Name: SALIMA O. MAKEN
 Administrator of the Fund


 Name: Libatia
 Fund Accountant
 ICPAK Member Number:


Tana River Disaster Risk Management Fund
Annual Report and Financial Statements for the year ended June 30, 2022


16. Statement Of Cash Flows For The Year Ended 30 June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the county government	1	132,165,375	-
Interest received		-	-
Receipts from other operating activities		-	-
Total receipts		132,165,375	-
Payments			
Use of goods and services	2	102,578,150	-
Other payments		-	-
Total Payments		102,578,150	
Net cash flows from operating activities	3	29,587,225	-
			-
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 & cash Equivalents		29,587,225	-

Tana River Disaster Risk Management Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Cash and cash equivalents at 1 july		-	-
Cash and cash equivalents at 30 june	3	29,587,225	-


.....
Name: SALIMA O. MAIRU
Administrator of the Fund


.....
Name: Luluja Jhorote
Fund Accountant
ICPAK Member Number:

Tana River Disaster Risk Management Fund
Annual Report and Financial Statements for the year ended June 30, 2022

17. Statement Of Comparison Of Budget And Actual Amounts For The Period

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	2022	2022	2022	2022	2022	2022
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Public Contributions And Donations	-	(-)	-	-	(-)	
Transfers From County Govt.	132,165,375		132,165,375	132,165,375	nil	100%
Interest Income	-	-	-	-	(-)	
Other Income	-	-	-	-	-	
Total Income	132,165,375	(-)	132,165,375	132,165,375	(-)	
Expenses						
Use of goods and services	132,165,375	-	132,165,375	102,578,150	29,587,225	77.6%
Total Expenditure	132,165,375	(-)	132,165,375	102,578,150	29,587,225	77.6%
Surplus For The Period	-	-	-	29,587,225		

Budget notes

1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

18. Notes to the Financial Statements

1. General Information

Tanariver County Disaster Risk Management Fund entity is established by and derives its authority and accountability from Disaster Risk Managemmet Act. The entity is wholly owned by the Tana River County Government and is domiciled in Kenya. The entity’s principal activity is disaster mitigation.

2. Statement of compliance and basis of preparation

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

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

3. Adoption of new and revised standards

(i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2022

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</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>

**Tana River Disaster Risk Mgt Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Standard	Effective date and impact:
	<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.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</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>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</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.

Tana River Disaster Risk Mgt Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Standard	Effective date and impact:
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to</p>

Tana River Disaster Risk Mgt Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Standard	Effective date and impact:
Operations	sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

(iii) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2022.

Tana River Disaster Risk Mgt Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

b) Budget information

The original budget for FY 2021-2022 was approved by the County Assembly on xxxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of xxxxx on the FY 2021-2022 budget following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on 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 xxx of these financial statements.

Summary Of Significant Accounting Policies (Continued)

c) Property, plant and equipment

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

d) 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.

a) 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.

Tana River Disaster Risk Mgt Fund
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Summary Of Significant Accounting Policies (Continued)
Held-to-maturity

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

b) 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.

c) 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.

Tana River Disaster Risk Mgt Fund
Annual Report and Financial Statements for the year ended June 30, 2022

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.

d) Nature and purpose of reserves

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

e) 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.

f) 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.

g) 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)

h) 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.

i) 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.

j) 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.

k) Comparative figures

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

l) Events after the reporting period

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

m) Ultimate and Holding Entity

The entity is a County Public Fund established by xxx Act (*state the legislation establishing the Fund*) under the Ministry of xxx. Its ultimate parent is the County Government of XXX.

n) Currency

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

Summary Of Significant Accounting Policies (Continued)

5. 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:

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

c) Provisions

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

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

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

6. Notes To The Financial Statements

1. Transfers from County Government

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers From County Govt. –Operations	132,165,375	-
Payments By County On Behalf Of The Entity	-	-
Total	132,165,375	-

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2. Use of Goods and Services

Description	2021/22	2020/21
	Kshs.	Kshs.
General Office Expenses	-	-
Loan Processing Costs	-	-
Administration fees	2,356,500	
Professional Services Costs	-	-
Committee allowance	-	
Rental of Produced assets	9,519,000	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Bank charges	2, 650	
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other Expenses	90,700,000	-
Total	102,578,150	-

Tana River Disaster Risk Mgt Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Notes to the Financial Statements Continued

3. Cash and cash equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Tana River Disaster Mgt Fund Account	29,587,225	-
Others	-	-
Total Cash And Cash Equivalents	29,587,225	-

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

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

		2021-2022	2020-2021
Financial Institution	Account number	Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
		-	-
b) On - Call Deposits		-	-
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
		-	-
c) Current Account			
Kenya Commercial Bank Ltd		29,587,225	-
Bank B		-	-
Sub- Total		29,587,225	-
			-
d) Others(Specify)		-	-
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		29,587,225	-

Tana River Disaster Risk Mgt Fund

Annual Report and Financial Statements for the year ended June 30, 2022

other Disclosures

4. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Fund include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The fund/scheme is related to the following entities:

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Board of Trustees; etc

b) Related party transactions

	2021-2022	2020-2021
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

	2021-2022	2020-2021
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

Other Disclosures Continued

5. Contingent assets and contingent liabilities

Contingent Liabilities	2021-2022	2020-2021
	Kshs	Kshs
Court Case Xxx Against The Fund	-	-
Bank Guarantees	-	-
Total	-	-

(Give details)

Tana River Disaster Risk Mgt Fund

Annual Report and Financial Statements for the year ended June 30, 2022

Progress On Follow Up Of Prior Year Auditor's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
There was no prior year financial report for audit				

Guidance Notes:

- a) Use the same reference numbers as contained in the external audit report;
- b) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- c) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- d) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to County Treasury.