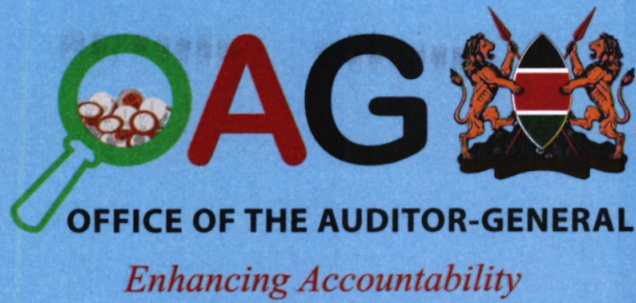


REPUBLIC OF KENYA



REPORT

OF

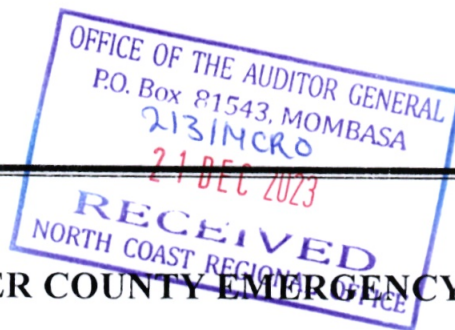
THE AUDITOR-GENERAL

ON

**TANA RIVER COUNTY
EMERGENCY FUND**

**FOR THE YEAR ENDED
30 JUNE, 2023**

PAPERS LAID	
DATE	7/3/2024
TABLED BY	Soni
COMMITTEE	Chungu
CLEAR AT THE TABLE	



TANARIVER COUNTY EMERGENCY FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2023**

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



Tana River County Emergency Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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Tana River County Emergency Fund
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1. Acronyms and Glossary of Terms

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

2. Key Entity Information and Management

a) Background information

Tana River County Emergency Fund is established by and derives its authority and accountability from The Public Finance Management Act, 2012 on 5th June, 2020. The Fund is wholly owned by the County Government of Tana River and is domiciled in Kenya.

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

The Fund's principal activity is to;

1. Capacity builds the staff and the community members in matters emergency
2. Promote preparedness and initiate response to deal with emerging issues
3. Evacuate, rescue and give relief to the victims of any hazard
4. Avert danger, threat, risk, hazard or menace of any disaster
5. Offer rehabilitative and reconstruction services to return to normalcy
6. Mitigate, lessen, alleviate or reduce risk of any disaster or severity or consequences

During the year 2022/2023 the Tana River County Emergency Fund had an opening balance of Ksh 5,557,474 and received Kshs. 132,165,375 on 10th Feb 2023.

The fund only utilised Ksh 5,413,416.00 from the opening balance to respond to water trucking activities and due to the fact that there were no substantive office bearers, the fund did not utilise the disbursed amount during the year.

b) Principal Activities

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

1. Capacity builds the staff and the community members in matters emergency
2. Promote preparedness and initiate response to deal with emerging issues
3. Evacuate, rescue and give relief to the victims of any hazard
4. Avert danger, threat, risk, hazard or menace of any disaster
5. Offer rehabilitative and reconstruction services to return to normalcy
6. Mitigate, lessen, alleviate or reduce risk of any disaster or severity or consequences

**Tana River County Emergency Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

c) Emergency Fund Administration Committee

Ref	Name	Position
1	H.E Dhadho Godhana	Governor/ Fund Chairperson
2	Brenda Mokaya	CECM Finance/ Fund Administrator/Secretary
3	Mwanajuma Hiribae	Ag. County Secretary/Member
4	Mariam Bunu	Ag. Chief Officer Finance/ Member
5	Abdullahi Hanti	Chief Officer Public Administration/ Member
6	Salim Abdirahman	Supply Chain Management Officer/ Secretariat
7	Sakina Yusuf	Fund Accountant/ Secretariat

d) Key Management Team

Ref	Name	Position
1	Brenda Mokaya	Fund Administrator
2	Mariam Bunu	Ag. Chief Officer Finance
3	Salim Abdirahman	Supply Chain Management Officer
4	Sakina Yusuf	Accountant

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	Charles Njuguna

f) Registered Offices

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

g) Fund Contacts

Telephone: (254) 730626000
E-mail: info@tanariver.go.ke
Website: www.tanariver.go.ke

Tana River County Emergency Fund
Annual Report and Financial Statements for the year ended June 30, 2023

h) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

2. Equity Bank Limited
P.O. Box 185-70101
County Headquarter
Hola, Kenya

Tana River County Emergency Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Key Entity and Management (Continued)




i) Independent Auditors

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





j) Principal Legal Adviser

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

3. Fund Administration Committee





Name	Details of qualifications and experience
<p>1. H.E. Major (Rtd) Dr. Dhadho Gaddae Godhana</p>  <p>The County Governor</p>	<p>H.E Godhana Dhadho Gaddae is the 2nd and current governor of Tana River County in Kenya, in office since 22 August 2017. He is the Chairman of the Fund</p>
<p>2. CPA Brenda Mokaya</p>  <p>CECM Finance and Economic Planning</p>	<p>Mrs. Brenda is the CECM Finance and Economic Planning. She holds a BCOM Degree (Finance) Option from Kabarak University, holder of CPA(K) and a Member of ICPAK. She also holds a Diploma in project management, monitoring and evaluation. She has vast experience of over 15 years in Financial Accounting and Cost Accounting. She is the Fund Administrator and Secretary to the Committee.</p>
<p>3. Mrs.Mwanajuma Hiribae</p>  <p>Ag. County Secretary and CECM Lands, Agriculture, Fisheries and Veterinary Services</p>	<p>Mrs. Mwanajuma is the Ag. County Secretary and the CECM Lands, Agriculture, Fisheries and Veterinary Services. She Holds a Bachelor in Business Administration (Human Resource Management/ Personnel Administration) from Kenya Methodist University, a Diploma in Mass Communication (Radio and Television Production). She is a Human and Gender rights activist with experience in people development and strengthening capacity of community based organizations to advance social, economic and political rights of the people living in poverty in Kenya context. She has over 20 years' experience in public policy and administration programmes in the Non-Governmental and Governmental space. She is a member of the Fund Administration Committee.</p>

**Tana River County Emergency Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

<p>4. Mr. Abdulla Hanti</p>  <p>CECM Public Service Management, Administration, Devolution, ICT, Communication and Protocol</p>	<p>Mr. Abdulla is the CECM Public Service Management, Administration, Devolution, ICT, Communication and Protocol. He holds a Bachelor's Degree in Development Studies and Social Work. He has previously worked as a Director in the department of Special Programmes and a Public Health Officer in County Government of Tana River. He is a member of the Fund Administration Committee</p>
<p>5. CPA Mariam Abdalla Bunu</p>  <p>Ag. CCO Finance and Economic Planning</p>	<p>Mrs. Mariam is the Ag. Chief Officer Finance. She is currently pursuing her PhD, holds a Master's in Business Administration (Finance), Bachelor's Degree in Business Management (Banking and Finance) Option. Holder of CPA(K) and a member of ICPAK. She is a member of the Fund Administration Committee.</p>
<p>6. Mr. Salim Abdirahaman</p>  <p>Supply Chain Management Officer</p>	<p>Mr. Salim holds a Bachelor in Business Management from Garissa University. He is a member of Kenya Institute of Supply Chain Management and currently works as a Procurement officer in Tana River County.</p>
<p>7. CPA Sakina Yusuf</p>  <p>Accountant</p>	<p>Mrs. Sakina holds a Bachelor degree in Commerce (Finance) Option from KCA University. She is a holder of CPA (K) and a member of ICPAK. She currently works as an accountant in Tana River County.</p>

Tana River County Emergency Fund
Annual Report and Financial Statements for the year ended June 30, 2023

4. Management Team

1. CECM Finance and Economic Planning	CPA Brenda Mokaya 	Fund Administrator/Secretary
2. Ag. CCO Finance and Economic Planning	CPA Mariam Abdalla Bunu 	Member
3. Ag. Director Supply Chain Management	Mr. Salim Abdirahman 	Secretariat
4. Accountant	CPA Sakina Yusuf 	Secretariat

Tana River County Emergency Fund
Annual Report and Financial Statements for the year ended June 30, 2023

5. Fund Chairperson's Report

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

Despite the limited financial resources due to low appeal coverage, the County Emergency Fund Committee agreed to utilise the available funds to respond to water trucking challenges by repairing 3 water boozers to ease the distribution of water in the affected regions.

We continue to enjoy incredible support and goodwill from diverse stakeholders and development partners. I would like to appreciate and most sincerely thank the Fund Management Committee for their selfless services. I also wish to note with appreciation the support extended to us by the National Drought Management Authority, Tana Water and Sanitation Company, Young Muslim Association and AMA.

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

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

Name Mariam Bura Signature  Date 30/09/2023

 Chairperson of the Fund

6. Report of The Fund Administrator

I am delighted to present the report showing the performance of the Emergency Fund for the year 2022/23.

During the year, the fund spent a total of Ksh. 2,497,496.00 to repair 3 water boozers which were used to facilitate water trucking activities.

On water trucking, the government worked on fuel subsidy, and procured KShs. 500,000 worth of fuel, in order to ease water trucking which was very expensive. 3 water bowsers were repaired. The Fund paid KShs. 500,000 to KPLC for TAWASCO to ensure continuous pumping of water without power cut outs. This also acted as a subsidy for TAWASCO to provide treated water for water trucking in the 3 sub counties.

The intervention was targeting affected communities, education and health institutions in Tana Delta, Tana River and Tana North sub-counties.

Challenges

- i. Inadequate water storage facilities at community level.
- ii. Frequent mechanical breakdown of the water bowsers.
- iii. Poor road network in some needy areas.

The future of the Fund seems excellent assuming that the operating environment is improved. The Fund could grow to provide clean and safe water and to all major villages in the county. The key areas to focus on include;

- Capacity building
- Improving water supply reliability

Thank you.

.....
Name:

Brenda Mwakaya
Fund Administrator

Date: *30/09/2023*

Tana River County Emergency Fund
Annual Report and Financial Statements for the year ended June 30, 2023

7. Statement of Performance Against the County Fund's Predetermined Objectives

Introduction

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

The key development objectives of the Fund are to:

1. Capacity builds the staff and the community members in matters emergency
2. Promote preparedness and initiate response to deal with emerging issues
3. Evacuate, rescue and give relief to the victims of any hazard
4. Avert danger, threat, risk, hazard or menace of any disaster
5. Offer rehabilitative and reconstruction services to return to normalcy
6. Mitigate, lessen, alleviate or reduce risk of any disaster or severity or consequences

8. Corporate Governance Statement

The Fund has instituted processes to ensure that the highest standards of corporate governance are maintained at all levels in the Fund. This is in compliance to the Public Finance Management Act, 2012, the Public Finance (County Governments) Regulations, 2015 and the Tana River County Emergency Fund Regulations, 2020.

The Fund is governed by the Tana River County Emergency Fund Committee that consists of the following members:

- a. The Governor who is the Chairperson
- b. The County Secretary
- c. The County Executive Committee Member for Finance
- d. The County Executive Committee Member for Public Service and Administration
- e. The County Chief Officer – Finance

The Committee is responsible for the following:

- a. To admit and analyse issues that are emergency in nature and coordinate response whether short-term or long-term in the event of disaster;
- b. Prepare, publish and publicize the County Contingency plan relating to all hazards that are prevalent in the county;
- c. Coordinate threat, risk or disaster preparedness, response and resilience while upholding disaster prevention, mitigation and reduction with the national government and all other stakeholders within the county;
- d. Develop and review County Emergency Policy and Guidelines provided that the County Assembly shall approve any such reviews;
- e. Compile and submit reports to CECM;
- f. Liaise or coordinate with other relevant stakeholders and disaster agencies in developing the County Emergency Policy; and
- g. Address any other issue related to emergencies.

Tana River County Emergency Fund
Annual Report and Financial Statements for the year ended June 30, 2023

The Committee is assisted by a Secretariat whose formation is as follows:

- a. The County Executive Committee Member for Finance: Administrator of the Fund/Coordinator with all relevant entities in response to emergencies/disasters.
- b. The Fund Liaison Officer: Works closely with the CECM – Finance in coordination of the disasters.
- c. The Fund Accountant: Keeps updated financial records of the Fund
- d. The Fund Information Analyst Officer: Analyses the current occurrences and advise on the lessons learnt.

The 2022 General Elections necessitated changes in the membership of the Committee. The Committee was reconstituted with new members being appointed on 17th May, 2023. The process of reconstituting the Committee affected the Fund operations. The changes in membership are as provided below:

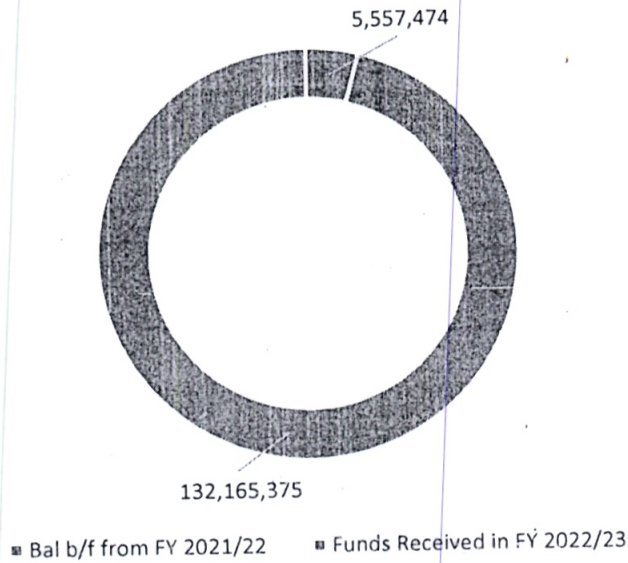
	Office	Previous Holder	Current Holder
1.	Chairperson	H.E. Major (Rtd) Dr. Dhadho Gaddae Godhana	H.E. Major (Rtd) Dr. Dhadho Gaddae Godhana
2.	Secretary	Mathew Babwoya	CPA Brenda Mokaya
3.	Member	Joshua Jarha	Mwanajuma Hiribae
4.	Member	Mohamed Dube	Abdullahi Hanti
5.	Member	Hero Bwanamaka	Mariam Bunu

Remuneration of the Committee members is as prescribed by SRC. Members of the Committee and the Secretariat are remunerated for the Committee meetings by drawing sitting allowances with the following rates: Chairman – Kshs. 5,000; Secretary/Members – Kshs. 4,000; and Secretariat – Kshs. 2,000.

9. Management Discussion and Analysis

In the reporting period, the Fund had a balance brought forward from the previous financial year (FY 2021/22) and an allocation from the annual budget for the FY 2022/23 (see figure below)

Funding Position of the Fund in FY 2022/23



However, the Fund did not carry out much activities due disruptions brought about by the 2022 General Elections that meant that the Fund Management Committee wasn't properly constituted and therefore couldn't transact business. The activities carried out under the Fund included repair of water bowsers and fuel supply to support water trucking and subsidy to TAWASCO (settlement of electricity bills) to support water supply.

10. Environmental and Sustainability Reporting

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

1. Sustainability strategy and profile -

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

2. Environmental performance

The Tana River County Emergency Fund has no distinct environmental policy but is guided by the policies developed by the County department of Environment and Natural Resources (The Tana River County Climate Change Act).

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

The key interventions the county will focus on are:

1. Increasing forest cover
2. Control of air, land and water pollution.
3. Management and conservation of environment and natural resources
4. Law enforcement on climate change mitigations
5. Control of noise pollution
6. Control and management of sand harvesting

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

3. Employee welfare

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

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

Tana River County Emergency Fund
Annual Report and Financial Statements for the year ended June 30, 2023

4. Market place practices-

The county Government of Tana River has operationalized e-procurement through Integrated Financial Management Information System (IFMIS) to enhance transparency and accountability in procurement process from procurement planning, requisition, sourcing and payment, e-transparency, competitively and in a cost-effective manner. IFMIS e-procurement module is linked to an item master, which has indicative prices for all commonly used items to ensure that there are no price inflations by procuring entities thus enhancing value for money.

Further e-procurement has inbuilt approvals at all levels of the procurement process to enhance checks, controls and accountability.

Apart from increasing efficiency in service delivery due to competition, transparency and lower transaction costs-procurement system is designed to enable the government increase and monitor government procurement opportunities to the preference groups, including women, youth and differently abled persons.

5. Corporate Social Responsibility / Community Engagements

The Tana River County Emergency Fund did not engage in direct Corporate Social Responsibility activities during the period. However, The County Government of Tana River conducted citizen engagement included public participation in Annual Development Plan (ADP) Finance Bill, County Budget Review Outlook Paper (CBROP) and County Fiscal Strategy Paper (CFSP). With the advent of covid-19 pandemic, the Directorate of Public Participation with relevant departments held weekly digital civic education forums across the county.

11. Report of The Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are;

1. Capacity builds the staff and the community members in matters emergency
2. Promote preparedness and initiate response to deal with emerging issues
3. Evacuate, rescue and give relief to the victims of any hazard
4. Avert danger, threat, risk, hazard or menace of any disaster
5. Offer rehabilitative and reconstruction services to return to normalcy
6. Mitigate, lessen, alleviate or reduce risk of any disaster or severity or consequences

Results

The results of the Fund for the year ended June 30, 2023 are set out on page Xiii

Trustees

The members of the Management Committee who served during the year are shown on page viii-ix. There were changes in the Management Committee during the financial year 2022-2023 due to the fact that there were no substantive office bearers as a result of political changes.

The changes in the Board during the financial year are as shown below:

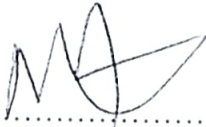
- Mr. Mathew Babwoya replaced by CPA Brenda Mokaya as CECM Finance and The Emergency Fund Administrator
- Mr. Joshua Jara replaces by Mrs. Mwanajuma Hiribae as the Ag. County Secretary
- Mr. Mohamed Dube replaced by Mr. Abdullahi Hanti as the CECM Public Service Management Administration and ICT.
- Mr. Hero Bwanamaka replaced by CPA Mariam Abdalla Bunu as the Ag. Chief Officer Finance
- Mr. Jonah Zealot replaced by Mr. Bonaya Muatwa as the Ag. Director Supply Chain Management

Tana River County Emergency Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Auditors

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

By Order of the Board



FW - Chair of the Board/Fund Administration Committee

Date:

12. 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 PFM Act, 2012 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

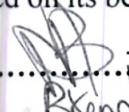
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. 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, 2023, 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.

Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

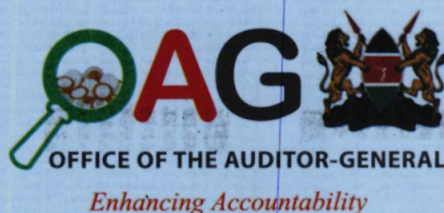
Approval of the financial statements

The Fund’s financial statements were approved by the Board on30/09/2023.....and signed on its behalf by:

.....

Blenda Mwakya
Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON TANA RIVER COUNTY EMERGENCY FUND FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Tana River County Emergency Fund set out on pages 1 to 27, which comprise the statement of financial position as at

30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Tana River County Emergency Fund as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and Tana River County Emergency Fund Regulations, 2020.

Basis for Qualified Opinion

1. Unsupported Expenditure on Use of Goods and Services

The statement of financial performance and Note 2 to the financial statement reflects expenditure on use of goods and services totalling to Kshs.5,413,386. The expenditure includes an amount of Kshs.2,497,596 in respect to repair and maintenance of motor vehicles (plus 2% WHT) which was spent on repair and maintenance of water boozers owned by the County Executive. However, the payments were not supported by work tickets, log books (GP 55) of the repaired water boozers and evaluation minutes that awarded the framework contract agreement to the bidder. Additionally, included is an expenditure totalling to Kshs.1,000,000 in respect to fuel and oil costs. The expenditure was not supported with receipts and detailed orders and work tickets for motor vehicles which consumed the fuel and duly signed and dated requisitions.

In the circumstances, the accuracy, completeness and regularity of expenditure amounting to Kshs.5,413,386 on use of goods and services could not be confirmed.

2. Inaccuracies in the Statements of Financial Performance and Position

The statement of financial performance reflects a surplus(deficit) of Kshs.132,309,463 as at 30 June, 2023. However, recasting of the balance indicates the surplus to be Kshs.126,751,989 resulting to unreconciled and unconfirmed variance of Kshs.5,557,474. The erroneous surplus balance of Kshs.132,309,463 was transferred to the statement of financial position and as such the accuracy of the statement could not be confirmed.

In the circumstances, the accuracy and completeness of the statements of financial performance and position could not be confirmed.

3. Inaccuracies and Incorrect Presentation of the Statement of Changes in Net Assets

The statement of changes in net assets disclosed an amount of Kshs.132,165,375 in respect to funds received during the year. However, this balance ought not to be disclosed

since it has already been taken care of in the statement of financial performance while computing the surplus for the period, unless the Fund is a revolving one. In addition, the statement omitted the inclusion of the surplus (deficit) for the period balance of Kshs.132,309,463, though the balance was erroneously arrived at as captured above.

In the circumstances, the accuracy and completeness of the statement of changes in net assets could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Issues

Various prior year audit issues remained unresolved as at 30 June, 2023. Management has not provided reasons for the delay in resolving the prior year audit issues contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which require accounting officers designated for County Government entities to try to resolve any issues resulting from an audit that remain outstanding

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregular Expenditure on Use of Goods and Services

The statement of financial performance and Note 2 to the financial statements reflects use of goods and services expenditure of Kshs.5,413,386. Included is Kshs.500,000 spent to pay bills for electricity and water expenses for the Tana River Water and Sewerage Company Limited without justification. However, the County Executive Committee Member for Finance did not seek approval from the County Assembly after

making payments from the Emergency Fund in accordance with Section 114(1) of the Public Finance Management Act, 2012 which provides that the County Executive Committee member for finance shall seek approval of the County Assembly within two months after payment is made from the Emergency Fund.

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

2. Establishment of Two Funds with Similar Activities

Management of the County has established two (2) funds serving similar purposes namely the Emergency Fund and the Disaster Risk Management Fund. The Tana River Emergency Fund which derives its authority and accountability from the Public Finance Management Act, 2012 incurred expenditure totalling to Kshs.5,413,386 out of the budget of Kshs.137,722,849 with the principal activities including:

- i) Capacity building of the staff and community members in matters emergency.
- ii) Promoting preparedness and initiate response to deal with emerging issues.
- iii) Evacuation, rescue and giving relief to the victims of any hazard.
- iv) Averting danger, threat, risk, hazard or menace of any disaster.
- v) Offer rehabilitative and reconstruction services to return to normalcy.
- vi) Mitigate, lessen, alleviate or reduce risk of any disaster or severity or consequences.

In addition, Management established the Disaster Risk Management Fund which commenced operations on 30 October, 2020 and incurred Kshs.104,039,434 out of the budget of Kshs.132,324,540. Review of the annual report and financial statements indicate that the principal activities of the Disaster Risk Management Fund are to:

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

Section 110 (1) states that "a County Executive Committee may, with the approval of the county assembly, establish an emergency fund for the county government and the fund shall consist of money from time to time appropriated by the county assembly to the Fund by an appropriation law". Section 110 (2) states that "the purpose of an Emergency Fund is to enable payments to be made in respect of a county when an urgent and unforeseen need for expenditure for which there is no specific legislative authority arises". Section 116(1) of the Act states that "a County Executive Committee member for finance may establish other public funds with the approval of the County Executive Committee and the county Assembly". Moreover, Section 19 (1) of the Tana River County Disaster Risk Management Act, 2020 states that "all expenses for meeting emergency preparedness, response, mitigation, relief and reconstruction within the County shall be paid out of the Fund, upon occurrence of a disaster".

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 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 sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

Those charged with governance are responsible for overseeing Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with

relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk Management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Tana River County Emergency Fund 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 Tana River County Emergency 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 Tana River County Emergency 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.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

26 January, 2024

Tana River County Emergency Fund
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14. Statement of Financial Performance for the Year Ended 30th June 2023

Description	Note	2022/2023	2021/2022
		KShs	KShs
Revenue From Non-Exchange Transactions			
Transfers From the County Government	1	132,165,375	132,165,375
Total Revenue		132,165,375	132,165,375
Expenses			
Use of goods and services	2	5,413,386	126,607,901
Total Expenses		5,413,386	126,607,901
Surplus/(Deficit) for the Period		132,309,463	5,557,474

(The notes set out on pages 6 to 25 form an integral part of these Financial Statements)

.....
 Name: *Brenda Mwakya*
 Administrator of the Fund

.....
 Name: *SADINA YUSUF*
 Fund Accountant
 ICPAK Member Number: *24428*

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15. Statement of Financial Position As at 30 June 2023

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	3	132,309,463	5,557,474
Total current assets		132,309,463	5,557,474
Total Assets		132,309,463	5,557,474
Net Assets		132,309,463	5,557,474
Accumulated Surplus		132,309,463	5,557,474
Total Net Assets and Liabilities		132,309,463	5,557,474

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 30/09/2023 and signed by:

.....
 Name: Brenda Mwakaya
 Administrator of the Fund

.....
 Name: SAKINA YUSUF
 Fund Accountant
 ICPAK Member Number: 24428

Tana River County Emergency Fund

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16. Statement Of Changes in Net Assets for the year ended 30th June 2023

Description	Revolving	Revaluation	Accumulated	Total
	Fund	Reserve	surplus	
		KSh	KSh	KSh
Balance As At 1 July 2021	-	-	-	-
Funds Received During the Year	-	-	132,165,375	132,165,375
Transfers	-	-	(126,607,901)	(126,607,901)
Balance As At 30 June 2022	-	-	5,557,474	5,557,474
Balance As At 1 July 2022	.	-	5,557,474	5,557,474
Funds Received During the Year	-	-	132,165,375	132,165,375
Transfers	-	-	(5,413,386)	(5,413,386)
Balance As At 30 June 2023	-	-	132,309,463	132,309,463

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17. Statement of Cash Flows for The Year Ended 30 June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the county government	1	132,165,375	132,165,375
Total receipts		132,165,375	132,165,375
Payments			
Use of goods and Services	2	5,413,386	126,607,901
Net cash flows from operating activities		126,751,989	5,557,474
Net increase/(decrease) in cash & cash Equivalents		126,751,989	5,557,474
Cash and cash equivalents at 1 July		5,557,474	-
Cash and cash equivalents at 30 June	3	132,309,463	5,557,474

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

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

Description	Original budget Kshs	Adjustments Kshs	Final budget Kshs	Actual on comparable basis Kshs	Performance difference Kshs	% Utilization
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Balance from Previous Year	5,557,474		5,557,474	5,557,474	-	100%
Transfers From County Govt.	132,165,375	-	132,165,375	132,165,375	-	100%
Total Income	137,722,849	(-)	137,722,849	137,722,849	(-)	
Expenses						
Use of goods and services	5,413,386	-	5,413,386	5,413,386	(-)	100%
Total Expenditure	5,413,386	(-)	5,413,386	5,413,386	(-)	100%
Surplus For the Period	132,309,463	-	132,309,463	132,309,463	-	
Capital expenditure	-	-	-	-	-	

Tana River County Emergency Fund
Annual Report and Financial Statements for the year ended June 30, 2023

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Tana River County Emergency Fund is established by and derives its authority and accountability from The Public Finance Management Act, 2012 on 5th June, 2020. The Fund is wholly owned by the County Government of Tana River and is domiciled in Kenya.

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

The Fund's principal activity is to;

1. Capacity builds the staff and the community members in matters emergency
2. Promote preparedness and initiate response to deal with emerging issues
3. Evacuate, rescue and give relief to the victims of any hazard
4. Avert danger, threat, risk, hazard or menace of any disaster
5. Offer rehabilitative and reconstruction services to return to normalcy
6. Mitigate, lessen, alleviate or reduce risk of any disaster or severity or consequences

2. Statement of compliance and basis of preparation

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

Tana River County Emergency Fund
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3. Adoption of new and revised standards

(i) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023*

Standard	Effective date and impact
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>The standard does not apply to this fund.</p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity;</p>

**Tana River County Emergency Fund
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Standard	Effective date and impact
	<p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p> <p>The standard does not apply to this fund.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p>The standard does not apply to this fund.</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> <p>The standard does not apply to this fund.</p>

**Tana River County Emergency Fund
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(ii) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>The standard does not apply to this fund.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<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>The standard does not apply to this fund.</p>

(iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year

Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if

Tana River County Emergency Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 2023 was approved by the County Assembly on 17th October 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of Ksh 132,165,375 on the FY 2023 budget following the governing body's approval.

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

Summary of Significant Accounting Policies (Continued)

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

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

c) Property, plant and equipment

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

d) Intangible Assets

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

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

e) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

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Summary of Significant Accounting Policies (Continued)

f) 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 entity 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 entity 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 entity'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 cash flows 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.

**Tana River County Emergency Fund
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Summary of Significant Accounting Policies (Continued)

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 The Tana River County Emergency 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*.

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Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

g) Inventories

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

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

h) Provisions

Provisions are recognized when the The Tana River 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 Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

i) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

Tana River County Emergency Fund
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Summary of Significant Accounting Policies (Continued)

j) Contingent liabilities

The Tana River 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.

Contingent assets

The Tana River 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 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.

k) Nature and purpose of reserves

The Tana River County Emergency Fund creates and maintains reserves in terms of specific requirements.

l) Changes in accounting policies and estimates

The Tana River 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.

m) Employee benefits – Retirement benefit plans

The Tana River County Emergency Fund provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

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

Tana River County Emergency Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Summary of Significant Accounting Policies (Continued)

n) Foreign currency transactions

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

o) Borrowing costs

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

p) Related parties

The Tana River 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 Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

q) 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.

r) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made e.g.

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

1. The condition of the asset based on the assessment of experts employed by the Entity
2. The nature of the asset, its susceptibility and adaptability to changes in technology and processes
3. The nature of the processes in which the asset is deployed
4. Availability of funding to replace the asset
5. 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.

Tana River County Emergency Fund
Annual Report and Financial Statements for the year ended June 30, 2023

6. Notes To The Financial Statements Continued

1. Transfers from County Government

Description	2022/2023	2021/2022
	Kshs	Kshs
Transfers From County Govt. –Operations	132,165,375	132,165,375
Total	132,165,375	132,165,375

2. Use of Goods and Services

Description	2022/2023	2021/2022
	Kshs	Kshs
General Office Expenses	-	670,000
Administration Fees	1,413,750	79,700
Committee Allowances	-	88,000
Repair and Maintenance of Motor Vehicle	2,454,534	-
2% WHT on Motor vehicle maintenance	43,062	-
Bank Charges	2,040	12,120
Electricity And Water Expenses	500,000	5,000,000
Fuel And Oil Costs	1,000,000	12,000,000
Other Expenses	-	108,758,081
Total	5,413,386	126,607,901

3. Cash and cash equivalents

	2022/2023	2021/2022
	Kshs	Kshs
Current Account	132,309,463	5,557,474
Total Cash And Cash Equivalents	132,309,463	5,557,474

Tana River County Emergency Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements Continued

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

Financial Institution	Account number	2022/2023	2021-2022
		Kshs	Kshs
a) Current Account			
Equity Bank	1210277984971	132,309,463	5,557,474
Sub- Total		132,309,463	5,557,474
Grand Total		132,309,463	5,557,474

Notes To The Financial Statements (Continued)

4. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	2022/2023 KSh.	2021/2022 KSh.
Transfers From Related Parties'	132,165,375	132,165,375

Notes To The Financial Statements (Continued)

5. 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 2023				
Bank Balances	132,309,463	-	-	-
Total	132,309,463	-	-	-
At 30 June 2022				
Bank Balances	5,557,474	-	-	-
Total	5,557,474	-	-	-

Notes To The Financial Statements (Continued)

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 xxxx

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.

Notes To The Financial Statements (Continued)

c) Market risk

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

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

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

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

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:

Notes To The Financial Statements (Continued)

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.

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.

Notes To The Financial Statements (Continued)

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	2022/2023	2021/2022
	Kshs	Kshs
Accumulated surplus	132,309,463	132,165,375
Total funds	132,309,463	132,165,375

6. Events after the reporting period

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

7. Ultimate and Holding Entity

8. The entity is a County Public Fund established by PFM Act, 2012 under the Ministry of Finance. Its ultimate parent is the County Government of Tana River.

9. Currency

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

20. 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.

Reference No on the Annual 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	Non Compliance with the prescribed reporting template			
2	Inaccuracies in the Financial Statements			
3	Unsupported Fuel and Oil Costs			
4.1	Unconfirmed Receipts and Distribution of Relief Food and Animal Feed			
4.2	Supply, Delivery, Installation and Commissioning of Water Tanks			
1.	Irregular use of goods and services expenditure			
2.1	Relief food and animal feed			
2.2	Transportation of Relief Food			
2.3	Drilling, Test Pumping and Solarization of Boreholes			

Reference No. on the external audit Report	Issue/Observations from Auditor	Management comments	Status (Resolved/Not Resolved)	Timeframe (When will the issue be resolved)
2.4	Repair and maintenance of vehicles			
2.5	Supply, Delivery, Installation and Commissioning of Water Tanks			
3	Irregular Electricity and Water Expenditure			
4	Failure to respond to Management Letter			

Guidance Notes:

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

Fund Manager/Accounting Officer (enter title of head of Fund)

Date..... 30/09/2023



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Annex II: Inter-Fund Confirmation Letter
[Insert your Letterhead]

[Insert name of beneficiary Fund]
 [Insert Address]

The [insert SC/SAGA/Fund name here] wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Fund] as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 th June 20xx				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 20xx (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Fund:

Name Malison Bunu Sign [Signature] Date 30/09/2023

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Annex III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

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Annex IV: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments