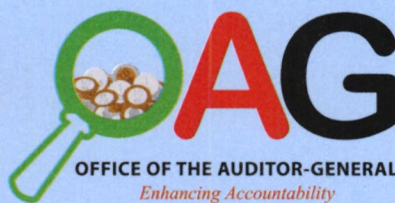


REPUBLIC OF KENYA



REPORT



OF

THE AUDITOR-GENERAL

ON

KWALE COUNTY EMERGENCY FUND

FOR THE YEAR ENDED
30 JUNE, 2025

PAPERS LAID	
DATE	18.11.25.
TABLED BY	Deputy Chief Whip Majority Party
COMMITTEE	-
CLERK AT THE TABLE	Tiffany

OFFICE OF THE AUDITOR GENERAL
P.O.Box 95202 ,MOMBASA

29 AUG 2025

RECEIVED
MOMBASA REGIONAL



KWALE COUNTY EMERGENCY FUND

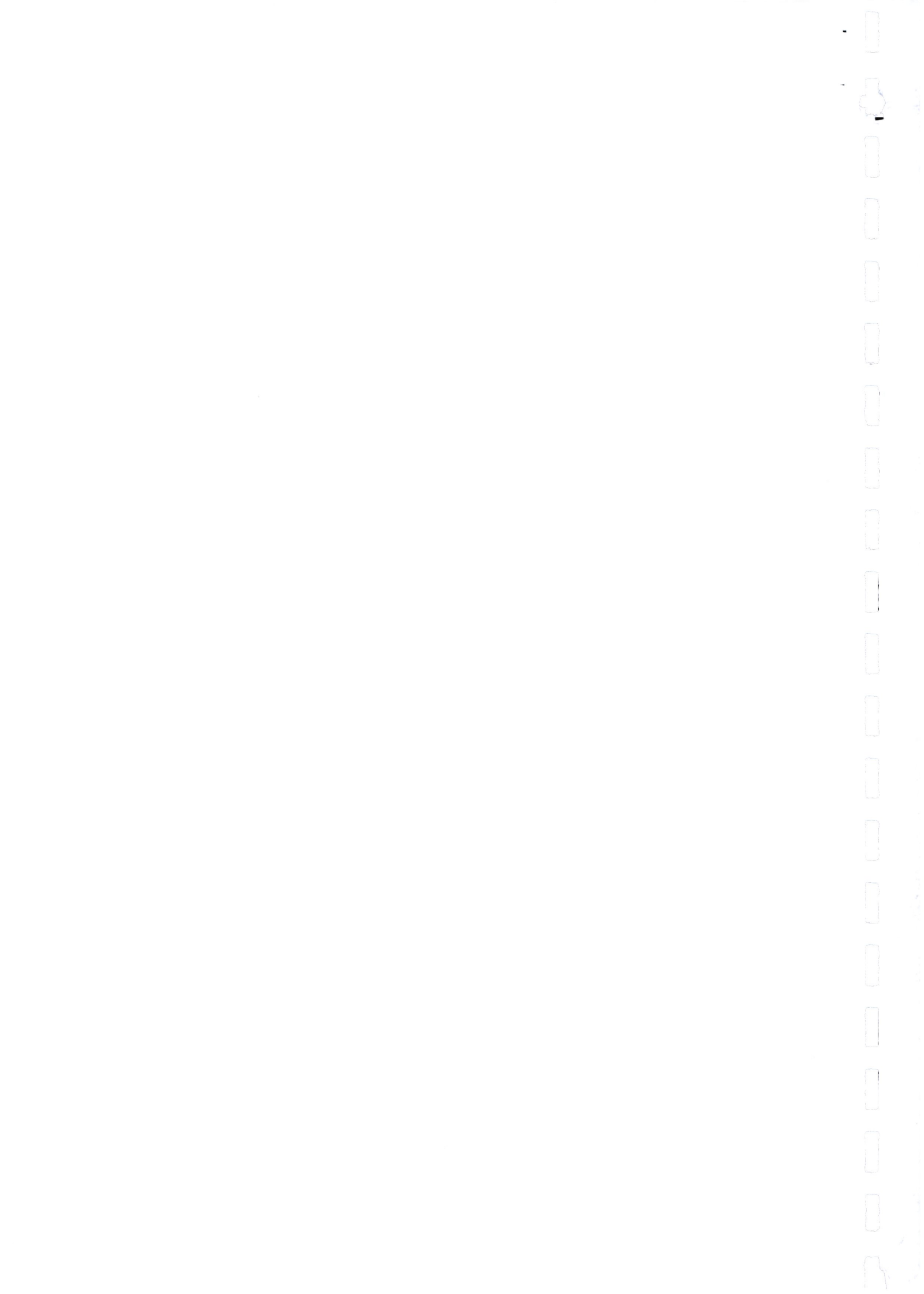
ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

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





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

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1. Acronyms and Definition of Key Terms

a) Acronyms

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

b) Definition of Key Terms

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

Key Entity Information and Management

a) Background information

The county enacted the Kwale County Disaster Management Fund Act, 2016 which established an efficient structure for the management of disasters and enhance the County government capacity to effectively manage the impact of disasters and emergencies and to take all necessary action to prevent or minimize threat to life, health and the environment from natural disasters and other emergencies. The Act provides for the establishment of the Disaster Management Committee and the Disaster Management Directorate. Emergencies and disasters that have occurred in the county include fires, and the county possesses a fire engine and is in the process of constructing a workshop and fire station.

Kwale County Emergency Fund

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

b) Principal Activities

The Fund's principal activity is preparedness, coordination, mitigation and management of disaster situations and organisation of relief and recovery from disasters; and for connected purposes

c) Fund Administration Committee

Sl. No.	Position	Name
1	County Secretary	Sylvia Chidodo
2	Chief Officer Public Service and Admin	Mebakari Ali Mwatabu
3	Chief Officer Finance	CPA Alex Onduko
4	Fund Administrator-CECM Finance	Hon. CPA Bakari Sebe

Other Board of Trustees/Fund Administration Committee are representative from:

- Kenya Red cross Representative
- National Drought Management Authority Representative
- Kenya Wildlife Service Representative
- Kenya Maritime Authority Representative
- Office of the County Commissioner Representative

d) Key Management Team

Sl. No.	Position	Name
1	Fund Administrator-CECM Finance	Hon. CPA Bakari Sebe
2	Fund Accountant	Ruwaida Hassan
3	Chief Officer Public Service and Admin	Mebakari Ali Mwatabu

e) Fiduciary Oversight Arrangements

The key fiduciary oversight bodies at the County for the year Period ended 30th June 2025 were:

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

• **Audit and Finance Committee activities;**

The county government has an established auditing and finance committee which was gazetted on 29th June 2020.

The purpose of the audit committee is to help the accounting officer or governing body. An audit committee's roles and responsibilities are as follows;

- i. Obtain assurance from management that all financial and non-financial internal control and risk management functions are operating effectively and reliably.
- ii. Provide an independent review of an entity's reporting functions to ensure the integrity of financial reports.
- iii. Monitor the effectiveness of the entity's performance management and performance information.
- iv. Provide strong and effective oversight of an entity's internal audit function.
- v. Provide effective liaison and facilitate communication between management and external auditors.
- vi. Provide oversight of the implementation of accepted audit recommendations.
- vii. Ensure the entity effectively monitors compliance with legislative and regulatory requirements and promotes a culture committed to lawful and ethical behavior.

The audit committee members are;

SRN	NAME	POSITION
1.	CPA Abdalla Mambo	Chairman
2.	F CPA Thomas Mwadeghu	Member
3.	Mwanaidi Rama Mwang'ombe	Member
4.	Mwanamisi Ali Libondo	Member
5.	CPA Biasha Gassare	Secretary (Acting Director Internal Audit)

- County Assembly of Kwale.
 - A. Public Accounts & Investment Committee
 - B. Budget and Appropriations Committee.

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

f) Registered Offices

P.O. Box 4 – 80403
Kwale County Headquarters
Off Kwale – Kinango Road

g) Kwale Fund Contacts

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

h) Fund Bankers

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

2. National Bank
Beach Road
P.O. Box 457
Ukunda Branch
Kwale, Kenya

i) Independent Auditors

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

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


i) Principal Legal Adviser

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

j) County Attorney

The County Legal Officer
Office of the Governor
P.O. Box 4 - 80403
Kwale

2. Fund Administration Committee (Any Other Governance Body for The Fund)

Name	Details of qualifications and experience
 <p data-bbox="145 1084 408 1120">Sylvia Chidodo Leli</p>	<p data-bbox="767 414 1265 501"><u>MS. SYLVIA CHIDODO: COUNTY SECRETARY</u></p> <p data-bbox="767 524 959 557">Qualifications</p> <p data-bbox="767 577 1358 719">1997 – 2000 Bachelor’s degree in International Relations at the United States International University (USIU).</p> <p data-bbox="767 739 1358 1196">She has a Master’s degree in International Relations accorded to her in 2005 in USIU. Sylvia also has certificates in performance contracting and management course and strategic leadership Development program both from the Kenya school of Government. In addition to that she also has a certificate on Mwangozo training from the state cooperation advisory committee.</p> <p data-bbox="767 1252 916 1285">Experience</p> <p data-bbox="767 1305 1358 1877">She has over 10 years’ experience in the public service in different capacities in Government institutions. - The Truth Justice and Reconciliation Commission as the Regional Coordinator Coast and also at the Constitution of Kenya Revenue Commission as District Coordinator Mombasa. Sylvia currently is also the acting livelihoods Co-coordinator for a World Bank funded project for the Kenya Water, Security, Climate and Resilience Project (KV/SCRIP) under the Mwache Dam.</p> <p data-bbox="767 1897 1286 1930">Sylvia Chidodo also sits in various School</p>

boards in the County of Kwale and is also a board member of the Water Resources Authority.

Within the board of management of WRA she chairs the Resource Mobilization Committee and is a member of the Finance and Administration Committee.

Sylvia prides as being part of the formation of the new Constitution at the grassroots involvement and at the Bomas Conferences which eventually gave our County the new Constitution 2010.

Responsibility: Chairperson



CPA Alex Thomas Onduko

CPA Alex Onduko Thomas joined Kwale County Government in 2013 as the Chief Officer Finance and Economic planning.

Academic and Professional qualification:

He is a qualified accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK) in good standing.

He also holds a Masters of Business Administration from Methodist University and has attended several management courses such as, Senior Management Course (SMC) and Strategic leadership Development Programme (SLDP) both from the prestigious Kenya School of Government.

Work Experience:

CPA Onduko has a vast experience in public finance Management having served the public service for over twenty-five (25) years. He joined the public service in 1990 as an Accountant at the County Council of Nakuru and raise to the rank of a Town Treasurer, He has served as a treasurer in the following defunct local Authorities; Town Council of Kajiado, Municipal Council of Migori and Municipal Council of Busia.

Responsibility: Member

MS. MEBAKARI ALI MWATABU –
CHIEF OFFICER -PUBLIC SERVICE
AND ADMINISTRATION

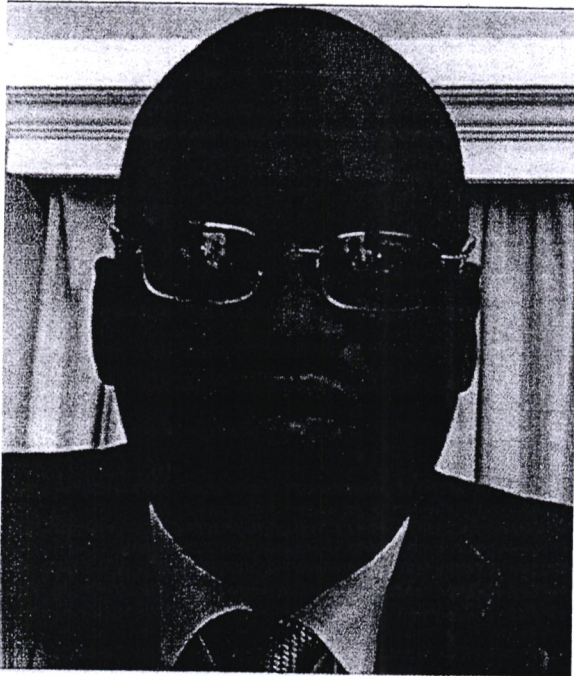
M/s Mebakari Ali Mwatabu holds a Bachelor's Degree in Education and later completed his Masters of Science Degree in Special Needs in Education (Intellectual Challenges/Cognitive Differences from Kenya University she also holds a Diploma in Special Needs Education in the same area of mental (Intellectual Challenges) and post diploma certificate in Education Kenya Institute of Special Education (KISE) in Nairobi. M/s Mwatabu also holds a Primary Teacher Education Certificate from Shanzu Teachers College. She worked in various regular and special needs institution as a teacher and an assessor in Educational



M/s Mebakari Ali Mwatabu

function and finally a curriculum support officer in Kwale county as a supervisor, a trainer and Mentor of the Teachers in Implementing of competency Based Curriculum. She served a dual role a curriculum support officer for both Regular and Special Institution in Lungalunga. Mwatabu has a vast experience in collaboration and working with partners among others, Plan International, Girl Child Network, Agakhan Foundation as a consultant and served as a Disability committee Member in Kwale county Government in 2016.

Responsibility: Member



Hon. CPA Bakari Hassan Sebe

Hon. CPA Bakari Hassan Sebe is the County Executive member for finance and Economic Planning, a position he has served since 2013.

Academic qualification:

He holds a Master's in Business Administration from Eastern & Southern Africa Management Institute (ESAMI)/Maastricht School of Management (MsM), The Netherlands and a Bachelor of Commerce (Accounting option) from Kenyatta University.

Work experience:

Hon. Sebe has a distinguished career in Accounting and finance. Prior to him joining the County, He had served in various senior

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

	<p>positions in the private and Non-governmental Organization. He previously worked as a Finance & Administration Manager at Bluebird Aviation, Finance and Administration Officer with Kenya Alliance for Advancement of Children Rights (KAACR) and As an Accountant with National Fund for the Disabled of Kenya (NFDK) among others.</p> <p>Responsibility: Fund Administrator</p>
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Other Board of Trustees/Fund Administration Committee Members include representatives of the following offices;

Kenya Red Cross

- National Drought Management Authority
- Kenya Wildlife Service
- Kenya Maritime Authority
- Office of the County Commissioner

The fund had in place Fiduciary Oversight Arrangements done by the Audit Committee.

The county executive established auditing and finance committee which was gazetted on 29th June, 2020 and has the following mandates: -

- Parliamentary committee activities
- Development partner oversight activities
- Other oversight activities

The audit committee members are;

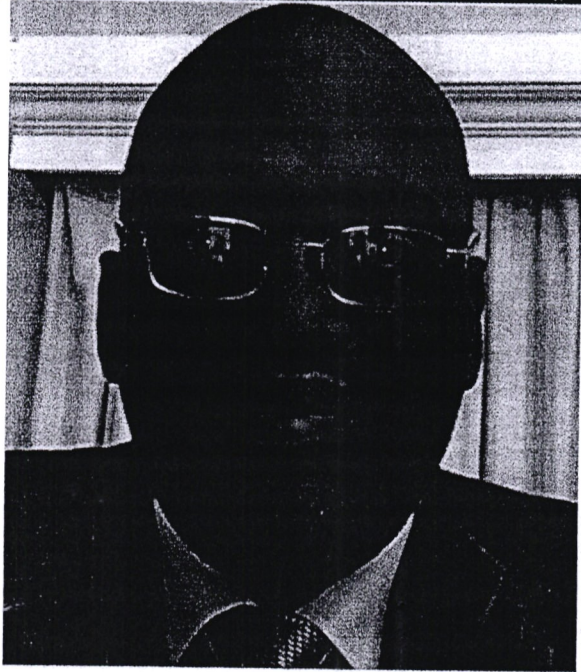
SRN	NAME	POSITION
1.	CPA Abdalla Mambo	Chairman
2.	FCPA Thomas Mwadeghu	Member

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

3.	Mwanaidi Rama Mwang'ombe	Member
4.	Mwanamisi Ali Libondo	Member
5.	CPA Biasha Gassare	Secretary (Acting Director Internal Audit)


3. Key Management Team

Name	Details of qualifications and experience
	<p>Hon. CPA Bakari Hassan Sebe is the County Executive member for finance and Economic Planning, a position he has served since 2013.</p> <p>Academic qualification: He holds a Master’s in Business Administration from Eastern & Southern Africa Management Institute (ESAMI)/Maastricht School of Management (MsM), The Netherlands and a Bachelor of Commerce (Accounting option) from Kenyatta University.</p> <p>Work experience: Hon. Sebe has a distinguished career in Accounting and finance. Prior to him joining the County, He had served in various senior positions in the private and Non-governmental Organization. He previously worked as a Finance & Administration Manager at Bluebird Aviation, Finance and Administration Officer with Kenya Alliance for Advancement of Children Rights (KAACR) and As an Accountant with National Fund for the Disabled of Kenya (NFDK) among others.</p>

Hon. CPA Bakari Hassan Sebe

	<p>Responsibility: Fund Administrator</p>
 <p>M/s Mebakari Ali Mwatabu</p>	<p><u>MS. MEBAKARI ALI MWATABU – CHIEF OFFICER -PUBLIC SERVICE AND ADMINISTRATION</u></p> <p>M/s Mebakari Ali Mwatabu holds a Bachelor’s Degree in Education and later completed his Masters of Science Degree in Special Needs in Education (Intellectual Challenges/Cognitive Differences from Kenya University she also holds a Diploma in Special Needs Education in the same area of mental (Intellectual Challenges) and post diploma certificate in Education Kenya Institute of Special Education (KISE) in Nairobi. M/s Mwatabu also holds a Primary Teacher Education Certificate from Shanzu Teachers College. She worked in various regular and special needs institution as a teacher and an assessor in Educational function and finally a curriculum support officer in Kwale county as a supervisor, a trainer and Mentor of the Teachers in Implementing of competency Based Curriculum. She served a dual role a curriculum support officer for both Regular and Special Institution in</p>

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

	<p>Lungalunga.Mwatabu has a vast experience in collaboration and working with partners among others, Plan International, Girl Child Network, Agakhan Foundation as a consultant and served as a Disability committee Member in Kwale county Government in 2016.</p> <p>Responsibility: Member</p>
 <p>CPA Ruwaida Hassan Mwajambia</p>	<p>Name: Ruwaida Hassan Mwajambia</p> <p>Academic qualification: She holds a Bachelor's Degree in Finance and banking.</p> <p>Professional qualification: CPA (K)</p> <p>2015 to date – Accountant Kwale County 2010 – 2014 Accountant – Techbiz Limited</p> <p>Responsibility: Fund Accountant</p>

4. Report of the Chairman of the Fund

The Kwale County Emergency Fund was established on 4th November 2016 as The Kwale County Disaster Management Fund and Amended to The Kwale County Emergency Fund Act ,2021 with the aim of responding to unforeseen events which threatens damage to human life welfare or the environment in line with the provisions of PFM Act Sec 12(3). The Fund has 9 boards of trustees and is guided by transparency integrity and accountability.

The 9 boards of trustees are:

- County Secretary
- Chief Officer Public Service
- Chief Officer Finance
- Fund Manager
- Kenya Red Cross Representative
- National Drought Management Authority Representative
- Kenya Wildlife Service Representative
- Kenya Maritime Authority Representative
- Office of the County Commissioner Representative



.....
CPA ALEX ONDUKO
For Fund Chairperson



5. Report of The Fund Administrator

The Kwale Emergency Fund was established on 4th November 2016 and amended on 14th October 2021, with the aim of providing for the maintenance and operation of a system for the anticipation, preparedness, prevention, coordination, mitigation and management of disaster situations and the organization of relief and recovery from disasters and for connected purposes.

Challenges Faced by the Fund.

- ✓ Lack of adequate facilities

KEY HIGHLIGHTS

- ✓ The Fund did not receive any disbursement from County Government for FY 2024/2025.
- ✓ The fund had an expenditure of Kshs 600 as bank charges.

Conclusion

We continue to operate in an unpredictable and challenging environment such as Droughts, Land Degradation, Diseases (Livestock, Human and Crop), Conflicts and Floods. Fire, winds and Landslides, the fund strived to meet its obligations reporting various successful achievements spearheaded by not only committee members and competent employees but a dedicated team. We will continue playing our rightful role to highlight issues adversely affecting our County.

I wish to thank H E the Governor of Kwale County for the unwavering support in the course. I also appreciate and thank the entire staff and members who have tirelessly worked hard to see to the achievement of the objectives of the Fund.



HON. CPA BAKARI SEBE

Fund Administrator

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

Kwale lies in the Arid and Semi-Arid region of Kenya. This renders the County vulnerable to acute human suffering and loss of development assets brought about by disasters which are caused by both natural and human induced hazards, and frequently by a combination of both. Disasters threaten food security through disruption of crops, marketing and overall ecosystem structures. In recent decades, episodes of drought-induced food shortage and famine have directly led to resource stress manifested in crippling conflicts which have resulted in millions of casualties, internally displaced persons and refugees, posing dilemmas for long-term solutions. Based on the assessments done by RCMRD and NDMA teams the main hazards found to impact the County are Droughts, Land Degradation, Diseases (Livestock, Human and Crop), Conflicts and Floods. Fire, winds and Landslides were mentioned as minor hazards.

Within the County, major droughts occur every 10-15 years while minor ones after every 2-4 years (Makoti et al, 2015). Food security prognosis conducted by Kenya Food Security Steering Group (KFSSG) in Kwale in July 2016 indicated that Lunga-Lunga and Kinango had experienced 70-100% crop failure. The Bill allows the County government to spend two per cent of the last audited accounts for disaster response and emergency situations in the county.

Financial Performance

During the financial year, we incurred bank charges of Kshs 600 compared to last year where we incurred Kshs 300,575.

Progress on the attainment of Strategic development objectives

<i>Programme</i>	<i>Objective</i>	<i>Outcome</i>	<i>Indicator</i>	<i>Performance</i>
<i>Integrated Disaster Risk Management</i>	<i>Mitigating emergencies in the County</i>	<i>Enhanced Disaster Risk Resilience</i>	<i>Efficient Early warning structures and mechanism</i>	<i>100% response to emergencies related to natural disasters.</i>

7. Statement of Corporate Governance

The fund strives to ensure that there is accountability, transparency, and integrity. The fund recognises that it has responsibilities to its stakeholder.

The board has ultimate authority over and oversight of and regards corporate Governance as critical element in achieving the fund objectives.

The functions of the Committee are to-

- a) Act as a central planning, coordinating and monitoring institution for prevention, mitigation, preparedness, response and post disaster recovery;
- b) Advise the County Government on matters relating to disaster management;
- c) Advise the directorate on the progress and constraints in disaster management and on other matters relating to the management of disaster relief operations;
- d) Formulate the county disaster management policy;
- e) Promote education, training and capacity building on disaster management in the county;
- f) Provide necessary technical assistance to County Government directorate of disaster management for carrying out their functions effectively;
- g) Advise the County Government regarding all financial matters in relation to disaster management;
- h) Promote an integrated and coordinated approach to disaster management in the county, with special emphasis on prevention, mitigation and disaster risk reduction by other role-players involved in disaster management in the county;
- i) Collaborate with the national government and relevant agencies on matters relating to disaster management;
- j) Act as a repository of, and conduct for, information concerning-
 - ✓ Disasters;
 - ✓ Impending disaster; and
 - ✓ Disaster management in the county;
- k) Act as an advisory and consultative body on issues concerning disasters and disaster management in the county to-
 - ✓ State organs;
 - ✓ The private sector and non-governmental organizations; and

- ✓ Communities and individuals;
- l) Initiate and facilitate efforts to make funding of disaster management in the county available;
- m) May make recommendations to any relevant state organ on-
 - ✓ Draft legislation affecting this Act, or any other disaster management issue; and
 - ✓ The national disaster management framework;
- n) Promote research into the aspects of disaster management in the county;
- o) Give advice and guidance by disseminating information regarding disaster management in the county, especially to communities in the county that are vulnerable to disaster.

Process of Appointment and Removal of Committee Members

The appointment of the committee members Kenya Red crosses Representative, National Drought Management Authority Representative, Kenya Wildlife Service Representative, Kenya Maritime Authority Representative and Office of the County Commissioner Representative shall be done by the executive members.

Ethics and Conduct and Governance audit.

- 1) The committee shall keep proper books and records of account of the income, expenditure, assets and liabilities.
- 2) The committee shall submit to the county assembly quarterly report on all of its operations;
- 3) Within a period of three months after the end of each financial year, the committee shall submit to the Auditor-General the accounts of the Directorate in respect of that year together with-
 - ✓ A statement of the income and expenditure of the Directorate during that year; and
 - ✓ A statement of the assets and liabilities of the Directorate on the last day of that financial year.

Kwale County Emergency Fund

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

- 4) The annual accounts of the directorate must be prepared, audited and reported upon in accordance with the provisions of Articles 226 and 229 of the Constitution and the law relating to public audit.

A person been entrusted with any money or materials or otherwise being in custody of money or goods meant for providing relief in threatening disaster or disaster, misappropriates or disposes of such money or materials or any part or wilfully compels any other person to do so, is liable on conviction to a fine not exceeding one Million shillings or imprisonment of not more than three years or both.

A person who makes or circulate a false alarm or warning as to a disaster or its severity or magnitude, leading to panic, commits an offence and is liable on conviction, to fine not exceeding one hundred thousand shilling or imprisonment of not more than one year or to both.

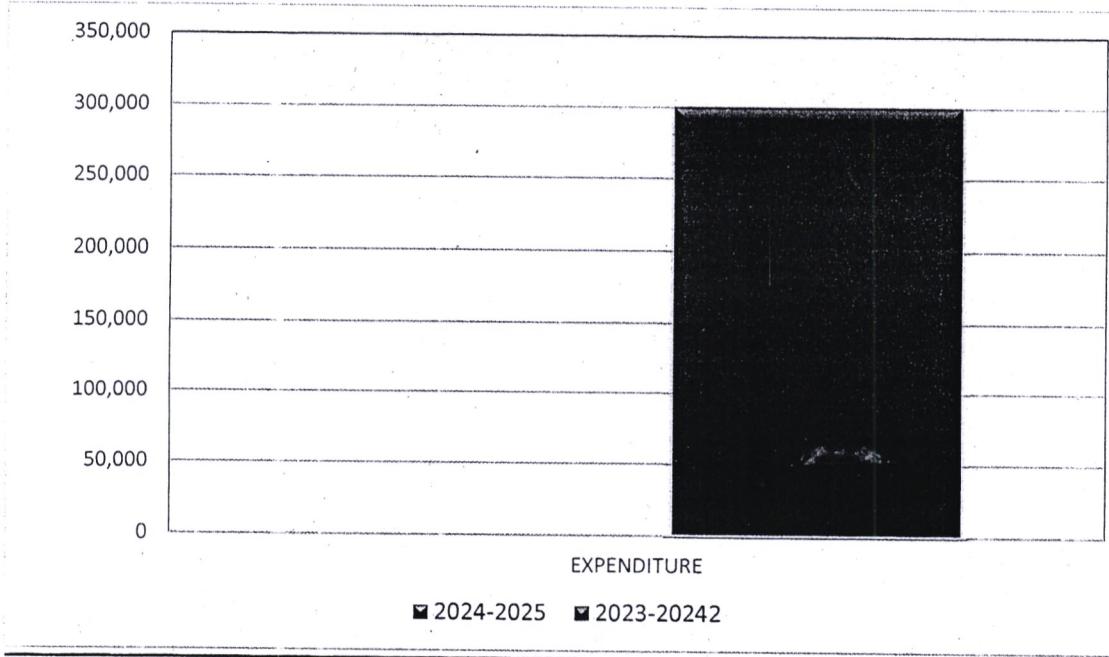
8. Management Discussion and Analysis

a) Payments

The fund incurred Kshs 600 as bank charges during FY 2024/2025.

	2024-2025	2023-2024
Expenditure	600	300,575

Expenditure Analysis graph



b) Revenue

The Fund did not receive any disbursement from County Government for FY 2024/2025.

c) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Accrual-basis IPSAS financial reporting under the accrual basis of accounting, as prescribed by the PSASB. The receivables and payables are disclosed in the Statement of Assets and Liabilities.

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

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the entity all values are rounded to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB and PFM Act 2012.

Challenges Facing the Fund

- i. Financial constraints (low budget allocation).
- ii. Lack of Manpower.
- iii. Ineffective Communications. In addition to communicating with those you are responsible for protecting, it includes exchanges with all members of the response team, dialogue with staff, third party emergency services and agencies, security personnel, and others immediately or indirectly affected by the emergency incident, as well as liaison with the wider public via the media.
- iv. The challenge of involving the public in preparedness planning.

9. Environmental and Sustainability Reporting

The Fund does not have any report on Environmental and Sustainability Reporting.



10. Report of The Committee

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

Principal activities

The principal activities of the Fund are anticipation, preparedness, prevention, coordination, mitigation and management of disaster situations and organisation of relief and recovery from disasters and for connected.

Results

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

Committee

The Fund Committee Members who served during the year are shown on page VII-X. The changes in the Committee during the are as shown below:

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



.....
CPA ALEX ONDUKO

For Chairman of the Fund Administration Committee

11. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Fund shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the 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, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

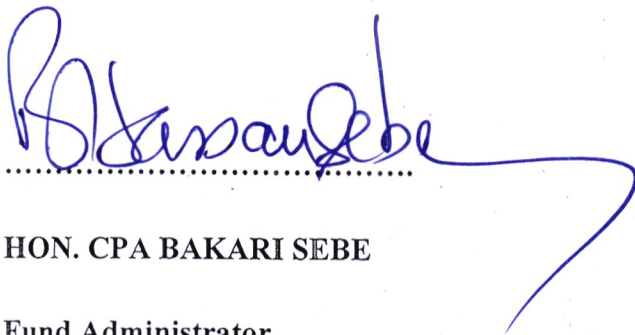
The Administrator of the Emergency Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Kwale County Disaster Management Fund Act 2016. 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, 2025, 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 Emergency Fund has assessed the Fund's ability to continue as a going concern and disclosed as applicable. 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.

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

Approval of the financial statements

The Fund's financial statements were approved by the Committee on 18/08/2025 and signed on its behalf by:



.....

HON. CPA BAKARI SEBE

Fund Administrator

REPUBLIC OF KENYA



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

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

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

PREAMBLE

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

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

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kwale County Emergency Fund set out on pages 1 to 30, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting

policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kwale County Emergency Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Urban Areas and Cities Act 2019 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

Other Matter

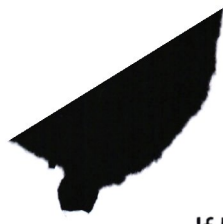
Unresolved Prior Year Audit Issues

In the audit report of the previous year, an issue was raised as per the attached **Appendix** under the Report on Financial Statements. Although management has indicated that the issue was resolved, no document was however provided in support of how the issue was addressed.

Other Information

Management is responsible for the Other Information set out on page ii to xxvi which comprise of Key Entity Information, Fund Administration Committee, Management Team, Report of the Fund Administrator, Statement of Performance Against the Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Trustees and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Kwale County Emergency Fund financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.



If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, 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 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

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

Basis for Conclusion

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

Responsibilities of the Management and Fund Administration Committee

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management

determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

04 November, 2025

Appendix

Unresolved Prior Year Issue

Unsupported Expenditure on Use of Goods and Services

The statement of financial performance and Note 10 to the financial statements reflects Kshs.300,575 on use of goods and services. Review of the ledger provided for audit in support of the amount shows that Kshs.300,000 was withdrawn from the Fund bank account on 18 November, 2023 and utilized for purchase of household items and food stuff under emergency expenditure. However, the expenditure was not supported by committee approval, payment vouchers, list of beneficiaries and procurement records.

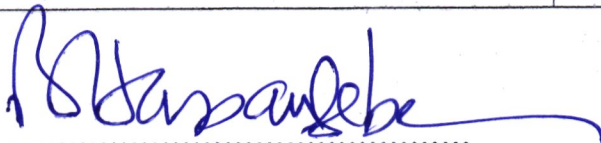
Further, no evidence was provided for audit confirmation to show that the County Executive Committee Member notified the County Assembly in writing after the payment was made out of the Fund as required by Section 18 E (1) of the Kwale County Emergency Fund Act, 2021.


Kwale County Emergency Fund

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

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

Description	Note	2024/2025	2023/2024
		KShs	KShs
Revenue From Non-Exchange Transactions			
Transfers From the County Government	6	-	5,300,000
Public Contributions and Donations	7	-	-
		-	5,300,000
Revenue From Exchange Transactions			
Finance Income	8	-	-
Total Revenue		-	5,300,000
Expenses			
Emergency Expenses	9	-	300,000
Use of goods and services	10	600	575
Total Expenses		600	300,575
Surplus/(Deficit) for the Year		(600)	4,999,425

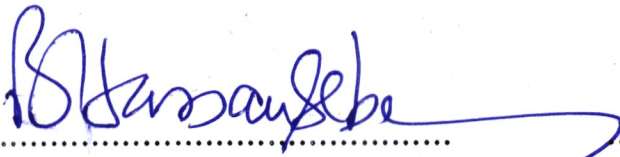

.....
Name: Hon Bakari Sebe
Fund Administrator
Date: 18/08/2025


.....
Name: CPA Ruwaida Hassan
Fund Accountant
ICPAK Member Number: 20986
Date: 18/08/2025

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

14. Statement of Financial Position As at 30th June 2025

Description	Note	2024-2025	2023-2024
		KShs	KShs
Assets			
Current Assets			
Cash and Cash Equivalents	11	9,417,505	9,418,105
Receivables from non-exchange transactions	12	-	-
Receivables from exchange transactions	13	-	-
Total current assets		9,417,505	9,418,105
Total Assets (A)			
Liabilities			
Current Liabilities			
Trade and Other Payables	14	-	-
Total current liabilities		-	-
Total Liabilities (B)		-	-
Net Assets (A-B)		9,417,505	9,418,105
Represented By:			
Accumulated Surplus		9,417,505	9,418,105
Net Assets		9,417,505	9,418,105



Name: Hon Bakari Sebe
Fund Administrator
Date: 18/08/2025



Name: CPA Ruwaida Hassan
Fund Accountant
ICPAK Member Number: 20986
Date: 18/08/2025

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

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

Description	Accumulated surplus/Deficit
	Kshs
Balance As At 1 July 2023	4,418,680
Surplus/(Deficit) For the Year	4,999,425
Balance As At 30 June 2024	9,418,105
Balance As At 1 July 2024	9,418,105
Surplus/(Deficit) For the Year	(600)
Balance As At 30 June 2025	9,417,505

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

16. Statement of Cash Flows for The Year Ended 30th June 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Receipts From the County Government		-	5,300,000
Public Contributions and Donations		-	-
Interest received		-	-
Total receipts		-	5,300,000
Payments			
Emergency Expenses		-	-
Use of goods and services		600	300, 575
Total Payments		600	300, 575
Net cash flows from operating activities	15	(600)	4,999,425
Cash flows from investing activities			
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		(600)	4,999,425
Cash and cash equivalents at 1 July	11	9,418,105	4,418,680
Cash and cash equivalents at 30 June		9,417,505	9,418,105

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

Description	Budget	Actuals	Budget	Actuals	Difference	% Difference
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
Opening Budget Carry overs		-	-	-		
Receipts						
Transfers From County Govt.	5,000,000	-	5,000,000	-	5,000,000	
Public Contributions and Donations	-	-	-	-	-	
Interest Income	-	-	-	-	-	
Total Receipts	5,000,000	-	5,000,000	-	5,000,000	
Payments						
Emergency Expenses	-	-	-	-	-	
Use of goods and services	5,000,000	-	5,000,000	600	4,999,400	0%
Total Payments	5,000,000	-	5,000,000	600	4,999,400	0%
Surplus For the Period				(600)		

Budget notes

1. *The fund did not incur any expenditure as there was no declaration of any disaster.*

Budget Reconciliation

Description of Particulars		Amount in \$'s
	Actual Surplus Amounts as per the statement of Budget	(600)
1	Cash and cash equivalents at 1 July	9,418,105
2	Reason for differences	
3	Reason for differences	
4	Reason for differences	
	Closing Cash and Cash Equivalent as per the statement of Cash flows	9,417,505

18. Notes to the Financial Statements

1. General Information

The Emergency Fund is established by and derives its authority and accountability from 2016 Act. The fund is wholly owned by the Kwale County Government and is domiciled in Kenya. The entity's principal activity is preparedness, coordination, mitigation and management of disaster situations and organisation of relief and recovery from disasters, and for connected purposes.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

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

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

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

Standard	Effective date and impact
IPSAS 43 Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees

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

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Annual Report and Financial Statements For the year ended 30th June 2025

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

Standard	Effective date and impact
Resources	<ul style="list-style-type: none"><li data-bbox="375 257 1361 414">ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.<li data-bbox="375 414 1361 705">iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

(iii) Early adoption of standards

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

4. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Revenue Transfers

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

ii. Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2024-2025 was approved by the County Assembly on 24th June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Fund upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund did not record additional appropriations on the FY 2024-2025 budget following the governing body's approval.

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

actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts, and the actuals as per the statement of cash flows.

c) Financial instruments

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

Financial assets

Classification of financial assets

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

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

contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

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

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where

the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

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

Impairment

The Fund assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note 3*.

Financial liabilities

Classification

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

d) Contingent liabilities

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

e) Contingent assets

The Fund does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of

economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

f) Nature and purpose of reserves

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

g) Changes in accounting policies and estimates

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

h) Foreign currency transactions

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

i) Related parties

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

j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are

readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

k) Comparative figures

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

l) Events after the reporting period

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

m) Currency

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

5. Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made

a) Estimates and assumptions –

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



control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

b) Useful lives and residual values

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

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

c) Provisions

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

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



Kwale County Emergency Fund

Annual Report and Financial Statements For the year ended 30th June 2025

6. Transfers from the County Government

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Transfers From Kwale County Department	-	5,300,000
Others (<i>specify</i>)	-	-
Total	-	5,300,000

7. Public contributions and donations

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

8. Finance Income

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



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9. Emergency Expenses

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Drought related expenses	-	-
Fire related expenses	-	-
Flood related expenses	-	-
Other (<i>Specify</i>)	-	-
Total	-	-

(Indicate the expenses as per the nature of emergency)

10. Use of Goods and Services

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Bank Charges	600	300,575
Audit Fees	-	-
Other (<i>Specify</i>)	-	-
Total	600	300,575

11. Cash and cash equivalents.

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Current Account	9,417,505	9,418,105
Others (<i>Specify</i>)	-	-
Total Cash and Cash Equivalents	9,417,505	9,418,105

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

Description	Description	FY 2024/2025	FY 2023/2024
		Kshs.	Kshs.
a) Current Account			



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CBK	1000741977	9,417,505	-
National Bank	1001090720400	-	9,418,105
Sub- Total		9,417,505	9,418,105
b) Others (Specify)		-	-
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		9,417,505	9,418,105

12. Receivables from non-exchange transactions

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

13. Receivables from exchange transactions

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

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14. Trade and other payables

Description	FY 2024/2025		FY 2023/2024	
	KSh	KSh	KSh	KSh
Trade Payables	-	-	-	-
Accrued Expenses	-	-	-	-
Retention money	-	-	-	-
Other Payables	-	-	-	-
Total Trade and Other Payables	-	-	-	-
Ageing analysis (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-		-	

15. Cash generated from operations.

Description	FY 2024/2025		FY 2023/2024	
	KSh	KSh	KSh	KSh
Surplus/ (Deficit) For the Year Before Tax		(600)		4,999,425
Adjusted For:				
Working Capital Adjustments				
Increase In Receivables		-		-
Increase In Payables		-		-
Net Cash Flow From Operating Activities		(600)		4,999,425

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16. Related party balances

a) Nature of related party relationships

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

- a) The County Government.
- b) Fund Administration Committee
- c) Key management.

b) Related party transactions

Description	PY2024/2025	PY2023/2024
	KShs	KShs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Due from related parties

Description	PY2024/2025	PY2023/2024
	KShs	KShs
Due From County Government	-	-
Total	-	-

d) Due to related parties

Description	PY2024/2025	PY2023/2024
	KShs	KShs
Due To County Government	-	-
Total	-	-

17. Contingent assets and contingent liabilities

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

18. Financial risk management

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

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

a) Credit risk

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

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Description	Fully			
	Total	Performing	Past due	Impaired
	KShs	KShs	KShs	KShs
At 30 June 2024				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
At 30 June 2025				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-

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 no credit risk.

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

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entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

Description	Less than 1	Between 1-	Over 5	Total
	month	3 months	months	
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025				
Trade Payables	-	-	-	-
Total	-	-	-	-
At 30 June 2024				
Trade Payables	-	-	-	-
Total	-	-	-	-

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.



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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:

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

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Foreign currency sensitivity analysis

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

Description	Change in exchange rate Kshs	Effect on surplus	
		deficit Kshs	equity Kshs
(Current FY)			
Euro	10%	-	-
USD	10%	-	-
(Comparative FY)			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The

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sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs (2024: Kshs). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs (2025 – Kshs).

d) Capital risk management.

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Accumulated surplus	-	-
Total funds	-	-
Less: cash and bank balances	(-)	(-)
Net debt/ (excess cash and cash equivalents)	-	-
Gearing	%	%

19. Events after the reporting period

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

20. Currency

The financial statements are presented in Kenya Shillings (Kshs



19. Annexes

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

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

Reference Number of the Issue/Observation	Description of the Issue/Observation	Management Comments	Status	Final Status
C.G/KWL/3/4/VOL.I/16	Understatement of Emergency Expenses	Kshs 300,000 was withdrawn from bank to cater for food products for affected families whose households had been washed by Floods and was expensed in the financials.	Resolved	N/A

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 the final external audit report that is signed by Management.

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- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Fund responsible for the implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report.

.....
Hon Bakari Sebe
Fund Administrator

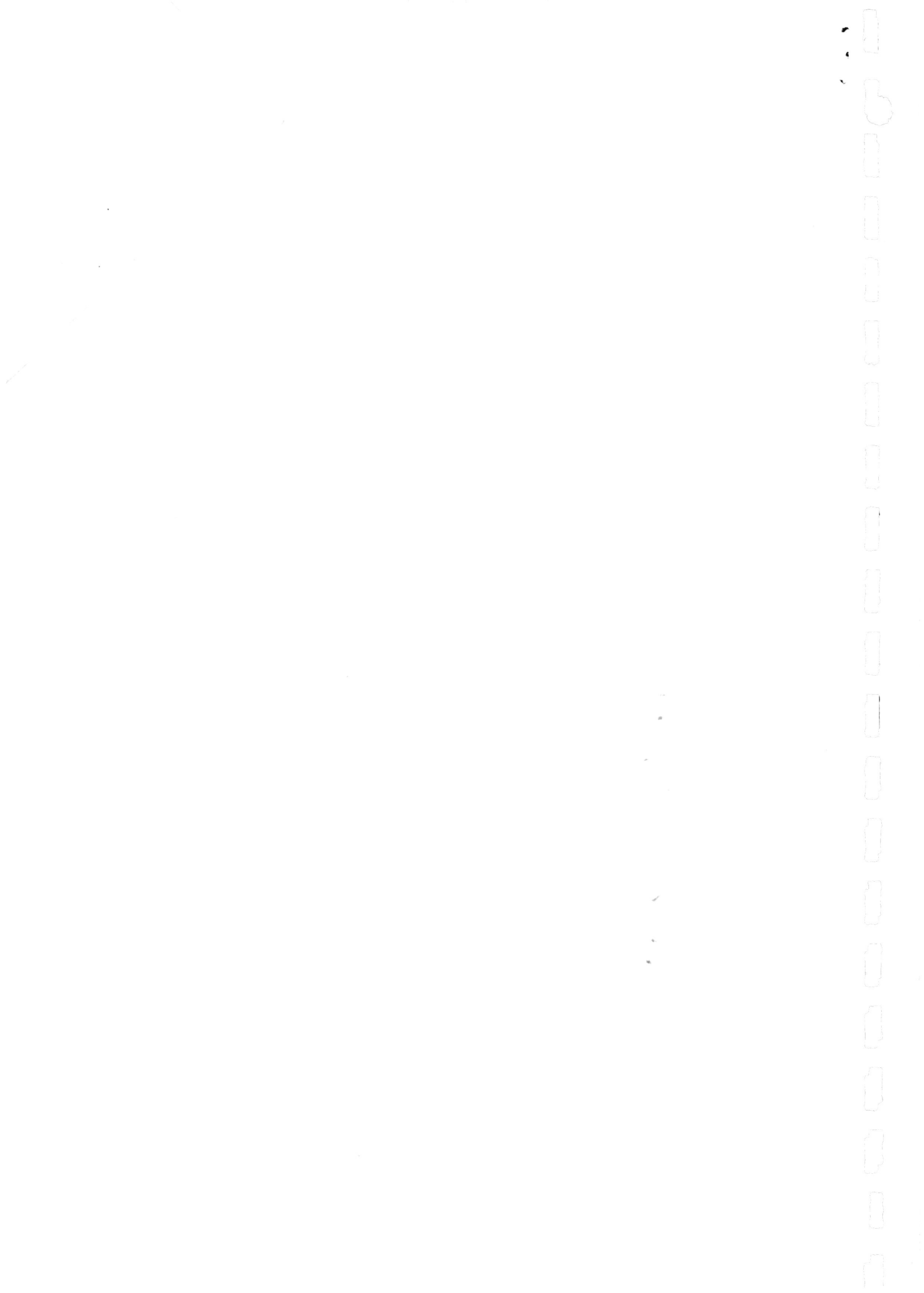
Date: 18/08/2025

Annex II: Inter-Entity Confirmation Letter

Name of transferring entity... KWALE COUNTY GOVERNMENT

Name of beneficiary entity... KWALE COUNTY EMERGENCY FUND

Confirmation of amounts received by [Kwale County] Emergency Fund as at 30 th June 2025						
Reference Number	Date Disbursed	Amounts Disbursed by [Kwale County Department] (Kshs) as at 30 th June 2025			Amount Received by Kwale County Emergency Fund] (KShs) as at 30 th	Differences (KShs)
		Recurrent (A)	Development (B)	Total		



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				(C)=(A+B)	June 2025 (D)	(E)=(C-D)
Total						

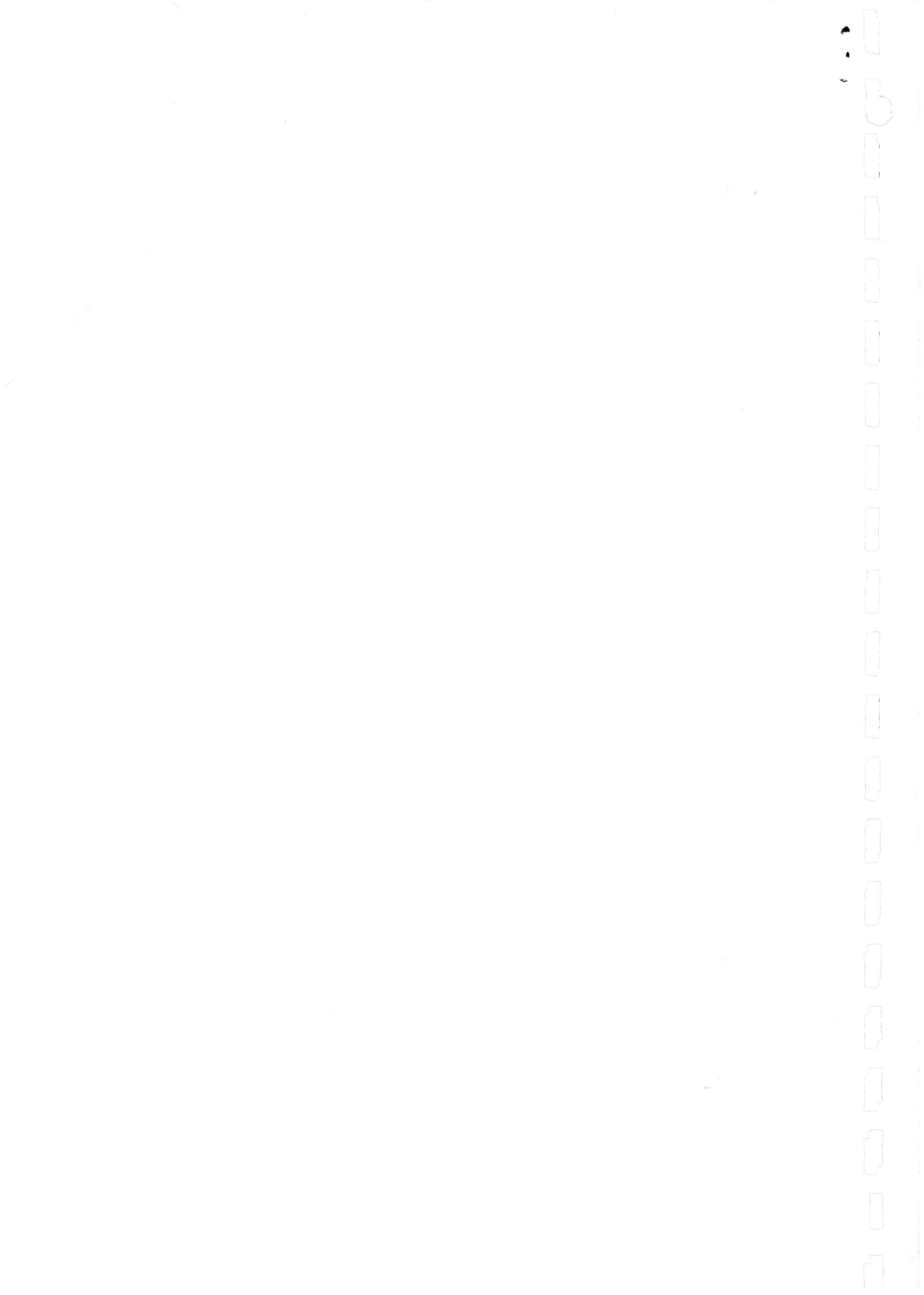
I confirm that the amounts shown above are correct as of the dates indicated.

Head of Accounts Department - Disbursing Entity:

Name Sign Date

Head of Accounts Department - Beneficiary Entity:

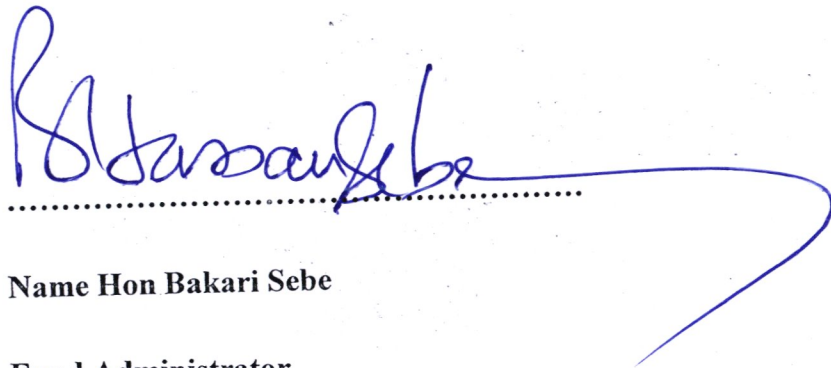
Name Sign Date.....



Annex III: Analysis of Emergency Expenditure

Year	Month	Amount	Purpose of Payment	Status (spent/not spent)	Remarks

(This information is in compliance with PFM Sec 115. The Fund administrator should state whether the person to whom the payment was made has spent the money for that purpose, and a statement made to that effect; if the person to whom the payment has been made has not yet spent the money for that purpose, a statement specifying the reasons for not having done so)



Name Hon Bakari Sebe

Fund Administrator

Date 18/08/2025

