

REPUBLIC OF KENYA



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability



REPORT

OF

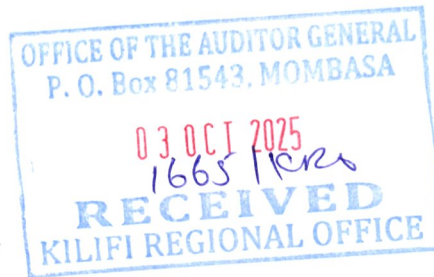
THE AUDITOR-GENERAL

ON

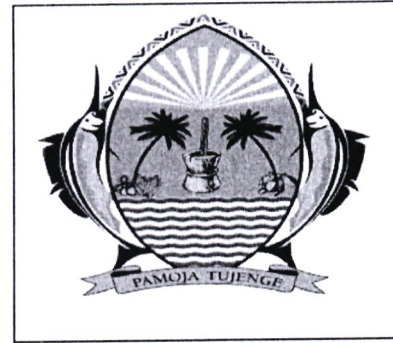
KILIFI COUNTY EMERGENCY FUND

FOR THE YEAR ENDED
30 JUNE, 2025

PAPERS LAID	
DATE	26/11/25
TABLED BY	S.M.W
COMMITTEE	-
CLERK AT THE TABLE	Belinda



Revised 30th June 2025



KILIFI COUNTY EMERGENCY FUND

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

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

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Kilifi County Emergency Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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1. Acronyms and Definition of Key Terms

a) Acronyms

CECM	County Executive Committee Member
CIDP	County Integrated Development Plan
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
Kshs	Kenya Shillings
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
FY	Financial Year

b) Definition of Key Terms

Fiduciary Management: The key management personnel who had financial responsibility.

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2. Key Entity Information and Management

a) Background information

The Emergency Fund is established by and derives its authority and accountability from Kilifi County Emergency Fund Act, 2020 Act. The Fund is wholly owned by the County Government of Kilifi and is domiciled in Kenya.

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

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to consider emergency funding requests from county departments/entities and provide funding for emergency interventions which meet the criteria set out in law.

c) Fund Administration Committee

Ref	Name	Position
1.	Hon. Yaye Shosi Ahmed	County Executive Committee Member for Finance/Fund Administrator
2.	Hezekiah Mwarua	Chief Officer for Finance
3.	Wilberforce Mwinga Katumo	Director, Budget Management
4.	Bonaventure F.M. Mwakio	Director, Accounting Services
5.	Jefwa Mwachiru Mathias	Director, Supply Chain Management Services

d) Key Management

Ref	Position	Name
1	Fund Manager/ Administrator	Hon. Yaye Shosi Ahmed
2	Fund Accountant	Cpa Jacob Kalama Mwangi

e) Fiduciary Oversight Arrangements

Ref	Position	Name
1	Directorate Internal Audit	Keziah Wangui

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2	Chief Finance Officer	Hezekiah Mwarua
3	Directorate of Budget	Willberforce Mwinga

f) Registered Offices

The County Treasury,
Bofa Road
Kilifi, Kenya

g) Fund Contacts

P.O. Box 519 – 80108
Kilifi, Kenya.
Email: cecmfinance@kilifi.go.ke

h) Fund Bankers

Kenya Commercial Bank
Kilifi Branch

i) Independent Auditors

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

j) Principal Legal Adviser



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


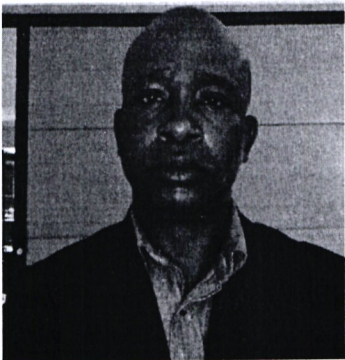
k) County Attorney

County Government of Kilifi
P.O. Box 519
Kilifi 80108

3. Fund Administration Committee


In the Financial Year ended 30 June 2025, the day-to-day management of the Kilifi County Emergency Fund was under the following officers;

Name	Details of qualifications and experience
<p>1. Hon. Yaye Shosi</p> 	<p>Fund Administrator/CEC Member for Finance and Economic Planning</p> <p>Born in 1977, Hon. Yaye Shosi was appointed as the CEC Member for Finance & Economic Planning in November, 2024. She became the Fund Administrator pursuant to Section 111 of the Public Finance Management Act, 2012.</p> <p>Hon. Yaye Shosi holds a Bachelor degree in Economics from Everton University and a Masters Degree in Business Administration (MBA) from Kenyatta University. Hon. Yaye Shosi is also a member of the Kenya Institute of Management (KIM). She previously worked as the Fund Account Manager at National Government Constituency Development Fund.</p>
<p>2.</p>  <p>Hezekiah Nguma Mwarua</p>	<p>Chief Officer Finance</p> <p>Born in 1983. Hezekiah Mwarua, was appointed as Secretary of the Fund Management Committee on October, 2024.</p> <p>He holds a Bachelor of Technology in Chemical and process Engineering degree from Moi University. He currently serves as the Chief Officer Finance. Before appointed as the Chief officer for finance, Mwarua worked at the department of water in the same capacity.</p>
<p>3. Wilberforce Mwinga Katumo</p>	<p>Director of Budget & Economic Planning</p> <p>Born in 1978, Mr. Wilberforce Mwinga Katumo is the Director of Budget & Economic Planning for the County Government of Kilifi since 2014. He serves</p>



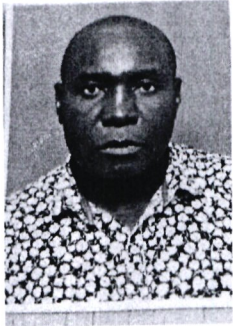
Name	Details of qualifications and experience
	<p>as a member of the County Emergency Fund Secretariat where he advises on optimal allocation of financial resources in line with policy goals and strategic priorities.</p> <p>Mr. Mwinga previously served in the Office of the Controller of Budget. He has also worked in the Ministry of Immigration and Registration of Persons as a Senior Immigration Officer. He holds a Masters of Arts in International Studies and a Bachelor of Arts in Economics both from the University of Nairobi. He is also a member of the Institute of Economic Affairs Kenya</p>
<p>4. Bonaventure F.M. Mwakio</p> 	<p>Director Accounting Services</p> <p>Born in 1969, CPA Bonaventure F.M. Mwakio was appointed acting Director Accounting Services on 11th June 2018. He serves as a member of the County Emergency Fund Secretariat and plays the role of coordinating the payments and preparation of the financial reports.</p> <p>Before his appointment, he served as the Chief Officer of Finance at the County Government of Taita Taveta. Currently he sits in the County Audit Committee as a nominee member of the County Treasury. CPA Bonaventure Mwakio holds an MBA from Jomo Kenyatta University of Agriculture and Technology (JKUAT) and a Bachelor in Business Management (Finance) from Moi University. He is also a member of the Institute of Certified Public Accountants of Kenya.</p>
<p>5. Jefwa Mwachiru Mathias</p>	<p>Director, Supply Chain Management Services</p> <p>Born in 1982, Mr. Jefwa Mwachiru Mathias was appointed as the Head of Supply Chain Management Services in an acting capacity since 1st August,</p>

Kilifi County Emergency Fund

Annual Report and Financial Statements for the year ended June 30, 2025

Name	Details of qualifications and experience
	<p>2023. He also serves as a member of the County Emergency Fund Secretariat and plays the role of coordinating the purchasing function.</p> <p>He is an experienced procurement professional and a member in good standing of Kenya Institute of Supplies Management (KISM). He previously worked as a procurement officer at the Kilifi County Assembly.</p>

4. Key Management Team

<p>1.Hon. Yaye Shosi</p> 	<p>Fund Administrator/CEC Member for Finance and Economic Planning</p> <p>Born in 1971, Hon. Yaye Shosi was appointed as the CEC Member for Finance & Economic Planning in November, 2024. She became the Fund Administrator pursuant to Section 111 of the Public Finance Management Act, 2012.</p> <p>Hon, Yaye Shosi holds a Bachelor degree in Economics from Everton University and a Masters Degree in Business Administration (MBA) from Kenyatta University. Hon. Yaye Shosi is also a member of the Kenya Institute of Management (KIM). She previously worked as the Fund Account Manager at National Government Constituency Development Fund.</p>
<p>2.Hezekiah Nguma Mwarua</p> 	<p>Chief Officer Finance</p> <p>Born in 1983.Hezekiah Mwarua, was appointed as Secretary of the Fund Management Committee on October, 2024.</p> <p>He holds a Bachelor of Technology in Chemical and process Engineering degree from Moi University. He currently serves as the Chief Officer Finance.</p> <p>Before appointed as the Chief officer for finance, Mwarua worked at the department of water in the same capacity.</p>
<p>3.Jacob Kalama Mwango</p> 	<p>Principal Accountant/Fund Accountant</p> <p>Born in 1974, Mr. Mwango works as a Principal Accountant for the County Government of Kilifi since 2016. He serves as a co-opted member of the County Emergency Fund Secretariat where he advises on financial management. Mr. Mwango holds a bachelor of Business Management from Moi University. He is also a member of ICPAK.</p>

Kilifi County Emergency Fund
Annual Report and Financial Statements for the year ended June 30, 2025

5. Report of the Fund Administrator

The Kilifi County Emergency Fund was established by the Kilifi County Emergency Fund Act, 2020, a law that was enacted by the County Assembly of Kilifi in April 2020. The County Emergency Fund enables payments to be made when an urgent and unforeseen need for expenditure arises for which there is no specific legislative authority and is domiciled in the County Department of Finance and Economic Planning.

The County Emergency Fund was established during the COVID-19 pandemic to enable county departments/entities to access funding for various interventions to mitigate against the pandemic.

In order to operationalize the County Emergency Fund, the County Treasury developed guidelines for administering the Fund, guidelines which included the process to be followed in accessing financing the emergency Fund. The guidelines were approved by the County Executive committee.

The guidelines provide for the following aspects inter alia:

- (i) Sources of funds
- (ii) Administration of the fund
- (iii) Process of applying for financing from the fund
- (iv) Procurement of goods, services and works under the fund
- (v) Payment from the fund.
- (vi) The approved allocation to the County Emergency Fund in the Kilifi County Government Appropriation Act, for the FY 2024/2025 was Kshs. 250,000,000 and a further Ksh. 50,000,000 was allocated in the supplementary budget. However, the Fund had a cash balance of Kshs. 8,068,722 brought forward from the FY 2023/2024.

By the close of the year, the fund utilized Ksh. 308,010,982 to cater for Non pharmaceuticals and food stuff.



Hon. Yaye Shosi
CEC Member for Finance Economic Planning & Resource Mobilization
Administrator of the County Emergency Fund

6. Statement of Performance Against the Fund’s Predetermined Objectives

The County Emergency Fund was established during the COVID-19 pandemic to enable county departments/entities to access funding for various interventions to mitigate against the pandemic. The principal activity/mission/ mandate of the Fund is to consider emergency funding requests from county departments/entities and provide funding for emergency interventions which meet the criteria set out in law.

The approved allocation to the County Emergency Fund in the Kilifi County Government Appropriation Act, for the FY 2024/2025 was Kshs. 250,000,000 and a further Ksh. 50,000,000 was allocated in the supplementary budget. However, the Fund had a cash balance of Kshs. 8,068,722 brought forward from the FY 2023/2024.

By the close of the year, the fund utilized Ksh. 308,010,982 to cater for Non pharmaceuticals and food stuff.

The main objectives of the fund may include but not limited to considering emergency funding requests from county departments/entities in order to

1. Prevent disease outbreak
2. Mitigating emergencies in the County
3. To avert Hunger

Progress on the attainment of Strategic development objectives

Program	Objective	Outcome	Indicator	Performance
Disaster Risk Management	Mitigating emergencies in the County	Well-coordinated emergency response	100% response to emergencies	100% response to drought.
Famine reduction	To avert hunger	Supply of food stuff	100% reduction of deaths due to hunger	100% response to drought
Health	Emergency preventing outbreak of diseases	Supply of medical drugs	100% reduction in deaths	Health families

Kilifi County Emergency Fund
Annual Report and Financial Statements for the year ended June 30, 2025

7. Statement of Corporate Governance

During the year, the secretariat performed the following roles and functions:

- (a) Considering emergency funding requests from Departments/Divisions submitted to the Advisory Committee.
- (b) coordinating the procurement process of all goods services or works approved for funding by the Fund Administrator;
- (c) be custodians of all fund assets and documentation
- (d) prepare annual estimates and reports to the executive committee

Members of the secretariat were being appointed by the Executive committee member for finance who is the Fund administrator.

The Fund had three meetings that deliberated on the requests received from department of Health and Disaster management that considered funding under the emergency fund. The meetings was attended by all committee members.

During the end of the financial year, the committee members were actively involved in the decision made during the meetings.

The Fund did not remunerate any member of the secretariat neither did it provide for training. No conflict of interest

The fund remains a going concern and has no plans for dissolution in the near future.

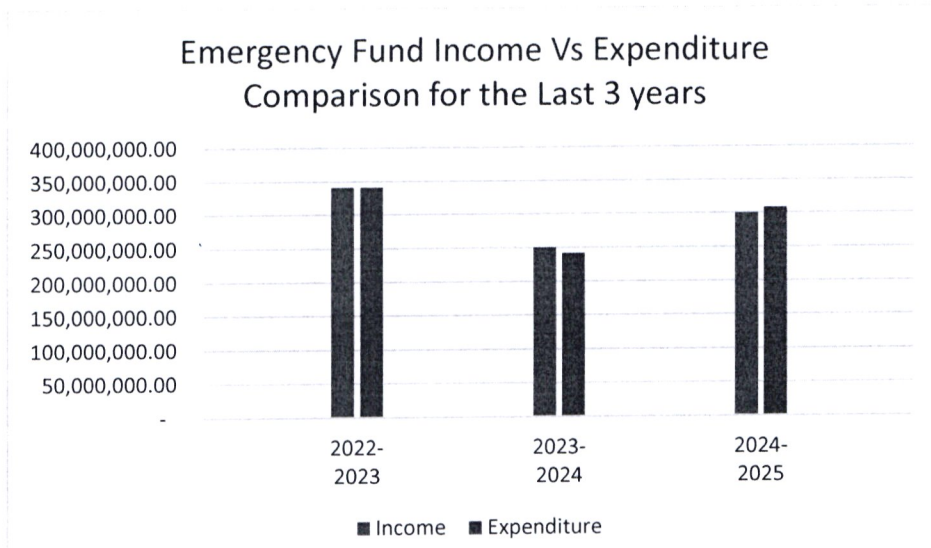
The Fund succession plan rests with the Cec member for finance who is also the administrator of the fund to appoint a secretariat/committee member from within the county as per the guidelines and regulations

8. Management Discussion and Analysis

The fund sometimes faces Liquidity risk in that there is no consistent cash flow, due to delays in cash disbursement from the exchequer

The approved allocation to the County Emergency Fund in the Kilifi County Government Appropriation Act, for the FY 2024/2025 was Kshs. 250,000,000 and a further Ksh. 50,000,000 was allocated in the supplementary budget. However, the Fund had a cash balance of Kshs. 8,06 8,722 brought forward from the FY 2023/2024.

By the close of the year, the fund utilized Ksh. 308,010,982 to cater for Non pharmaceuticals and food stuff.



The Fund key activities during the year include;

- a). Distribution of relief food to the famine affected areas.
- b). Purchase of non- pharmaceuticals to prevent outbreak of diseases.
- c). Purchase of health equipment in floods affected areas
- d). Being preparedness for any emergencies in the county.

In compliance, the Fund has complied to all statutory bodies.

9. Environmental and Sustainability Reporting

1. *Sustainability strategy and profile -*

The fund mainly targeted emergencies in drought prone areas. Due to climate change, these areas faced acute shortage of food, thus affecting their livelihood. Hindering the achievement of the Sustainable Development Goals (SDG). The fund is mainly sustained by monies appropriated by the Kilifi County Assembly. During the period, the fund was able to cater for drought and health emergencies.

2. *Environmental performance*

No environmental policy

3. *Employee welfare*

No employees in this fund

4. *Corporate Social Responsibility / Community Engagements*

No Corporate Social Responsibility (CSR) activities was carried out in the reporting period.

10. Report of The Fund Management Committee

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

Principal Activities

The principal activity/mission/ mandate of the Fund is to consider emergency funding requests from county departments/entities and provide funding for emergency interventions which meet the criteria set out in law.

Results

The results of the Fund for the year ended June 30, 2025 are set out on page 1-6

Management Team

The management team that served during the year are shown in page viii.

There were no changes in the management team during the financial year.

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 Act 2015

By Order of the Fund



Hon. Yaye Shosi

**CEC Member for Finance and Economic Planning/
Administrator of the County Emergency Fund**

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 Emergency Fund established by Public Finance Management Act, 2012 and the Kilifi County Emergency Fund Act, 2020 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 Emergency Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for the year ending June 30 2025. This responsibility includes:

- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) safeguarding the assets of the Fund;
- (v) selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Emergency Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Kilifi County Emergency Fund Act, 2020. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the quarter ended June 30, 2025, and of the Fund's financial position as at that date. The Administrator further confirms 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.

Kilifi County Emergency Fund
Annual Report and Financial Statements for the year ended June 30, 2025

In preparing the financial statements, the Administrator of the County Emergency Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Committee on _____ 9/09/ 2025 and signed on its behalf by:



Hon. Yaye Shosi

**CEC Member for Finance and Economic Planning/
Administrator of the County Emergency Fund**

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KILIFI COUNTY EMERGENCY FUND FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities 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

Opinion

I have audited the accompanying financial statements of Kilifi County Emergency Fund set out on pages 1 to 28, which comprise of the statement of financial position as at 30 June, 2025 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, the financial statements present fairly, in all material respects, the financial position of Kilifi County Emergency Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) the Kilifi County Emergency Fund Act, 2020 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

In the prior year audit reports several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in the Use of Public Resources, and Report on Effectiveness of Internal Control. However, the issues tabulated below had not been resolved as at 30 June, 2025:

	Audit Issue
1	Unsupported Expenditure on Purchase of Foodstuff
2	Unsupported Expenditure on Public Health Equipment
3	Unsupported Expenditure on Road Repairs
4	Failure to Develop Fund Regulations

Other Information

The Management is responsible for the Other Information set out on page iii to xvi which comprise of Key Entity Information and Management, Fund Administration Committee, Report of the Fund Administrator, Statement of Performance Against the Fund's Predetermined Objectives, Statement of Corporate Governance, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the

Report of the Auditor-General on Kilifi County Emergency Fund for the year ended 30 June, 2025

Fund Management Committee, Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Irregular Procurement of Nets and Camping Tents

The statement of financial performance reflects emergency expenses totalling to Kshs.307,109,754 which includes expenditure on public health equipment (nets and camping tents) worth Kshs.5,017,500 as disclosed in Note 9 to the financial statements. The amount was paid to a local supplier to supply the non-food items for humanitarian assistance. Review of the supporting documents revealed that the assessment report led by the Division of Special Programs and Disaster Management in coordination with other stakeholders including Kenya Red Cross Society, Community-Managed Disaster Risk Reduction Committee members, Office of the area MCAs, Sub-County and Ward Administrators among others indicated that items required for each category were forty-four (44) resulting to excess procurement totalling Kshs.4,152,900 which was not supported as indicated in the table below:

Details	Required	Quantity		Amount (Kshs)	
		Procured	Unit Cost-Kshs	Amount-Kshs	Excess Procurement
Tarpaulins (canvas 4 by 6 M size)	44	225	13,000	2,925,000	2,353,000
Blankets (4 by 6 bed)	44	450	1,450	652,500	588,700
Mosquito Nets (insecticide treated net for 4 by 6 bed)	44	450	1,200	540,000	487,200
Mattresses (standard 2.5 by 6)	44	225	4,000	<u>900,000</u>	<u>724,000</u>
Total				<u>5,017,500</u>	<u>4,152,900</u>

Report of the Auditor-General on Kilifi County Emergency Fund for the year ended 30 June, 2025

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

2. Unapproved Emergency Expenses

Review of the Fund's bank account revealed that as at the beginning of the financial year 2024/2025 the Fund had a bank balance of Kshs.35,933,832.25 after having spent Kshs.240,982,587 in 2023/2024 financial year. However, the CEC Member for Finance did not seek approval of the expenditure of Kshs.240,982,587 from the County Assembly within two (2) months after payments were made from the Emergency Fund. In addition, during the period under review, expenditure totalling to Kshs.308,010,982 was incurred for which the CEC Member for Finance did not seek approval of the expenditure from the County Assembly within two (2) months after payments were made from the Emergency Fund some of which has been outstanding unapproved since September, 2024.

Further, evidence that CEC Member for Finance caused a draft of the appropriation Bill to be introduced in the County Assembly for the appropriation of the money paid for the replenishment of the County Government's Emergency Fund to the extent of the amount of the payment was not provided. This is contrary to Section 114(1) and (3) of Public Finance Management Act, 2012 which states that the County Executive Committee Member for finance shall seek approval of the County Assembly within two (2) months after payment is made from the Emergency Fund. As soon as practicable after the County Assembly has approved the payment, the County Executive Committee Member for Finance shall cause a draft of the appropriation Bill to be introduced in the County Assembly for the appropriation of the money paid for the replenishment of the County Government's Emergency Fund to the extent of the amount of the payment.

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

3. Loss of Funds through Irregular Procurement of Emergency Relief Items

The County procured emergency relief food items from seven (7) suppliers at a total cost of Kshs.220,990,152 all identified through framework agreement method of procurement.

The framework agreements were signed on 25 November, 2022 for a three (3) year period. However, a value for money assessment undertaken annually to determine whether the terms designated in the framework agreement remain competitive have not been provided. This is contrary to Section 114 of the Public Procurement and Asset Disposal Act, 2015 which states that the maximum term for the framework agreement shall be three (3) years and, for agreements exceeding one (1) year, a value for money assessment shall be undertaken annually to determine whether the terms designated in the framework agreement remain competitive.

In addition, the Accounting Officer did not subject suppliers under the framework agreement to mini-competition. This was contrary to Regulation 103 (1) and (2) of the Public Procurement and Asset Disposal Regulations, 2020 which states that parties to a framework agreement entered into under regulation 102 shall not make substantial amendments to the terms specified in that framework agreement when entering into a contract under it. An Accounting Officer may award a contract under a

framework agreement either through call-off orders where the price has been determined in the contract by applying the terms specified without reopening competition; or inviting mini-competition amongst the suppliers under the framework agreement.

A market survey was conducted in April, 2024 but Management recommended, without justification and any known law, a marked-up price occasioning loss of Kshs.67,244,871 to public funds as indicated below:

Item	Quantity Supplied-Bags	Unit price Charged per bag	Market Survey Average Price per bag	Overpayment Payment
	Bags	Kshs	Kshs	Kshs
Maize	6,761	9,612	6,583	20,479,069
Beans	5,165	19,799	13,561	32,219,270
Rice	5,709	8,088	5,540	14,546,532
Total				67,244,871

Further, the procurement and prices charged were contrary to the directive of the Supplies Branch in the State Department for Public Works under the Ministry of Lands, Public Works, Housing and Urban Development issued through circular Ref: SDPW/SB/001A/22-24 dated 25 September, 2023 which provided the list of suppliers, awarded framework contracts and the agreed prices, to user Ministries/Departments, County Governments and all Public Institutions including Schools for a two (2) year period ending 4 September, 2025. In addition, the suppliers are not included in the shortlist of firms in the contract.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The Standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The Standards require that I plan and perform the audit to obtain assurance about whether

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

Responsibilities of the Management and those Charged with Governance

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

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

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

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

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


Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The Standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

17 November, 2025

Kilifi County Emergency Fund
Annual Report and Financial Statements for the year ended June 30, 2025


13. Statement of Financial Performance for the Year Ended 30th June 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Transfers From the County Government	6	300,000,000	250,000,000
Public Contributions and Donations	7	-	-
		300,000,000	250,000,000
Revenue From Exchange Transactions			
Finance Income	8	-	-
		-	-
Total Revenue		300,000,000	250,000,000
Expenses			
Emergency Expenses	9	307,109,754	240,982,587
Use of goods and services	10	901,228	975,484
Total Expenses		308,010,982	241,958,071
Surplus/(Deficit) for the Year		(8,010,982)	8,041,929



.....
Name: Hon. Yaye Shosi
Cec Member Finance, Economic
Planning/ Fund Administrator

Date: 19.09.2025



.....
Name: Jacob K. Mwango
Fund Accountant

ICPAK Member Number: 14058

Date: 19.09.2025

Kilifi County Emergency Fund
Annual Report and Financial Statements for the year ended June 30, 2025

14. Statement of Financial Position As at 30 June 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	11	234,744	8,068,722
Receivables from non-exchange transactions	12	-	-
Receivables from exchange transactions	13	-	-
Total current assets		234,744	8,068,722
Total Assets (A)		234,744	8,068,722
Liabilities			
Current Liabilities			
Trade and Other Payables	14	203,724	26,720
Total current liabilities		203,724	26,720
Total Liabilities (B)		203,724	26,720
Net Assets (A-B)		31,020	8,042,002
Represented By:			
Accumulated Surplus		31,020	8,042,002
Net Assets		31,020	8,042,002



.....
Name: Hon. Yaye Shosi
Cec Member Finance, Economic
Planning/Fund Administrator
Date: 19.09.2025



.....
Name: Jacob K. Mwango
Fund Accountant

ICPAK Member Number: 14058
Date: 19.09.2025

Kilifi County Emergency Fund

Annual Report and Financial Statements for the year ended June 30, 2025

15. Statement Of Changes in Net Assets for the year ended 30th June 2025

Description	Accumulated surplus/Deficit
	Kshs
Balance As At 1 July 2023	73
Surplus/(Deficit) For the Year	8,041,929
Balance As At 30 June 2024	8,042,002
Balance As At 1 July 2024	8,042,002
Surplus/(Deficit) For the Year	(8,010,982)
Balance As At 30 June 2025	31,020

Kilifi County Emergency Fund**Annual Report and Financial Statements for the year ended June 30, 2025****16. Statement of Cash Flows for The Year Ended 30 June 2025**

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Receipts From the County Government		300,000,000	250,000,000
Public Contributions and Donations		-	-
Interest received		-	-
Total receipts		300,000,000	250,000,000
Payments			
Emergency Expenses		307,109,754	240,982,587
Use of goods and services		901,228	975,484
Total Payments		308,010,982	241,958,071
Cash flows from operating activities		(8,010,982)	8,041,929
Adjusted for			
Decrease/(increase in Accounts receivable			
Increase/(Increase in Accounts payable		177,004	-
Net Cash flows from operating activities	15	(7,833,978)	8,041,929
Net cash flows used in investing activities		-	-
Cash flows from financing activities		-	-
Net cash flows from financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		(7,833,978)	8,041,929
Cash and cash equivalents at 1 July	11	8,068,722	26,793
Cash and cash equivalents at 30 June 25		234,744	8,068,722

(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)

Kilifi County Emergency Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
Opening Budget Carry overs	-	8,042,002	8,042,002	8,042,002	-	1
Receipts						0
Transfers From County Govt.	250,000,000	50,000,000	300,000,000	300,000,000	-	1
Public Contributions and Donations	-	-	-	-	-	
Interest Income	-	-	-	-	-	0
Total Receipts	250,000,000	58,042,002	308,042,002	308,042,002	-	1
Payments						
Emergency Expenses	250,000,000	57,137,002	307,137,002	307,109,754	27,248	1
Use of goods and services	-	905,000	905,000	901,228	3,772	1
Total Payments	250,000,000	58,042,002	308,042,002	308,010,982	31,020	1
Surplus For the Period	-	-	-	31,020	(31,020)	-

(Budget carryovers This is for entities whose budget lapses at year-end, but the surpluses are not legally required to be remitted back to the CRF.. Budget carryovers should not include third-party funds such as contractors' retention.)*

Budget notes

1. Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (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)

(Entities can present the Statement of Comparison of Budget & Actual amounts in a different categorization of items as approved by the governing body.)

Kilifi County Emergency Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	31,020
1	Trade Payables	203,724
		-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	234,744

18. Notes to the Financial Statements

1. General Information

The Emergency Fund is established by and derives its authority and accountability from Kilifi County Emergency Fund Act, 2020. The fund is wholly owned by the Kilifi County Government and is domiciled in Kenya. The fund’s principal activity is to consider emergency Funding requests from County departments/entities and provide funding for emergency interventions which meet the criteria set out in law.

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 financial statements are prepared on accrual basis while the cashflow statement is prepared using the direct method.

3. Adoption of new and revised standards

(i) New and amended standards and interpretations in issue effective in the year ended 30 June 2025

There are no new standards effective in the financial year ended 30th June 2025.

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

Standard	Effective date and impact:
IPSAS 43 Leases	<i>Applicable 1st January 2025</i> 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.

Standard	Effective date and impact:
	<p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<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 sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 45- Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.

Standard	Effective date and impact:
	<p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 50:</p>	<p><i>Applicable 1st January 2027</i></p>

Standard	Effective date and impact:
Exploration For & Evaluation of Mineral Resources	<p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none">i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

(iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

4. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Revenue Transfers

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 Financial Year 2024/2025 was approved by the County Assembly on 4th July 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Fund upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of Ksh 50,000,000 on the FY 2024/2025 budget following the governing body's approval.

The Fund's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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 cash flows.

c) Financial instruments

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is

recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

d) Contingent liabilities

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

e) Contingent assets

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

f) 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.*

g) Changes in accounting policies and estimates

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

h) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

i) Related parties

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

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.

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) Currency

The financial statements are presented in Kenya Shillings (Kshs) are rounded off to the nearest shilling.

5. Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made

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.

No provisions

6. Transfers from the County Government

Description	2024-2025	2023-2024
	Kshs	Kshs
Transfers From Finance County Department	300,000,000	250,000,000
Others (<i>specify</i>)	-	-
Total	300,000,000	250,000,000

7. Public contributions and donations

Description	2024-2025	2023-2024
	Kshs	Kshs
Cash Donation from Development Partners	-	-
Cash Contributions from the Public	-	-
In kind Donation from Development Partners	-	-
In kind Contributions from the Public	-	-
Others (<i>specify</i>)	-	-
Total	-	-

(there was no income related to this revenue)

8. Finance Income

Description	2024-2025	2023-2024
	Kshs	Kshs
Interest Income on Bank Deposits (current account)	-	-
Total Finance Income	-	-

(Provide brief explanation for this revenue)

9. Emergency Expenses

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Drought related expenses	294,092,931	145,899,045
Fire related expenses	-	-
Flood related expenses	5,017,500	95,083,542
Other (<i>Specify</i>) M-pox outbreak	7,999,323	-
Total	307,109,754	240,982,587

(Indicate the expenses as per the nature of emergency)

10. Use of Goods and Services

Kilifi County Emergency Fund**Annual Report and Financial Statements For the year ended 30th June 2025**

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Bank Charges	16,728	41,084
Allowances	674,500	934,400
Other (<i>Specify</i>) Conference Hall Hire	210,000	-
Total	901,228	975,484

11. Cash and cash equivalents.

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Account	234,744	8,068,722
Others (<i>Specify</i>)	-	-
Total Cash and Cash Equivalents	234,744	8,068,722

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

Financial Institution	Account number	2024-2025	2023-2024
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank	1273063767	234,744	8,068,722
		-	-
Sub- Total		234,744	8,068,722
b) Others (Specify)		-	-
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		234,744	8,068,722

Provide disclosure on any restricted cash that the entity is holding.

12. Receivables from non-exchange transactions

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Receivables		
Revenue Receivable	-	-
Others (<i>specify</i>)	-	-
Total Current Receivables	-	-

13. Receivables from exchange transactions

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Receivables		
Interest Receivable	-	-
Others (<i>specify</i>)	-	-
Total Current Receivables	-	-

14. Trade and other payables

Description	2024-2025		2023-2024	
	Kshs		Kshs	
Trade Payables	177,004		26,720	
Accrued Expenses	-		-	
Retention money	-		-	
Refundable deposits	26,720		-	
Total Trade and Other Payables	203,724		26,720	
Ageing analysis (Trade and other payables)	2024-2025	% of the Total	2023-2024	% of the Total
Under one year	177,004	87%	-	0%
1-2 years	-	0%	-	0%
2-3 years	-	%	26,720	100%
Over 3 years	26,720	13%	-	0%
Total (tie to above total)	203,724		26,720	

15. Cash generated from operations.

Description	2024-2025	2023-2024
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	(8,010,982)	8,041,929
Adjusted For:		
Working Capital Adjustments		
Increase In Receivables	(-)	(-)
Increase In Payables	177,004	-
Net Cash Flow From Operating Activities	(7,833,978)	8,041,929

(The total of this statement should tie to the cash flow section on net cash flows from operating activities)

16. 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) Fund Administration Committee
- c) Key management.

b) Related party transactions

Description	2024-2025	2023-2024
	Kshs	Kshs
Transfers From Related Parties'	300,000,000	250,000,000
Transfers To Related Parties	-	-

c) Due from related parties

Description	2024-2025	2023-2024
	Kshs	Kshs
Due From County Government	-	-
Total	-	-

d) Due to related parties

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Description	2024-2025	2023-2024
	Kshs	Kshs
Due To County Government	-	-
Total	-	-

17. Contingent assets and contingent liabilities

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

18. Financial risk management

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

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

a) Credit risk

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2024				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	8,068,722	8,068,722	-	-
Total	8,068,722	8,068,722	-	-
At 30 June 2025				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	234,744	234,744	-	-
Total	234,744	234,744	-	-

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

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

The entity has significant concentration of credit risk on amounts due from 2021

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

b) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025				
Trade Payables	-	177,004	26,720	203,724
Total	-	177,004	26,720	203,724
At 30 June 2024				
Trade Payables	-	-	26,720	26,720
Total	-	-	26,720	26,720

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

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

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

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
2024-2025			
Euro	10%	-	-
USD	10%	-	-
2023-2024			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 0 (2025: Kshs 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 0 (2025 – Kshs 0).

d) Capital risk management.

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

Description	2024-2025	2023-2024
	Kshs	Kshs
Accumulated surplus	31,020	8,042,002
Total funds	31,020	8,042,002
Less: cash and bank balances	234,744	(8,068,722)
Net debt/(excess cash and cash equivalents)	(203,724)	(26,720)
Gearing	0.2%	-0,33%

19. Events after the reporting period

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

20. Currency

The financial statements are presented in Kenya Shillings (Kshs

19. Annexes

Annex I: Progress on Follow Up Of Prior Year Auditor's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1 & 2	Inaccurate Prior year Accumulated deficit and Inaccurate prior year reserves	Appeared before the senate committee on special funds on 7 th Aug 2025	Resolved	
3 (i)	Inaccurate expenditure on emergency	Appeared before the senate committee on special funds on 7 th Aug 2025	Resolved	
3 (ii)	Unsupported Expenditure on Purchase of Foodstuff	Unsupported expenditure of Kshs.102,977,612	Not resolved. Documents re submitted to Auditor for review/ verification and present to Senate committee to write final report	Issue to be resolved once the Auditor reviews documents and submit final report to the Senate Committee.
3 (iii)	Unsupported Expenditure on Public Health Equipment	Unsupported expenditure of Kshs.14,528,603	Not resolved. Documents re submitted to Auditor for review/ verification and present to Senate committee to write final report	Issue to be resolved once the Auditor reviews documents and submit final report to the Senate Committee.

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3 (iv)	Unsupported Expenditure on Road Repairs	Documents not provided. Unsupported expenditure of Kshs.10,510,000 on provision of transport services.	Not resolved. Documents re submitted to Auditor for review/ verification and present to Senate committee to write final report	Issue to be resolved once the Auditor reviews documents and submit final report to the Senate Committee.
4	Inaccuracies in presentation and disclosures in the Annual Report and Financial statement	Amended financial statement for the year ended june 30 2024 and presented to the Auditor	Resolved	
5	Failure to develop Fund regulations	We have the draft regulations waiting for gazzetment	Partially resolved	By end of second quarter i.e December 2025



Hon. Yaye Shosi Ahmed
 CEC Member Finance & Economic Planning and Resource Mobilization
Fund administrator

Date.....19/09/2025



Jacob Kalama Mwangi
 Fund Accountant
ICPAK member no.14058

Date.....19/09/2025

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Annex II: Inter-Entity Confirmation Letter

Name of transferring entity: Kilifi County Finance Department

Name of beneficiary entity: Kilifi County Emergency Fund

Confirmation of amounts received by Kilifi County Emergency Fund as at 30 th June 2025						
Reference Number	Date Disbursed	Amounts Disbursed by Kilifi County Finance Department] (Kshs) as at 30 th June 2025			Amount Received by Kilifi County Emergency Fund] (KShs) as at 30 th June 2025 (D)	Differences (KShs) (E)=(C-D)
		Recurrent (A)	Development (B)	Total (C)=(A+B)		
COB/KLF/	02/11/2024	50,000,000	0	50,000,000	50,000,000	0
COB/KLF	13/12/2024	20,000,000	0	20,000,000	20,000,000	0
COB/KLF	17/12/2024	40,000,000	0	40,000,000	40,000,000	0
COB/KLF/	27/01/2025	40,000,000	0	40,000,000	40,000,000	0
COB/KLF	16/04/2025	72,000,000	0	72,000,000	72,000,000	0
COB/KLF	09/06/2025	50,000,000	0	50,000,000	50,000,000	0
COB/KLF	18/07/2025	28,000,000	0	28,000,000	28,000,000	0
Total		<u>300,000,000</u>		<u>300,000,000</u>	<u>300,000,000</u>	0

I confirm that the amounts shown above are correct as of the dates indicated.

Head of Accounts Department - Disbursing Entity:
 Name Barbara Entice Mwakio Sign [Signature] Date 19/09/2025

Head of Accounts Department - Beneficiary Entity:
 Name Jacob K. Mwangi Sign [Signature] Date 19/09/2025

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Annex III: Analysis of Emergency Expenditure

Date	Payee	Amount	Purpose of Payment	Status (spent/not spent)	Remarks
19.09.24	Henzo Touch Ltd	7,999,323	Purchase of Non-Pharms	Spent	For emergency
05.11.24	Milas Ventures	14,359,439	Purchase of maize and beans	Spent	Emergency
05.11.24	Henzo Touch Ltd	23,612,818	Purchase of maize and beans	Spent	Emergency
05.11.24	Unique Folio	12,023,851	Purchase of maize and beans	Spent	Emergency
16.12.24	Pedcor Capital Ltd	20,024,446	Purchase of maize rice and beans	Spent	Emergency
17.12.24	Pedcor Capital Ltd	20,000,00	Purchase of maize rice and beans	Spent	Emergency
17.12.24	Pedcor Capital Ltd	20,024,446	Purchase of maize rice and beans	Spent	Emergency
27.01.2025	Unique Folio	10,168,459	Purchase of maize rice and beans	Spent	Emergency
27.01.2025	Pedcor Capital Ltd	19,852,436	Purchase of maize rice and beans	Spent	Emergency
27.01.2025	Henzo Touch Ltd	9,968,468	Purchase of maize rice and beans	Spent	Emergency

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16.04.2025	Dewlight Holding Ltd	9,990,495	Purchase of maize rice and wheat flour	Spent	Emergency
16.04.2025	Bagamoyo Hardware Ltd	25,000,120	Purchase of maize rice and wheat flour	Spent	Emergency
16.04.2025	Africent Enterprises ltd	10,966,554	Purchase of maize rice and wheat flour	Spent	Emergency
16.04.2025	Pedcor Capital Ltd	24,998,619	Purchase of maize rice and wheat flour	Spent	Emergency
09.06.2025	Bagamoyo Hardware	16,006,267	Supply and delivery of dried maize and beans	Spent	Emergency
09.06.2025	Lamahuran Investment	14,968.879	Supply and delivery of dried maize and beans	Spent	Emergency
14.06.2025	Lamahuran Investments	5,000,000	Supply and delivery of dried maize and beans	Spent	Emergency
20.06.2025	Wamuchi Traders	5,000,805	Supply and delivery of dried maize and beans	Spent	Emergency
20.06.2025	Lamahuran Investments	22,968,632	Supply and delivery of dried maize and beans	Spent	Emergency
20.06.2025	Maskton Company Ltd	9,000,000	Supply and delivery of dried maize and beans	Spent	Emergency

Kilifi County Emergency Fund

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20.06.2025	Soncity Trading Company	4,974,246	Supply & delivery of Non- Food Items	Spent	Emergency
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Hon. Yaye Shosi Ahmed
CEC Member Finance, Economic Planning and Resource Mobilization/
Fund administrator