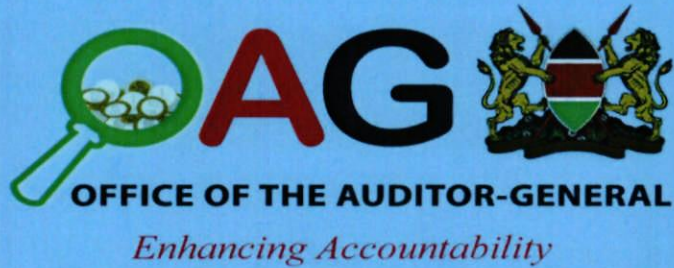


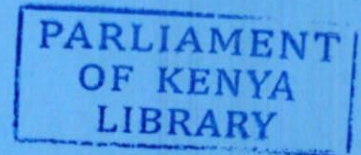
REPUBLIC OF KENYA



**REPORT**

PAPERS LAID	
DATE	2/12/2021
TABLED BY	Sensate Mwangi
COMMITTEE	
CLERK AT THE TABLE	Karaka M

leader  
**OF**



**THE AUDITOR-GENERAL**

**ON**

**KIAMBU COUNTY EMERGENCY FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2019**





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**KIAMBU COUNTY EMERGENCY FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2019**

---

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

***Kiambu County Emergency Fund***  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**

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**Kiambu County Emergency Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

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**2. KEY ENTITY INFORMATION AND MANAGEMENT**

**a) Background information**

The Kiambu County Emergency Fund is established by and derives its authority and accountability from Fund Act (PFM Act 2012 sec. 110-115) on 2013. The Fund is wholly owned by the County Government of Kiambu and is domiciled in Kenya

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

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

**b) Principal Activities**

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

**Board of Trustees/Fund Administration Committee**

Ref	Name	Position
1		
2		

**c) Key Management**

Ref	Name	Position
1	Hon. CPA Francis KigoNjenga	CECM - Finance and Economic Planning
2	Dr Martin Njogu Mbugua	County Secretary
3	William Kimani	Chief Officer- Finance and Economic Planning
4	Peter Mugacha	Accountant

***Kiambu County Emergency Fund  
Reports and Financial Statements  
For the year ended June 30, 2019***

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**d) Registered Offices**

P.O. Box 2344-00900  
County Headquarter Offices  
Kiambu Nairobi Highway  
Kiambu, KENYA

**e) Fund Contacts**

Telephone: (254) 0675858141  
E-mail: [ifmis@fep.kiambu.go.ke](mailto:ifmis@fep.kiambu.go.ke)  
Website: [www.kiambu.go.ke](http://www.kiambu.go.ke)

**f) FundBankers**

Cooperative of Kenya  
Kiambu Branch, Kenya

**g) Independent Auditors**

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

**h) Principal Legal Adviser**

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

*Kiambu County Emergency Fund*  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**

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**3. THE BOARD OF TRUSTEES (or any other corporate governance body for the Fund)**

The fund does not have board of trustees but has a management and advisory committee.

**Kiambu County Emergency Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

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**4.MANAGEMENT TEAM**

<b>Name</b>	<b>Details of qualifications and experience</b>
Dr Martin Njogu Mbugua	Date of Birth May 15, 1968 PHD Researcher and lecturer Over 20 years' experience County Secretary
William Kimani	D.O.B 1977 Chief Officer Finance and Economic planning Over 15 years' experience
Peter Mugacha	D.O.B 1961 Accountant Over 37years' experience

**Kiambu County Emergency Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

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**5. BOARD/FUND CHAIRPERSON'S REPORT**


**Forward**

Kiambu County Emergency Fund is established by and derives its authority and accountability from Fund Act (PFM Act 2012 sec. 110-115) on 2013. The Fund is wholly owned by the County Government of Kiambu and is domiciled in Kenya.

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

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

There were no changes in the management of the fund during the financial year, where the position of chief officer Finance and economic planning and that of secretary to the county public service board were replaced.

Signed:  \_\_\_\_\_

Wilson Kangethe Mburu

28/09/2021

***Kiambu County Emergency Fund***  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**

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**6.REPORT OF THE FUND ADMINISTRATOR**

Kiambu County Emergency Fund is established by and derives its authority and accountability from Fund Act (PFM Act 2012 sec. 110-115) on 2013. The Fund is wholly owned by the County Government of Kiambu and is domiciled in Kenya.

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

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

There were no changes in the management of the fund during the financial year whereby the chief officer finance and secretary to the County Public service board were replaced.

Signed:  27/9/21 -

Peter Mugacha

**7.CORPORATE GOVERNANCE STATEMENT**

Currently the fund does not have board of trustees and thus there is no corporate governance structure.

## **8.MANAGEMENT DISCUSSION AND ANALYSIS**

The committee usually holds management and advisory committees when need arises to review various requests by members of staff.

Upon approval of various requests and depending on availability of funds the financial institution tasked with the issuing of emergency funds evaluates the ability to pay various applicants and process the requests accordingly.

During the financial year under review, the fund disbursed Ksh 1.1 Million. The fund complies with the Public Finance Management Act 2012 and Kiambu County Emergency Fund Regulations 2013.

**9.CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

The fund didn't undertake any Corporate Social Responsibility in the period under review.

**10.REPORT OF THE TRUSTEES**

The fund currently does not have board of trustees but it is run by the management team.

## **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 public Finance Management Act 2012 and Kiambu County EmergencyFund regulations, 2013*) shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

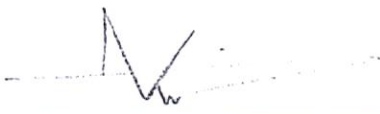
The Administrator of the Kiambu County Emergency Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2019. This responsibility includes: (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 Kiambu 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 (*Kiambu County Emergency Fund regulations, 2013*). 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, 2019, 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 Kiambu 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.

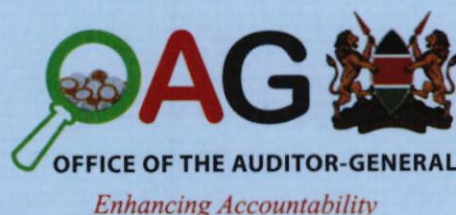
### **Approval of the financial statements**

The Fund’s financial statements were approved by the Management on 28/09/2019 and signed on its behalf by:

  
\_\_\_\_\_  
Fund Administrator

# 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 KIAMBU COUNTY EMERGENCY FUND FOR THE YEAR ENDED 30 JUNE, 2019

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### REPORT ON THE FINANCIAL STATEMENTS

#### Adverse Opinion

I have audited the accompanying financial statements of Kiambu County Emergency Fund set out on pages 14 to 31, which comprise of the statement of financial position as at 30 June, 2019, statement of financial performance, statement of changes in net assets, statement of cash flows and the 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Kiambu County Emergency Fund as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Kiambu County Emergency Fund Act, 2013 and the Public Finance Management Act, 2012.

#### Basis for Adverse Opinion

##### 1. Inaccuracies in the Financial Statements

###### 1.1 Statement of Financial Performance

The statement of financial performance reflects Kshs.4,541,244 as revenue in respects to transfer from the County Government. However, documents provided for audit revealed that Kshs.4,541,244 relates to the surplus for the 2017/2018 financial year and not revenue for the year under review resulting in the statement of financial performance reflecting an unsupported surplus for the year under review of Kshs.3,413,677.

Further, as disclosed in Note 4 to the financial statements, the statement of financial performance reflects Kshs.1,100,000 in respect to general expenses which relates to amounts disbursed to various beneficiaries. However, supporting committee minutes regarding applications for assistance were not provided for audit review.

## **1.2 Statement of Changes in Net Assets**

The statement of changes in net assets reflects a revolving fund balance as at 30 June, 2019 of Kshs.3,413,677 whereas the statement of financial position reflects a nil balance on the same item. In addition, the statement of changes in net assets reflects a nil surplus for the year while the statement of financial performance reflects Kshs.3,413,677 on the same item.

Further, the statement of changes in net assets reflects a total balance as at 1 July, 2018 of Kshs.21,119,315 and a balance as at 30 June, 2019 of Kshs.3,413,677. However, movement schedules and relevant documentation were not provided for audit.

## **1.3 Statement of Financial Position**

The statement of financial position reflects total assets and liabilities balance of Kshs.3,413,677 whose supporting documents were not provided for audit. In addition, the same statement reflects Kshs.3,413,677 in respect to cash and cash equivalents. However, Note 5 on the same item reflects Kshs.4,063,677 resulting to an unexplained variance of Kshs.650,000.

Consequently, the accuracy, completeness and validity of the Fund's financial statements for the year ended 30 June, 2019 could not be confirmed.

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

### **Other Matter**

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

In the audit report of the previous year, several issues were raised. However, the Management has not resolved the issues nor given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circular Ref: PSASB/1/12 Vol.1(44) of 25 June, 2019.

# REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

## **Conclusion**

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

### **1. Presentation of the Financial Statements**

The Fund's financial statements contains a blank statement of comparison of budget and actual amounts for the period ended 30 June, 2019 contrary to the Public Sector Accounting Standards Board template and The National Treasury's Circular Ref: PSASB/1/12 Vol.1(44) of 25 June, 2019.

Consequently, the Fund Management is in breach of the law.

### **2. Non-Compliance with Fund's Regulations**

During the year under review, there was no evidence provided to show that the Fund Administrator notified the County Assembly of the disbursements totalling Kshs.1,100,000. This is contrary to Section 9(1) of the Kiambu County Emergency Fund Act, 2013, which require the Fund Administrator/County Executive Member for Finance to notify the County Assembly in writing within two months after payments are made from the Fund.

Further, no funds were set aside and transferred to the Fund Account to meet emergencies in the financial year 2018/2019 contrary to Section 3(3) of the same Act, which requires the County Assembly to ensure that monies contained in the Fund are 0.5 per cent of the County's budget.

Consequently, the Management is in breach of the law.

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that 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 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 those Charged with Governance**

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

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

Those charged with Governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the Fund 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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 Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



**AUDITOR-GENERAL**

**Nairobi**

**16 November, 2021**

**Kiambu County Emergency Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

**13.FINANCIAL STATEMENTS**

**13.1.STATEMENT OF FINANCIAL PERFORMANCEFOR THE YEAR ENDED  
30<sup>th</sup>JUNE 2019**

	Note	FY2018/2019	FY2017/2018
		KShs	KShs
<b>Revenuefromnon-exchangetransactions</b>			
Balance B/F			
Transfers from the County Government	1	4,541,243.70	21,119,314.70
<b>Revenuefromexchangetransactions</b>			
Interest income	2	-	-
Otherincome		-	-
<b>Totalrevenue</b>		<b>4,541,243.70</b>	<b>21,119,314.70</b>
<b>Expenses</b>			
Fund administration expenses	3	27,567.00	27,567.00
Generalexpenses	4	1,100,000.00	16,550,681.00
<b>Totalexpenses</b>		<b>1,127,567.00</b>	<b>16,578,071.00</b>
<b>Other gains/losses</b>			
Gain/loss on disposal of assets		-	-
<b>Surplus/( deficit)fortheperiod</b>		<b>3,413,676.70</b>	<b>4,541,243.70</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 28/07/2021 and signed by:

Administrator of the Fund  
Name: KILIAN KANGETHI

Fund Accountant  
Name: PETER MUGENI

**Kiambu County Emergency Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

**13.2.STATEMENT OF FINANCIAL POSITIONAS AT 30 JUNE 2019**

	Note	FY2018/2019	FY2017/2018
		KShs	KShs
<b>Assets</b>			
<b>Current Assets</b>			
Cashandcashequivalents	5	3,413,676.70	4,541,243.70
Current Portion of Long-Term Receivables from Exchange Transactions	6	-	-
Prepayments	7	-	-
Inventories	8	-	-
		<b>3,413,676.70</b>	<b>4,541,243.70</b>
<b>Non-currentassets</b>			
Property,plantandequipment	9	-	-
Intangibleassets	10	-	-
Long term receivables from exchange transactions	11	-	-
<b>Totalassets</b>		<b>3,413,676.70</b>	<b>4,541,243.70</b>
<b>Liabilities</b>			
<b>Currentliabilities</b>			
Trade and other payables from exchange transactions	12	-	-
Provisions	13	-	-
Current Portion of borrowings		-	-
Employee benefit obligations		-	-
<b>Non-currentliabilities</b>			
Non-currentemployeebenefit obligation		-	-
Long term portion of borrowings		-	-
<b>Totalliabilities</b>		-	-
<b>Netassets</b>			
Revolving Fund		-	-
Reserves		-	-
Accumulatedsurplus		-	-
<b>Totalnetassetsandliabilities</b>		<b>3,413,676.70</b>	<b>4,541,243.70</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 28/09/2021 and signed by:

\_\_\_\_\_  
Administrator of the Fund

Name: KENNEDY KANG'ETHI

\_\_\_\_\_  
Fund Accountant

Name: PETER K. MUGAZHA

**Kiambu County Emergency Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

**13.3.STATEMENT OF CHANGES IN NET ASSETSAS AT 30 JUNE 2019**

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
<b>Balance as at 1 July 2017</b>	21,119,314.70	-	-	21,119,314.70
Surplus/(deficit) for the period	-	-	-	-
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
<b>Balanceasat30 June 2018</b>	<b>21,119,314.70</b>	-	-	<b>21,119,314.70</b>
<b>Balance as at 1 July 2018</b>				
Surplus/(deficit)for the period	-	-	-	-
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
<b>Balance as at 30 June 2019</b>	<b>3,413,676.70</b>	-	-	<b>3,413,676.70</b>

**Kiambu County Emergency Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

**13.4.STATEMENT OF CASHFLOWSFOR THE YEAR ENDED 30 JUNE 2019**

	Note	FY2018/2019	FY2017/2018
		KShs	KShs
<b>Cashflowsfromoperatingactivities</b>			
<b>Receipts</b>			
Publiccontributionsanddonations		-	-
Transfers from the County Government		-	-
Interest received		-	-
Receipts from other operating activities		-	-
<b>Total Receipts</b>		-	-
<b>Payments</b>			
Fund administration expenses		27,567.00	-
General expenses		1,100,000.00	16,578,071.00
Financecost		-	-
<b>Total Payments</b>		<b>1,127,567.00</b>	<b>16,578,071.00</b>
<b>Netcashflowsfromoperatingactivities</b>	25	<b>(1,127,567.00)</b>	<b>(16,578,071.00)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangibleassets		-	-
Proceedsfromsaleofproperty,plantand equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
<b>Netcashflowsusedininvestingactivities</b>		-	-
<b>Cashflowsfromfinancingactivities</b>			
Proceedsfromrevolving fund receipts		-	-
Additional borrowings		-	-
Repaymentofborrowings		-	-
<b>Netcashflowsusedinfinancingactivities</b>		-	-
<b>Netincrease/(decrease)incashandcash equivalents</b>		<b>(1,127,567.00)</b>	<b>(16,578,071.00)</b>
Cashandcashequivalentsat1JULY	15	<b>4,541,243.70</b>	<b>21,119,314.70</b>
<b>Cashandcashequivalentsat30 JUNE</b>	15	<b>3,413,676.70</b>	<b>4,541,243.70</b>

**13.5.STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30<sup>th</sup> JUNE 2019**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2019	2019	2019	2019	2019	2019
	KShs	KShs	KShs	KShs	KShs	
<b>Revenue</b>						
Public contributions and donations	-	-	-	-	-	
Transfers from County Govt.	-	-	-	-	-	
Interest income	-	-	-	-	-	
Other income	-	-	-	-	-	
<b>Total income</b>	-	-	-	-	-	
<b>Expenses</b>						
Fund administration expenses	-	-	-	-	-	
Staff costs	-	-	-	-	-	
General expenses -bank charges	-	-	-	-	-	
Loan disbursements	-	-	-	-	-	
<b>Total expenditure</b>	-	-	-	-	-	
<b>Surplus for the period</b>	-	-	-	-	-	

## **13.6.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **1. Statement of compliance and basis of preparation**

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

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

### **2. Adoption of new and revised standards**

#### **a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2018**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 39:</b> Employee Benefits	<b>Applicable: 1<sup>st</sup> January 2018</b> The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.

#### **b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2018**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 40: Public Sector Combinations</b>	<b>Applicable: 1<sup>st</sup> January 2019:</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non exchange transactions which are covered purely under Public Sector combinations as amalgamations.

#### **c) Early adoption of standards**

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. Revenue recognition**

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

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

***Interest income***

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

**4. Budget information**

The original budget for FY 2018/2019 was approved by the Kiambu County Assembly. 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 Kiambu County Emergency Fund upon receiving the respective approvals in order to conclude the final budget.

The Kiambu County Emergency 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 financial performance has been presented under section 12.5 of these financial statements.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**5. 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.

**6. Financial instruments**

***Financial assets***

***Initial recognition and measurement***

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

***Loans and receivables***

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Held-to-maturity***

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Kiambu County Emergency Fund 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 Kiambu County Emergency Fund assesses at each reporting date whether there is objective evidence that a financial asset or Kiambu County Emergency Fund 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 cashflows 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)**

**7. Provisions**

Provisions are recognized when the Kiambu County Emergency Fund 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 Kiambu County Emergency Fund 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 Kiambu County Emergency Fund does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Contingent assets*

The Kiambu County Emergency 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 Kiambu County Emergency Fund 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.

**8. Changes in accounting policies and estimates**

The Kiambu County Emergency 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.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**9. Related parties**

The Kiambu County Emergency 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 Kiambu County Emergency Fund, or vice versa. Members of key management are regarded as related parties and comprise the directors, the fund administrators and senior officers.

**10. 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.

**11. Comparative figures**

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

**12. Events after the reporting period**

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

**13. Ultimate and Holding Entity**

The Kiambu County Emergency Fund is a County Public Fund established by PFM Act 2012 sec. 110-115), Kiambu County Emergency Regulations 2013. Its ultimate parent is the County Government of Kiambu.

**14. Currency**

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

The preparation of the Kiambu County Emergency 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. There are no judgments, estimates and assumptions made.

**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 Kiambu County Emergency Fund 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 Kiambu County Emergency Fund. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

**Useful lives and residual values**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. There are no additional disclosures of these estimates of provision.

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.

**13.7. NOTES TO THE FINANCIAL STATEMENTS**

**1. Transfers from County Government**

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Balance B/F	4,541,243.70	21,119,314.70
<b>Total</b>	<b>4,541,243.70</b>	<b>21,119,314.70</b>

**2. Interest income**

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Loan repayment interest	-	-
<b>Total interest income</b>	<b>-</b>	<b>-</b>

**3. Fund administration expenses**

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Bank Charges	27,567.00	27,390.00
<b>Total</b>	<b>27,567.00</b>	<b>27,390.00</b>

**4. General Expenses**

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Other Expenses	1,100,000.00	16,550,681.00
<b>Total</b>	<b>1,100,000.00</b>	<b>16,550,681.00</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**5. Cash and cash equivalents**

		FY2018/2019	FY2017/2018
Financial institution	Account number	KShs	KShs
<b>a) Fixed deposits account</b>			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
<b>Sub- total</b>		-	-
<b>b) On - call deposits</b>			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
<b>Sub- total</b>		-	-
<b>c) Current account</b>			
Cooperative bank	01144371997200	4,063,676.70	4,541,243.70
Bank B		-	-
<b>Sub- total</b>		4,063,676.70	4,541,243.70
<b>d) Others(specify)</b>			
Cash in transit		-	-
Cash in hand		-	-
M Pesa		-	-
<b>Sub- total</b>		-	-
<b>Grand total</b>		<b>4,063,676.70</b>	<b>4,541,243.70</b>

**6. Current Portion of Long-Term Receivables from exchange Transactions**

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Current Portion of Long-Term Receivables from exchange Transactions	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**7. Prepayments**

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Prepayments	-	-
<b>Total</b>	-	-

**8. Inventories**

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Good in Store	-	-
<b>Total</b>	-	-

**9. Property, Plant and Equipment**

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Property, Plant and Equipment	-	-
<b>Total</b>	-	-

**10. Intangible Assets**

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Intangible Assets	-	-
<b>Total</b>	-	-

**11. Long – Term Receivables from Exchange Transactions**

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Long – Term Receivables from Exchange Transactions	-	-
<b>Total</b>	-	-

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**12. Trade and Other Payables from Exchange Transactions**

Description	FY2018/2019 KShs	FY2017/2018 KShs
Trade and Other Payables from Exchange Transactions	-	-
<b>Total</b>	-	-

**13. Provisions**

Description	FY2017/2018 KShs	FY2016/2017 KShs
Provision	-	-
<b>Total</b>	-	-

**14.PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
FY2018/2019/1	Budget and budgetary control	The county realized reduced revenue targets and therefore there was shortage of cash flow. The county not been able to meet in its budget for some of the items e.g. remittance to emergency fund	Fund administrator	Not resolved	30/6/2020
FY2018/2019/2	General expenses	Voucher processed and forwarded to county treasury for refund	Fund administrator	Not resolved	30/6/2020
FY2018/2019/3	Payment vouchers not supported	Management team making every effort to identify victims/beneficiaries through sub county administrator to obtain evidence	Fund administrator	Not resolved	30/6/2020
FY2018/2019/4	Current portion of long term receivables	Voucher processed and forwarded to county treasury for fuel refund . in addition letter written to kiambu water and sewerage ref KCG/FEP/2/11/VOL.I/14 for refund	Fund administrator	Not resolved	30/6/2020