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REPUBLIC OF KENYA



Enhancing Accountability

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REPORT

OF

THE AUDITOR-GENERAL

ON

KISII COUNTY EMERGENCY FUND

**FOR THE YEAR
ENDED 30 JUNE, 2021**





KISII COUNTY EMERGENCY FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30TH JUNE, 2021

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

**Kisii County Emergency Fund
Reports and Financial Statements
For the year ended June 30, 2021**

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**Kisii County Emergency Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

1. KEY KISII COUNTY EMERGENCY FUND INFORMATION AND MANAGEMENT

a) Background Information

Kisii County Emergency Fund is established by and derives its authority and accountability from the Kisii County Emergency fund Act, 2015. The Fund is wholly owned by the County Executive of Kisii and is domiciled in Kenya.

The fund's objective is to make payments when an urgent and unforeseen need for expenditure for which there is no legislative authority arises.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to help deal with unforeseen circumstances

c) Key Management

Ref	Position	Name
1	Mr. Moses O. Onderi	CEC Finance & Economic Planning
2	Mr. Wilfred Ochengo Auma	Chief Officer Budget & Economic Development
3	Mr. Zablon Ongori	Chief Officer Economic Planning
4	CPA Kiage Evans Mogeni	Assistant Director Accounting Services & Quality Assurance

d) Fiduciary Oversight Arrangement

Ref	Position	Name
1	Directorate Internal Audit	CPA Karori Nicodemus
2	Member of Audit Committee	Peter Dismas Angwenyi
3	Member of Audit Committee	Beatrice Kerubo Ghattuba
4	Member of Audit Committee	Nyagaka Anyona Ouko
5	Member of Audit Committee	Angus Nyariki Omete

**Kisii County Emergency Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

e) Registered Offices

P.O. Box 4550-40200
Municipal Building/House/Plaza
Kisii- Keroka Road/Highway
Nairobi, KENYA

f) Fund Contacts

Telephone: (254) 58203005
E-mail: info@kisii.go.ke
Website: www.kisii.go.ke

g) Fund Bankers

Diamond Trust Bank Ltd
Kisii Branch
P. O Box 12656-40200
Kisii

h) Independent Auditors

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

i) Principal Legal Adviser

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

**Kisii County Emergency Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

2. STATEMENT OF PERFORMANCE AGAINST KISII COUNTY EMERGENCY FUND 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 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/Principal activity/mission/ mandate or objective of the Kisii County Emergency Fund is to help deal with unforeseen circumstances.

Below we provide the progress on attaining the stated objectives:



Program	Objective	Outcome	Indicator	Performance
Floods/Landslides	To support residents of the County affected by floods and landslide to cope with life	Increased number of residents who copes with life after an emergency	% of residents who cope with life after emergencies	The objectives were well achieved and positively impacted on people's lives.
Food and household items	To support residents of the County affected by floods and landslide to buy food and household items such as beddings	Increased number of residents who copes with life after an emergency	% of residents who cope with life after emergencies	The objectives were well achieved and positively impacted on people's lives.
Enforcement of COVID-19 Measures	Support residents of the County achieve maximum protection from COVID-19.	Increased number of residents who complied with the mitigation measures	% of residents who were accepting and coping with the new norm	The objectives were well achieved and positively impacted on people's lives.

**Kisii County Emergency Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

3. MANAGEMENT TEAM

Name	Details of qualifications and experience
<p>Moses Onderi</p> 	<p>Mr. Moses O. Onderi – CEC Finance and Economic Planning</p> <p>Mr. Moses Onderi heads the Finance and Economic Planning. Prior to his appointment, he headed the department of Lands, Housing and Physical Planning. He holds a Masters Degree in Education from University of Baroda, Bachelor of Education from Karnatak University, professional certificate in participatory monitoring, Evaluation and Impact Assessment from University of Wales Swansea and Higher Diploma in Human Resource Management. Until his appointment, he was working with CARE international in Kenya as Human Resource Coordinator.</p>
	<p>Mr. Wilfred O. Auma – CO Finance and Economic Planning</p> <p>Mr. Wilfred Auma heads the Finance and Accounting Services as a Chief Officer. Prior to his appointment, he headed the department of Planning and Economic Development. He holds a Masters Degree in Business Administration (Finance) from Kisii University, Bachelor of Commerce in Statistics, Accounting, Income Tax, Business Management and Auditing from Devi Alhilya Vishwavidyalaya, Indore and a Higher National Diploma In Finance Analysis from Indian Management Training and Research Institute.</p> <p>Until his appointment, he was working with Wakenya Pamoja Sacco Society Ltd as a manager in Business Growth Development.</p>

**Kisii County Emergency Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

<p>Mr. Zablon Ongori</p> 	<p>Chief Officer Economic Planning</p> <p>Mr. Zablon Ongori is the Chief Officer for Planning and Economic Development. Prior to this role, he served as Chief Officer Water Services in the Ministry of Energy, Water, and Environment & Natural Resources and Chief Officer in the department of Lands, Housing and Urban Development.</p> <p>Prior to joining the County Government, he served in various capacities in the Ministry of Agriculture rising to the Officer in Charge Oyani Livestock Improvement Centre.</p> <p>He holds a Bachelor's degree in Animal Production from Egerton University and Post Graduate Diploma in Training from Egerton University.</p>
<p>CPA Kiage Evans</p> 	<p>CPA Kiage is Assistant Director Accounting Services & Quality Assurance. Prior to this appointment, he was the Principal Accountant in the department of Planning and Economic Development. He holds a Masters Degree in Business Administration (Accounting) from Kisii University. He is also Member of Institute of Certified Public Accountant of Kenya (ICPAK).</p>

**Kisii County Emergency Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

4. FUND ADMINISTRATION COMMITTEE CHAIRPERSON'S REPORT

In the Current year, the Kisii County Emergency fund had an approved budget of Kshs 50,000,000. The amount was adjusted down wards by Kshs.15,000,000 to Kshs 35,000,000 in the revised budget. During the year, Kshs.12, 767,408 was transferred into the fund representing 36 percent of the budgeted amount by the County Treasury of which Kshs.12, 767,405 was used to pay the service providers which represents 100 per cent of the amounts transferred.


Since the establishment of the Emergency fund, a lot has been achieved. Key among them is the relief or assistance to people who have suffered loss as a result of landslides and floods where the fund has been able to provide both food and non food items to enable the cope with life. The fund also took an active role during the COVID-19 pandemic in the provision of face masks, hand sanitizers and installation of water points.

The fund achieved value for money from the emergency fund by providing items which are very necessary at a time an emergency has struck. For instance the face masks were necessary for the containment of the spread of Corona Virus. The provision of food and non food items were necessary for restarting life after the loss suffered.

The major challenges that the emergency fund suffered were the budget constraint, late disbursement of funds and the increased cases of people who wanted assistance.

The management intend to make the fund more active in the future to ensure that emergencies are planned for earlier and included in the budget so that enough resources are available as and when required.

The emergency fund in liaison with the County Government and Ministry of Health to sensitize the public to take the COVID-19 jab in order to reduce the risk of infection.

Signed: _____


**Moses Onderi
CECM Finance & Economic Planning**

**Kisii County Emergency Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

5. REPORT OF THE FUND ADMINISTRATOR

In the Current year, the Kisii County Emergency fund had an approved budget of Kshs.50,000,000. The amount was adjusted down wards by Kshs.15,000,000 to Kshs.35,000,000 in the revised budget. During the year, Kshs 12,767,408 was transferred into the fund representing 36 percent of the budgeted amount by the County Treasury of which Kshs.12,767,405 was used to pay the service providers which represents 100 per cent of the amounts transferred. The transfer represents an increase of Kshs.767,408 from what was transferred in the previous financial year.

Since the establishment of the Emergency fund, a lot has been achieved. Key among them is the relief or assistance to people who have suffered loss as a result of landslides and floods where the fund has been able to provide both food and non food items to enable the cope with life. The fund also took an active role during the COVID-19 pandemic in the provision of face masks, hand sanitizers and installation of water points.

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The emergency fund in liaison with the County Government and Ministry of Health to sensitize the public to take the COVID-19 jab in order to reduce the risk of infection.

Signed: _____



Wilfred O. Auma

**Kisii County Emergency Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

6. CORPORATE GOVERNANCE STATEMENT

Kisii County Emergency Fund is established by and derives its authority and accountability from the Kisii County Emergency Fund Act, 2015. The Fund is wholly owned by the County Executive of Kisii and is domiciled in Kenya.

The fund's objective is to make payments when an urgent and unforeseen need for expenditure for which there is no legislative authority arises.

The roles and functions of the administrator are set out Kisii County Emergency fund Act, 2015 Section 5(4) and they include:

- a) Oversee day to day operations of the fund
- b) Ensure that money held in the fund is spent only for the purposes for which the fund is established
- c) Work with county treasury to prepare annual financial statements to the emergency fund account
- d) Work with the County Treasury to submit to the auditor General the annual financial statement not later than three months after the end of the financial year
- e) Prepare and present the emergency fund financial statements to the county assembly
- f) Ensure that accounts for the fund and the annual financial statements relating to the emergency fund accounts for the fund and the annual financial statements relating to the published by the accounting standards board from time to time
- g) Initiate proposal for amending the emergency fund act
- h) Shall where circumstances so requires wind up the emergency fund wit approval of the county Assembly
- i) Shall on the winding up of the fund pay any amount remaining in the fund into the county exchequer account
- j) Perform any other responsibility relating to the emergency.

**Kisii County Emergency Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

7. MANAGEMENT DISCUSSION AND ANALYSIS

The Kisii County Emergency fund had an approved budget of Kshs.50, 000,000. The amount was adjusted down wards by Kshs.15, 000,000 to Kshs.35,000,000 in the revised budget. During the year, Kshs.12, 767,408 was transferred into the fund representing 36 percent of the budgeted amount by the County Treasury of which Kshs.12, 767,405 was used to pay the service providers which represents 100 per cent of the amounts transferred.

Since the establishment of the Emergency fund, a lot has been achieved. Key among them is the relief or assistance to people who have suffered loss as a result of landslides and floods where the fund has been able to provide both food and non food items to enable the cope with life. The fund also took an active role during the COVID-19 pandemic in the provision of face masks, hand sanitizers and installation of water points.

The Kisii County Emergency fund prepares and submits the financial statements yearly to the statutory bodies on time. The reports are audited by the office of the auditor- General

The fund achieved value for money from the emergency fund by providing items which are very necessary at a time an emergency has struck. For instance the face masks were necessary for the containment of the spread of Corona Virus. The provision of food and non food items were necessary for restarting life after the loss suffered.

The major risk that the emergency fund suffers is the budget constraint, late disbursement of funds and the increased cases of people who wanted assistance.

The management intend to make the fund more active in the future to ensure that emergencies are planned for earlier and included in the budget so that enough resources are available as and when required.

**Kisii County Emergency Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

8. REPORT OF THE TRUSTEES/ FUND ADMINISTRATION COMMITTEE

The Kisii County Emergency Fund administrator prepares and submits the financial statements report for the Financial Year 2020-2021 together with the audited financial statements for the year ended June 30, 2021 which shows the state of the Fund affairs.

10.1 Principal activities

The principal activities of the Fund are to deal with unforeseen circumstances in the County of Kisii

10.2 Performance

The performance of the Fund for the year ended June 30, 2021, are set out on page 18.

10.3 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 to audit the Kisii County Emergency Fund for the year/period ended June 30, 2021.

**Kisii County Emergency Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

9. 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 Section 116 of the Public Finance Management 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 Kisii County Emergency Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2021. 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 Kisii County Emergency Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by Section 116 of the PFM Act, 2012. The Administrator of the Kisii County Emergency 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, 2021, and of the Fund's financial position as at that date.


The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the Kisii County Emergency Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

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

Approval of the financial statements

The Fund's financial statements were approved by the Board on 18/8 2022 and signed on its behalf by:



Wilfred O. Auma
Administrator of Kisii County Emergency Fund

REPUBLIC OF KENYA

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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 KISII COUNTY EMERGENCY FUND FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kisii County Emergency Fund set out on pages 14 to 30, which comprise the statement of financial position as at

Report of the Auditor-General on Kisii County Emergency Fund for the year ended 30 June, 2021

30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kisii County Emergency Fund as at 30 June, 2021, 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.

Basis for Opinion

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

Budgetary Control and Performance

The statement of comparison budget and actual amounts for the year ended 30 June, 2021 reflects a final revenue budget and actual on comparable basis of Kshs.35,000,000 and Kshs.12,767,408, respectively, resulting in an under-funding by Kshs.22,232,592 or 64% of the budget. Similarly, the Fund spent an amount of Kshs.13,032,601 out of the approved expenditure budget of Kshs.35,000,000, resulting in under expenditure of Kshs.21,967,399 or 63% of the budget.

The underfunding and under expenditure constrained execution of planned activities and delivery of services to the residents of Kisii County.

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, I confirm that, nothing 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

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and 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 the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not

reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

05 September, 2022

**Kisii County Emergency Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

11. FINANCIAL STATEMENTS

**12.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
30thJUNE 2021.**

	Note	2020/2021	2019/2020
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	1	12,767,408	12,000,000
Total revenue		12,767,408	12,000,000
Expenses			
Fund administration expenses	2	-	469,000
General expenses	3	4,281,296	56,096,028
Total expenses		4,281,296	56,565,028
Surplus/(deficit)for the period		8,486,112	(44,565,028)

The notes set out on pages 28 to 29 form an integral part of these Financial Statements.

12.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2020/2021	2019/2020
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	4	2,989	268,182
Total current assets		2,989	268,182
Total assets		2,989	268,182
Liabilities			
Current liabilities			
Accounts payable	5	4,016,100	44,833,210
Total current liabilities		4,016,100	44,833,210
Non-current liabilities			
Long-term Payables	6	32,065,805	-
Total Non-current liabilities		32,065,805	-
Total liabilities		36,081,905	44,833,210
Net assets		(36,078,916)	(44,565,028)
Accumulated surplus		(36,078,916)	(44,565,028)
Total net assets and liabilities		2,989	268,182

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 18/8/2022 and signed by:



 Administrator of the Fund
 Name: Wilfred Auma



 Fund Accountant
 Name: CPA Evans Kiage
 ICPAK Member Number: 12906

**Kisii County Emergency Fund
Reports and Financial Statements
For the year ended June 30, 2021.**

12.3 STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2021

	Accumulated surplus	Total
	Kshs	Kshs
Balance as at 1 July 2019	-	-
Surplus/(deficit) for the period	(44,565,028)	(44,565,028)
Balance as at 30 June 2020	(44,565,028)	(44,565,028)
Balance as at 1 July 2020	(44,565,028)	(44,565,028)
Surplus/(deficit) for the period	8,486,112	8,486,112
Balance as at 30 June 2021	(36,078,916)	(36,078,916)

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12.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2020/2021	2019/2020
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government	1	12,767,408	12,000,000
Total Receipts		12,767,408	12,000,000
Payments			
Fund administration expenses	2	-	(469,000)
General expenses	7	(13,032,601)	(11,731,818)
Total Payments		(13,032,601)	(11,731,818)
Net cash flows from operating activities		(265,193)	268,182
Net increase/(decrease) in cash and cash equivalents		(265,193)	268,182
Cash and cash equivalents at 1 JULY 2020	4	268,182	-
Cash and cash equivalents at 30 JUNE 2021	4	2,989	268,182

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**12.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE PERIOD ENDED 30thJUNE 2021.**

	Original budget	Adjustment s	Final budget	Actual on comparable basis	% Utilization
	2021	2021	2021	2021	2021
Revenue	Kshs	Kshs	Kshs	Kshs	
Transfers from County Government	50,000,000	(15,000,000)	35,000,000	12,767,408	36
Total income	50,000,000	(15,000,000)	35,000,000	12,767,408	36
Expenses					
General expenses	50,000,000	(15,000,000)	35,000,000	13,032,601	37
Total expenditure	50,000,000	(15,000,000)	35,000,000	13,032,601	37
Surplus for the period	-	-	-	(265,193)	-

Budget notes

1. The underutilization in transfers from County Government by 64% was as a result of delay in disbursement of funds
2. The underutilization in general expenses by 63% was as a result of delay in disbursement of funds
3. The changes in the budget were caused by constrains in disbursement hence revision of the budgetary provisions
4. Reconciliation of expenses between statement of comparison of budget and actual amounts and statement of financial performance:

	Amounts (Kshs)
Total expenses as per statement of comparison of budget and actual amounts for 2020/2021	13,032,601
<i>Add:</i> Accrued expenses for the year 2020/2021	4,016,100
<i>Less:</i> Settlement of payables during the year 2020/2021	(12,767,405)
Total expenses as per statement of financial performance for 2020/2021	4,281,296

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12.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of Compliance and Basis of Preparation

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

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

2. Adoption of New and Revised Standards

a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2021

Standard/ Amendments : Applicable: 1st January 2021:	Impact
a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks	There was no impact of the amendment to IPSAS 13 with respect to the current financial report
b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved	There was no impact of the amendment to IPSAS 13 and IPSAS 17 with respect to the current financial report as the entity did not apply any of the transitional provisions in the FY 2020/2021
c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.	There was no impact of the amendment to IPSAS 21 and IPSAS 26 with respect to the current financial report as the entity does not have Non-Cash Generating Assets and neither did it have impaired cash generating assets.
d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard	There was no impact

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b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2022:</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. 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.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ol style="list-style-type: none"> a) The nature of such social benefits provided by the entity; b) The key features of the operation of those social benefit schemes; and c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2022:</p> <ol style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. 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>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>

c) Early adoption of standards

The Fund did not early – adopt any new or amended standards in year 2021.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Revenue Recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

4. Budget Information

The original budget for FY 2020/2021 was approved by the County Assembly on 30th June, 2020. 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 reduced appropriations of Kshs 15,000,000 on 18th February, 2021 the FY 2020/2021 budget following the governing body's approval.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 13.5 of these financial statements.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Financial Instruments

a) Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or entity of financial assets is impaired. A financial asset or entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cashflows of the financial

Asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

6. Provisions

Provisions are recognized when the 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.

Contingent liabilities

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

Contingent assets

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7. Nature and Purpose of Reserves

The Entity does not create and maintain reserves in terms of specific requirements.

8. Changes in Accounting Policies and Estimates

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

9. Related Parties

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

10. Cash and Cash Equivalents

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

11. Comparative Figures

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

12. Events After the Reporting Period

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

13. Ultimate and Holding Entity

The entity is a County Public Fund established by Kisii county Emergency Act, 2015 under the Department of Finance and Economic Planning. Its ultimate parent is the County Government of Kisii.

14. Currency

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

15. Significant Judgments and Sources of Estimation Uncertainty

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

a) Estimates and Assumptions

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

b) Useful Lives and Residual Values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available.

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.

2. 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

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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) 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.

	Kshs (Kshs)
At 30 June 2021	
Accounts payable	4,016,100
Total	4,016,100
At 30 June 2020	
Accounts payable	44,833,210
Total	44,833,210

b) 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) 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.

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:

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12.7 NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from County Government

Description	2020/2021	2019/2020
	Kshs	Kshs
Transfers from County Govt. – operations	12,767,408	12,000,000
Total	12,767,408	12,000,000

2. Fund Administration Expenses

Description	2020/2021	2019/2020
	Kshs	Kshs
Staff allowances	-	460,000
Total	-	460,000

3. General expenses

Description	2020/2021	2019/2020
	Kshs	Kshs
Bank Charges	5,196	2,818
Hospitality supplies and services	4,276,100	60,000
Enforcement of Covid-19 measures	-	56,033,210
Total	4,281,296	56,096,028

Note: Hospitality services Kshs 4,276,100 comprise of Kshs 4,016,100 to Tuta International Ltd for provision of catering and laundry services, Kshs 200,000 to Thomas Arori being payment for allowances to officers who participated in fumigation exercises in Bobasi Sub-County and Kshs 60,000 to Thomas Arori for catering services at ATC.

4. Cash and cash equivalents

Description	2020/2021	2019/2020
	Kshs	Kshs
Current account	2,989	268,182
Total cash and cash equivalents	2,989	268,182

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

		2020/2021	2019/2020
Financial institution	Account number	Kshs	Kshs
Current Account			
Diamond Trust Bank	0617137001	2,989	268,182
Total		2,989	268,182

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5. Accounts Payable

Description	2020/2021	2019/2020
	KShs	KShs
Accrued expenses	4,016,100	44,833,210
Total Accounts Payable	4,016,100	48,849,310

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Long-Term Payable

Description	2020/2021	2019/2020
	Kshs	Kshs
Accrued expenses not paid within I year	32,065,805	-
Total Long-Term Payable	32,065,805	-

7. General Expenses

Description	2020/2021	2019/2020
	Kshs	Kshs
Total expenses as per statement of financial performance for the year	4,281,296	56,096,028
<i>Add:</i> Settlement of payables during the year	12,767,405	-
Less: Accrued expenses for the year	(4,016,100)	(44,833,210)
Total General Payments	13,032,601	11,262,818

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**12. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S
RECOMMENDATIONS**

Audit for the previous year has not been concluded.

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13. APPENDICES

13.1. APPENDIX 1: INTER-ENTITY TRANSFERS

Entity Name:			
Break down of Transfers from the County Executive of Kisii			
FY 2020/2021			
Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	22 nd June, 2021	12,767,408	2020/2021

The above amounts have been communicated to and reconciled with the County Government

for: Fund Accountant
Kisii County Emergency Fund
Sign 

for: Head of County Treasury at
Kisii County
Sign 