

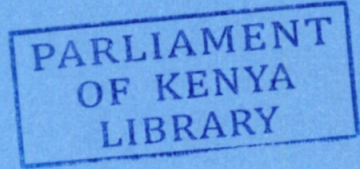
REPUBLIC OF KENYA



Enhancing Accountability

| PAPERS LAID | |
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| COMMITTEE | — |
| CLERK AT THE TABLE | Angela |

REPORT



OF

THE AUDITOR-GENERAL

ON

NYANDARUA COUNTY EMERGENCY FUND

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



NYANDARUA COUNTY EMERGENCY FUND

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

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

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

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2. Acronyms and Glossary of Terms

a) Acronyms

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

b) Glossary of Terms

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

Fiduciary oversight arrangements: The key institutions that exercised oversight authority over the management committee

3. Key Entity Information and Management

a) Background information

Emergency Fund was established by and derives its authority and accountability from Public Finance Management Act 2012, which states that a County Executive Committee Member for finance may establish other public funds with the approval of the County Executive Committee and the County Assembly. The emergency fund regulations 2015 were enacted on 23rd March 2015. The Fund is wholly owned by the County Government of Nyandarua and is domiciled in Kenya.

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

The Fund's principal activity is to meet unforeseen events, which threatens or damages human life or welfare or threatens damage to the environment.

b) Principal Activities

The principal mission of the Fund is to meet unforeseen events, which threatens or damages human life or welfare or threatens damage to the environment.

c) Board of Trustees/Fund Administration Committee

| Ref | Name | Position |
|-----|-----------------------------|--------------------|
| 1 | Hon.Mary W Kamande | Chairperson |
| 2 | Mr Juvenalis Gitau Thiong'o | Fund Administrator |
| 3 | Mr Joseph Wahome | Member |
| 4 | Virgina Karanja | Member |
| 5 | Fredrick Irungu | Member |

d) Key Management Steam

| Ref | Name | Position |
|-----|-----------------------------|-----------------------|
| 1 | Hon.Mary W Kamande | Chairperson |
| 2 | Mr Juvenalis Gitau Thiong'o | Fund Administrator |
| 3 | Mr Joseph Wahome | Signatory to the bank |
| 4 | Virgina Karanja | Signatory to the bank |
| 5 | Fredrick Irungu | Signatory to the bank |
| 6 | Ms. Margaret Gachomo | Fund Accountant |

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

e) Fiduciary Oversight Arrangements

| SN | Position | Name |
|----|----------------------------|---------------------|
| 1 | Directorate Internal Audit | Antony Mutuga Mbogo |
| 2 | Nyandarua County Assembly | |

a) Registered Offices

Headquarter Building
P.O. Box 701-20303
Ol'Kalou Kenya

b) Fund Contacts

Telephone: (254) 20266859
E-mail: info@nyandarua.go.ke
Website: www.nyandarua.go.ke

c) Fund Bankers

1. Equity Bank Kenya Ltd
P.O. Box 215-20303
Ol'Kalou, Branch.

d) Independent Auditors

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

e) Principal Legal Adviser

The County Attorney
Nyandarua County Headquarters
Harambee Avenue
P.O. Box 701-20303
Olkalou, Kenya

4. The Board of Trustees (or any other governing body for the Fund)

Name



Hon. Mary Wanjiku Kamande - FINANCE, ECONOMIC PLANNING AND ICT

She holds an MBA degree in International Business from the Kenya Methodist University and a Bachelor's degree in Business Administration (Corporate Finance) from St Mary's University at S Antonio, Texas in the United States of America.

A member of the Marketing Society of Kenya (MSK), she is also a Chartered Finance Analyst (CDDFA) LEVEL 1 and holds a Diploma in Strategic Management from Alisson School, also in the USA, alongside a certificate in Strategic Leadership Development from the Kenya Institute of Management (KIM).

She has worked as Corporate Strategy Manager at Daimler Chrysler Westlake and Merchandising Manager at J.C Penny College Station, both in Texas (USA).

Before her appointment on November 2, 2022, she was the head of Finance and Strategy at one of Kenya's Non-Governmental Organizations.

1.

2. Trustee



Juvenalis Gitau Thiong'o

Chief Officer –Finance

He hold Master's Degree in Business Administration (Finance option),CPA(K) and Bachelor of commerce (Accounting option) .He has worked on private sectors as Head of Finance, Finance and Operation Manager, Ware house manager and Branch manager.

He has 20 years work experience. He was born on 14th December 1977.

3. Trustee



Mr. Joseph Wahome

He is a holder of Master degree in Business Administration, CPA (K) and Bachelor degree BBA (Finance & Accounting). He has 7 years working experience in government as a deputy director finance. He has over 17 years' experience as a senior accountant. He was born on 02/01/1974

4. Trustee



Fredrick Gichuhi

He holds a Masters' Degree in Finance (Kenyatta University), Bachelor's Degree in Agribusiness Management (University of Nairobi) and CPA (K). He is the Head Financial Reporting Unit, Nyandarua County Government. He has 5 years banking experience. He was born on 24th January 1987.


5. Trustee



Virginia W. Karanja
Member,

She is CPA(K), with over 10 years experience, joined county in 2015 as a Deputy Director Budget, She was born on 20th November, 1972

5. Management Team

| Ref | Name |
|-----|--|
| 1 |  <p>Hon. Mary Wanjiku Kamande - FINANCE, ECONOMIC PLANNING AND ICT</p> <p>She holds an MBA degree in International Business from the Kenya Methodist University and a Bachelor's degree in Business Administration (Corporate Finance) from St Mary's University at San Antonio, Texas in the United States of America.</p> <p>A member of the Marketing Society of Kenya (MSK), she is also a Chartered Finance Analyst (CDDFA) LEVEL 1 and holds a Diploma in Strategic Management from Alisson School, also in the USA, alongside a certificate in Strategic Leadership Development from the Kenya Institute of Management (KIM).</p> <p>She has worked as Corporate Strategy Manager at Daimler Chrysler Westlake and Merchandising Manager at J.C Penny College Station, both in Texas (USA).</p> <p>Before her appointment on November 2, 2022, she was the head of Finance and Strategy at one of Kenya's Non-Governmental Organizations.</p> |



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4



Virginia W. Karanja
Member,

She is CPA(K),with over 10 years experience, joined county in 2015 as a Deputy Director Budget, She was born on 20th November, 1972

5



Margaret Gachomo
Fund Accountant,

she is CPA(K), Bachelor of commerce (Accounting option) .She worked with the local authority before devolution as an accountant and commercial manager of water company on secondment. She has 25 years' work experience. She was born on 27th December 1975.

6. Fund Chairperson's Report

The payments made out of the fund account for the year ended 30th June 2023 was Ksh. 27,630,608 and were incurred in respect of general expenses. The main activities under the general expenses in the year were emergency responses to fire disasters response, food donations, emergency road maintenance and meeting unforeseen hospitalization expenditure for the less fortunate citizens within Nyandarua County.

The Fund has been instrumental in addressing unforeseen and unappropriated payments thus alleviating immediate suffering of the County citizenry, more so the less fortunate. Its usage and application have been in line with the funds Regulations. However, the scope of its application widened with the advent of the novel COVID-19 pandemic in the 2020 and parts of 2021. Section 113 of the Public Finance Management Act 2012 provides that the County executive Committee member for Finance may not during a financial year make a payment from the emergency fund under section 112 not exceeding 2% of the total county government revenues as shown in the County Government audited Financial Statements for the previous financial year except for the first year.

In the year under review, the total fund budget was Ksh. 48,000,000.00. The fund had a balance brought forward of Ksh 19,432,611 from the previous year. The fund allocation fell below the threshold of 2%.

In the fourth coming budgets, the fund management will lobby for more allocation of the fund in order to cater for the unforeseen events which have increased over the years.

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

In conclusion, Fund management was in line with the requirements of the County Emergency Regulations of 2015 and all other applicable laws. I would like to thank the County Executive Committee, the County Assembly and the Fund Management for the continued support in actualizing the Socio-Economic Transformative Agenda of the County. As has been intimated, the Fund has been instrumental in addressing the unforeseen events in the county.

Date.....

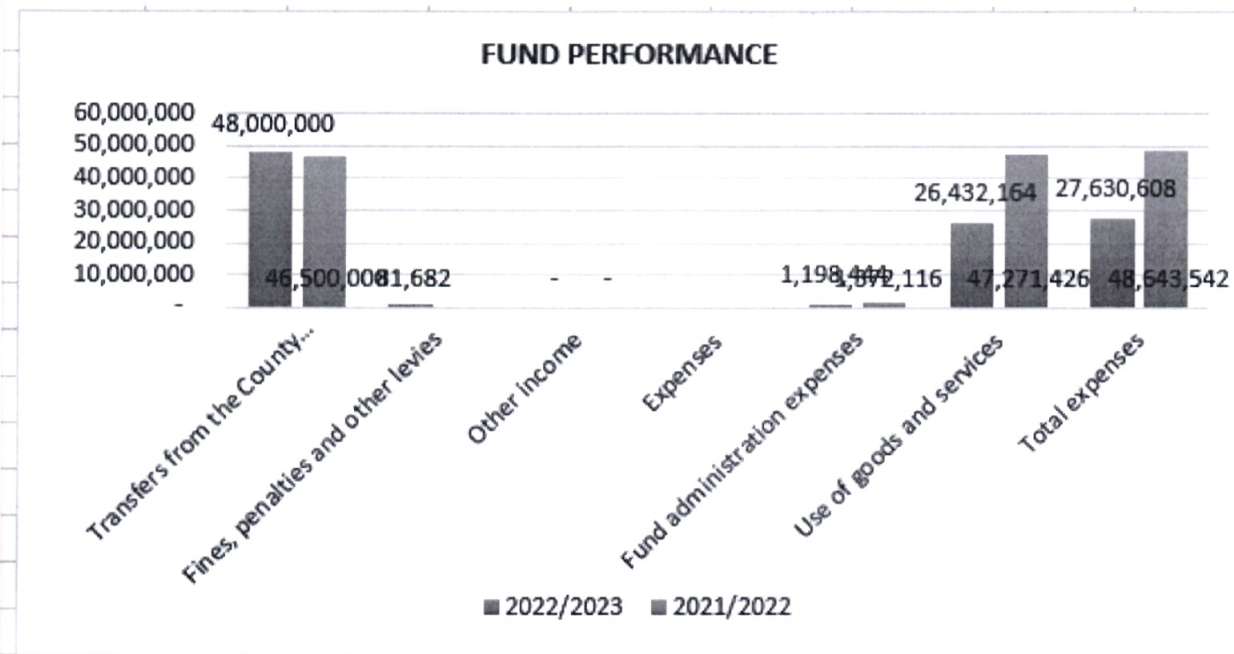


HON. MARY WANJIKU KAMANDE
C.E.C.M. – FINANCE, ECONOMIC PLANNING AND ICT
FUND CHAIRPERSON

7. Report of The Fund Administrator

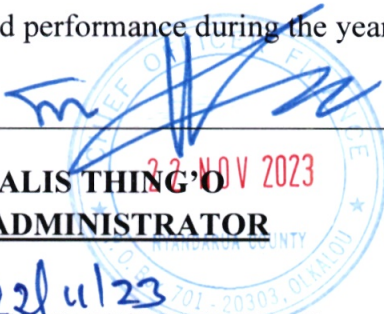
Nyandarua County Emergency Fund is established under section 116 (1) of the Public Finance Management Act 2012, which states that a County Executive Committee Member for Finance may establish other Public Funds with the approval of the County Executive Committee and County Assembly. The Fund Regulation 2015 was enacted on 23rd March 2015.

During the financial year ended 30th June 2023, the Fund made total receipt of Kes. 48,000,000 against Kes. 46,500,000 reported in the Financial Year 2021/2022 resulting in an increase of Kes.1,500,000. The cash and cash equivalents during the year amounted to 35,719,515 as compared Ks. 16,534,302 reported in the financial year 2021/2022. The Surplus for the year was Kes 20,451,073. as compared to the deficit of Kes. (-2,143,542) reported in the previous Financial Year.



This fund performance during the year is as summarized in the chart above;

Signed: _____



JUVENALIS THING'O
FUND ADMINISTRATOR

Date.. 22/11/23

8. Statement of Performance Against the County Fund’s Predetermined Objectives

Introduction

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

In FY 2022/23, the Nyandarua County Emergency Fund has an appropriation of Kes.. 48 Million.

The key development objectives of the Nyandarua County Emergency Fund for the Medium Term 2018-2022 plan are to:

- a) Improved response to Emergencies; and
- b) To enable payments to be made when there is an urgent and unforeseen need for expenditure arises for which there is no specific legislative authority and appropriation for funds.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

| Program | Objective | Outcome | Indicator | Performance |
|----------------|--|---------------------------------------|---|---|
| Emergency Fund | To enable payments to be made when there is an urgent and unforeseen need for expenditure arises for which there is no specific legislative authority and appropriation for funds. | Seamless implementation of the Budget | No. of payments amount paid from the Emergency Fund | The fund incurred a total of Kes. 27,630,608 in the period ending 30 th June 2023. |

9. Corporate Governance Statement

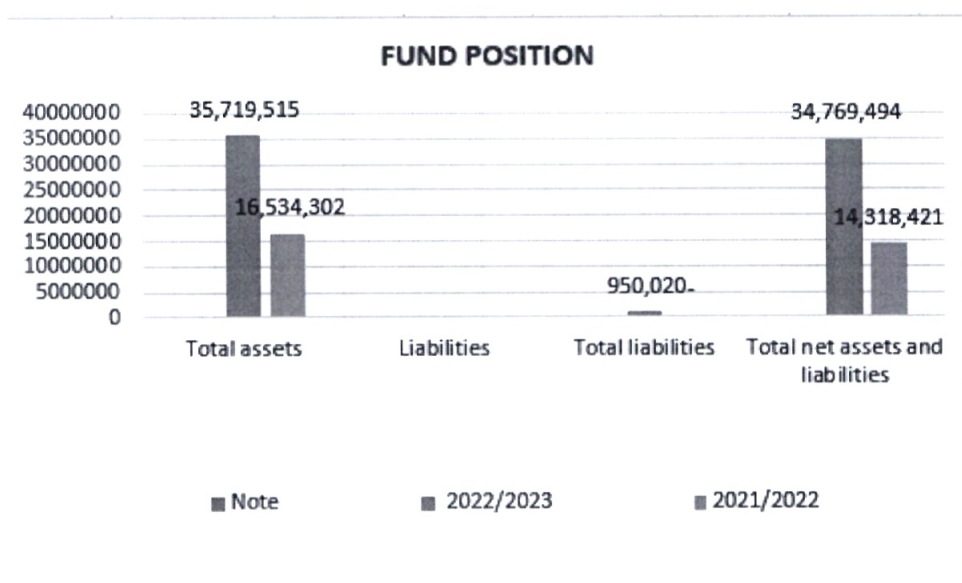
The fund operations during the financial year ended 30th June 2023 were carried out in accordance with the fund's regulations 2022. The Fund is managed by the Fund administrator together with the management committee. The County Executive Committee approve all emergency cases before payment by the fund administrator. Upon payment of emergency cases, the fund administrator submits a report to the county assembly through the CECM for Finance within 2 months for approval of the payments made out of the fund.

The CECM Finance appoints the Management Team and facilitates for their induction and training with monitoring and evaluation of member performance. The Members are expected to adhere to the Public Service Code of Conduct and Ethics, 2016.

10. Management Discussion and Analysis

The County Treasury prepared the first supplementary budget for 2022/23 in accordance with section 135 of the Public Finance Management Act and later submitted to the County Assembly on 29th June, 2023 for considerations and approval. During the approval process of the supplementary budget, 8M was appropriated to this fund.

During the financial year, the emergency funds net Asset was Ksh. 34,769,495 compared to Ksh. 14,318,422 previous Year 2021-2022. This is equivalent to total assets and liability. The Fund reflect a going concern. This is illustrated on below diagram;



Compliance with the statutory requirement

The Management team of the Fund have exercised prudent financial management within the years and adhered to the existing legislative authorities in place.

Major Risks to the Fund

The Fund is predisposed to several risks such as:

- (i.) Risk of inadequate funding due to County budgetary constraints;
- (ii.) Capacity to handle all emergency cases that may occur in a given Financial year; and

(iii.) Error of judgement in prioritization of emergency cases to be addressed through the Emergency Fund.

11. Environmental and Sustainability Reporting

In the administration and management of the Fund, the County Government has integrated social and environmental concerns in its operations and interactions with the County citizenry. It addresses events/issues that are directly affecting the people.

The Fund exists to address payments that address unforeseen events that have not been appropriated in the Financial Year. This enhances the implementation of the year's appropriations as provided for in the PFM Act, 2012 and Regulations. With the occurrence of unforeseen events, the County is able to address the situation and where possible allow minimal disturbances to the victim or affected persons or community. Below is a brief highlight of the achievements across the various spheres of Socio-economic Development:

1. Disasters

The Nyandarua County Emergency Fund addressed accidents that took place in the County that could either be fire or road accidents were addressed by the Fund.

Accidents and other calamities befalling the County citizens have been addressed on occurrence and urgency basis. On receipt of reports and verification, the emergencies are prioritized and submitted to the County Executive Committee for approval.

2. Health Care

Health care is paramount for the socio-economic welfare of an individual. Emergencies relating to health and touching on the venerable or less disadvantaged person in the County are prioritized. Residents will mainly arrange for fund drives to alleviate challenges facing community members such as medical bills and morgue fees. To alleviate suffering in such cases, the Fund comes in handy. Such cases are handled after verification of needy cases.

3. Community Engagements

The County Government has a responsibility to its citizens as per the Fourth Schedule of the Constitution of Kenya. To this end, grants and subsidies in support of communal projects are undertaken by the Emergency Fund when deemed necessary.

12. Report of The Trustees

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

Principal activities

The principal activities of the Fund are to meet unforeseen events which threaten or damage human life or welfare or threaten damage to the environment.

Results

The performance of the Fund for the year ended June 30, 2023, are set out on page 1.

Trustees

The members of the Board of Trustees who served during the year are shown on page vi

Auditors

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

By Order of the Committee



HON. MARY W KAMANDE

C.E.C.M. - FINANCE AND ECONOMIC DEVELOPMENT

Date:

13. Statement of Management's Responsibilities

The Public Finance Management Act, 2012 Section 167 prescribes that, at the end of each financial year, the Administrator of a County Public Fund shall prepare Financial Statements for the Fund following the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's Financial Statement which should give a true and fair view of the state of affairs of the Fund for and as at the end of the Financial Year ended on June 30, 2023. These responsibilities include: maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the Financial Statement, and ensuring that they are free from material misstatement, whether due to error or fraud; safeguarding the assets of the Fund; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) and in the manner required by the PFM Act, 2012 and Nyandarua County Emergency Fund Regulation 2015.

The Administrator of the Fund is of the opinion that the Fund's Financial Statement gives a true and fair view of the state of Fund's transactions during the Financial Year ended June 30, 2023 and of the Fund's financial position as at that date. The Administrator further confirms the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's Financial Statement as well as the adequacy of the systems of internal financial control.


In preparing the Financial Statement, the Administrator of the County Public 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 Statement. 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.


Nyandarua County Emergency Fund

Annual Report and Financial Statements for the year ended June 30, 2023

Approval of the financial statements

The Fund's financial statements were approved by the Board on 22/11/ 2023 and signed on its behalf by:


.....
JUVENALIS GITAU THIONG'O
ADMINISTRATOR OF THE FUND



REPUBLIC OF KENYA

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



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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Nyandarua County Emergency Fund set out on pages 1 to 41, which comprise the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Nyandarua County Emergency Fund as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Nyandarua County Emergency Fund Regulations, 2015.

Basis for Qualified Opinion

Misstatement of Total Net Assets and Liabilities Balance

The statement of financial position reflects total assets and total net assets and liabilities balances of Kshs.35,719,515 and Kshs.34,769,494 respectively, resulting in a variance of Kshs.950,021 which apparently indicates that the statement is unbalanced. However, re-computation revealed that the variance arose because the balance of Kshs.34,769,494 represents total net assets only, as shown in the statement of changes in net assets, and therefore excludes total liabilities balance of Kshs.950,020 reflected in the statement of financial position. No explanation has been provided for the anomaly.

In the circumstances, the accuracy and fair presentation of the statement of financial position could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nyandarua 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 qualified opinion.

Key Audit Matters

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

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

Responsibilities of Management and the 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 Fund's effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

Management is also responsible for the submission of the Fund's 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 Fund's 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.

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

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 controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls 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 noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Fund's policies and procedures may deteriorate.

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 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 Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

05 February, 2024

15. Statement of Financial Performance for the Year Ended 30th June 2023

| | Note | 2023-2022 | 2021-2022 |
|---|------|---------------------|--------------------|
| | | Kes. | Kes. |
| Revenue from Non-Exchange Transactions | | | |
| Public Contributions and Donations | 1 | - | - |
| Transfers from the County Government | 2 | 48,000,000 | 46,500,000 |
| Fines, Penalties and Other Levies | 3 | 81,682 | - |
| | | 48,081,682 | 46,500,000 |
| Revenue from Exchange Transactions | | | |
| Interest Income | 4 | - | - |
| Other Income | 5 | - | - |
| | | - | - |
| Total Revenue | | 48,081,682 | 46,500,000 |
| | | | |
| Expenses | | | |
| Fund administration expenses/Employee costs | 6 | 1,198,444 | 1,372,116 |
| Use of goods and services | 7 | 26,432,164 | 47,271,426 |
| Depreciation and Amortization Expense | 8 | - | - |
| Finance Costs | 9 | - | - |
| Total Expenses | | 27,630,608 | 48,643,542 |
| Other Gains/Losses | | | |
| Gain/Loss on Disposal of Assets | 10 | - | - |
| Gain/Loss on Fair Value of Investments | 11 | - | - |
| Surplus/(Deficit) For the Period | | (20,451,073) | (2,143,542) |

.....
 Name:
JUVENALIS GITAU THIONG'O
 Administrator of the Fund
 ICPAK Member Number:6358

.....
 Name:
MARGARET GACHOMO
 Fund Accountant
 ICPAK Member Number:14009

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

16. Statement of Financial Position As at 30 June 2023

| | Note | 2022/2023 | 2021/2022 |
|--|------|-------------------|-------------------|
| | | KShs | KShs |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 12 | 35,719,515 | 16,534,302 |
| Current portion of long- term receivables from exchange transactions | 13 | - | - |
| Prepayments | 14 | - | - |
| Inventories | 15 | - | - |
| Investments in financial assets | 16 | - | - |
| Total current assets | | 35,719,515 | 16,534,302 |
| Non-current assets | | | |
| Property, plant and equipment | 17 | - | - |
| Intangible assets | 18 | - | - |
| Long Term Receivables from Exchange Transactions | 13 | - | - |
| Investment Property | 19 | - | - |
| Total non- current assets | | - | - |
| Total assets | | 35,719,515 | 16,534,302 |
| | | | |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables from exchange transactions | 20 | 950,020 | 2,215,880 |
| Current portion of borrowings | 21 | - | - |
| Employee benefit obligations | 22 | - | - |
| Social benefit liabilities | 23 | - | - |
| Total current liabilities | | 950,020 | 2,215,880 |
| Non-current liabilities | | | |
| Long term portion of borrowings | 21 | - | - |
| Non-current employee benefit obligation | 22 | - | - |
| Social benefit liabilities | 23 | - | - |
| Total liabilities | | 950,020 | 2,215,880 |
| Net assets | | 34,769,495 | 14,318,422 |

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

| | | | |
|---|--|-------------------|-------------------|
| Revolving Fund | | - | - |
| Reserves | | 14,318,421 | 16,461,963 |
| Accumulated surplus | | 20,451,073 | (2,143,542) |
| Total net assets and liabilities | | 34,769,494 | 14,318,421 |

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 _____ 2023 and signed by:

.....
Name: JUVENALIS GITAU THIONG'O
Administrator of the Fund

ICPAK Member Number:6358


.....
Name: MARGARET GACHOMO
Fund Accountant


ICPAK Member Number:14009

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

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

| | Revolving Fund | Revaluation Reserve | Accumulated surplus | Total |
|--|----------------|---------------------|---------------------|-------------------|
| | | KShs | KShs | KShs |
| Balance as at 1 July 2022 | - | - | 16,461,963 | 16,461,963 |
| Surplus/(deficit) for the period | - | - | -2,143,542 | -2,143,542 |
| Funds received during the year | - | - | | - |
| Revaluation gain | | - | - | - |
| Balance as at 30 June 2022 | - | - | 14,318,421 | 14,318,421 |
| Balance as at 1 July 2023 | | | 14,318,421 | 14,318,421 |
| Surplus/(deficit) for the period | | | 20,451,073 | 20,451,073 |
| Funds received during the year | | | | |
| Revaluation gain | | | | |
| Balance as at 30th June 2023 | | | 34,769,494 | 34,769,494 |


 22 NOV 2023
 Name: Juvenalis Gitau Thiong'o
 Administrator of the Fund
 ICPAK Member Number:6358


 Name: Margaret Wangari Gachomo
 Fund Accountant
 ICPAK Member Number:14009

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

| | Note | 2022/2023 | 2021/2022 |
|--|------|-------------------|--------------------|
| | | KShs | KShs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Public contributions and donations | | - | - |
| Transfers from the County Government | | 48,000,000 | 46,500,000 |
| Interest received | | 81,682 | - |
| Receipts from other operating activities | | | |
| Total Receipts | | 48,081,682 | 46,500,000 |
| Payments | | | |
| Fund administration expenses | | 1,198,444 | 1,372,116 |
| General expenses | | 26,432,164 | 47,271,426 |
| Decrease/increase of trade Payables | | 1,265,859 | (853,261) |
| Finance cost | | - | - |
| Total Payments | | 28,896,467 | 47,790,281 |
| Net cash flows from operating activities | 24 | 19,185,214 | (1,290,281) |
| | | | |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment and intangible assets | | - | - |
| Proceeds from sale of property, plant and equipment | | - | - |
| Proceeds from loan principal repayments | | - | - |
| Loan disbursements paid out | | - | - |
| Net cash flows used in investing activities | | - | - |
| | | | |
| Cash flows from financing activities | | | |

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

| | | | |
|---|-----------|-------------------|--------------------|
| Proceeds from revolving fund receipts | | - | - |
| Additional borrowings | | - | - |
| Repayment of borrowings | | - | - |
| Net cash flows used in financing activities | | - | - |
| Net increase/(decrease) in cash and cash equivalents | | 19,185,214 | (1,290,281) |
| Cash and cash equivalents at 1 JULY | 10 | 16,534,301 | 17,824,582 |
| Cash and cash equivalents at 30th June | 10 | 35,719,515 | 16,534,301 |



.....
Name: Juvenalis Gitau Thiong'o
Administrator of the Fund
ICPAK Member Number:6358



.....
Name: Margaret Wangari Gachomo
Fund Accountant
ICPAK Member Number:14009

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

| | Original budget | Adjustments | Final budget | Actual on comparable basis | % utilisation |
|------------------------------------|--------------------|-------------|--------------|----------------------------------|------------------|
| | 2023 | 2023 | 2023 | 2023 | 2023 |
| | KShs | KShs | KShs | KShs | |
| Revenue | | | | | |
| Public contributions and donations | - | - | - | - | |
| Transfers from County Govt. | 48,000,000 | - | 48,000,000 | 48,000,000 | 100 |
| Interest income | - | - | - | - | - |
| Other income-returns | - | 81,682 | 81,682 | 81,682 | 100 |
| Total income | 48,000,000 | 81,682 | 48,081,682 | 48,081,682 | 100 |
| Expenses | | | | | |
| Fund administration expenses | - | - | - | 1,198,444 | - |
| General expenses | 48,000,000 | 81,682 | 48,081,682 | 26,432,164 | 57 |
| Finance cost | - | - | - | - | - |
| Total expenditure | 48,000,000 | 81,682 | 48,081,682 | 27,630,608 | 57 |
| Surplus for the period | | | | 20,451,073 | |

20. Notes to the Financial Statements

1. General Information

Emergency Fund is established by and derives its authority and accountability from Public Finance Management Act 2012. The entity is wholly owned by the County Government of Nyandarua and is domiciled in Kenya. The principal activity of the Fund is to meet unforeseen events, which threatens or damages human life or welfare or threatens damage to the environment.

2. Statement of compliance and basis of preparation

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

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

3. Adoption of new and revised standards

(i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2022

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022

| Standard | Effective date and impact: |
|--|--|
| IPSAS 41: Financial Instruments | Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant |

| Standard | Effective date and impact: |
|---|---|
| | <p>and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. |
| <p>IPSAS 42: Social Benefits</p> | <p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representatives 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> <ul 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; <p>and</p> |

**Nyandarua County Emergency Fund
Report and Financial Statements for the Period ended June 30, 2023**

| Standard | Effective date and impact: |
|--|--|
| | (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 2023:</p> <ul 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> |
| Other improvements to IPSAS | <p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> |
| IPSAS 43 | Applicable 1st January 2025 |

| Standard | Effective date and impact: |
|---|---|
| | <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> |
| <p>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> |

(iii) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2023.

Nyandarua County Emergency Fund
Report and Financial Statements for the Period ended June 30, 2023

1. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if 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 2022-2023 was approved by the County Assembly on 30th June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of 8,000,000 on the FY 2022-2023 budget following the governing body's approval.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 16 of these financial statements.

Summary Of Significant Accounting Policies (Continued)

c) Property, plant and equipment

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

d) Intangible Assets

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

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

e) Investment property

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

Summary of Significant Accounting Policies (Continued)

a) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Summary Of Significant Accounting Policies (Continued)

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the 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 considering 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 a entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

Summary Of Significant Accounting Policies (Continued)

b) Inventories

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

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

c) 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 Fund expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Summary Of Significant Accounting Policies (Continued)

Contingent assets

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

d) Nature and purpose of reserves

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

e) Changes in accounting policies and estimates

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

f) Employee benefits – Retirement benefit plans

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

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

g) Foreign currency transactions

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

Summary Of Significant Accounting Policies (Continued)

h) Borrowing costs

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

i) Related parties

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

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. 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.

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) Ultimate and Holding Entity

The Emergency Fund is a County Public Fund established by PFM Act 116 (1) and The Nyandarua county Emergency Fund Regulation 2015 was enacted on 25th March 2015 under the Department of Finance. Its ultimate parent is the County Government of Nyandarua.

n) Currency

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions – The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Emergency Fund based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Emergency Fund . 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 Emergency Fund.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

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 18.

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.

Nyandarua County Emergency Fund
Report and Financial Statements for the Period ended June 30, 2023

6. Notes To The Financial Statements

1. Public contributions and donations

| Description | 2022-2023 | 2021-2022 |
|------------------------------------|-----------|-----------|
| | Kes. | Kes. |
| Donation from Development Partners | - | - |
| Contributions from The Public | - | - |
| Total | - | - |

2. Transfers from County Government

| Description | 2022-2023 | 2021-2022 |
|--|-------------------|-------------------|
| | Kes. | Kes. |
| Transfers from County Govt. –Operations | 48,000,000 | 46,500,000 |
| Payments by County on Behalf Of The Entity | - | - |
| Total | 48,000,000 | 46,500,000 |

3. Fines, penalties and other levies

| Description | 2022-2023 | 2021-2022 |
|--------------------------------|---------------|-----------|
| | Kes. | Kes. |
| Late Payment Penalties | - | - |
| Fines | - | - |
| Reverse payments/stale cheques | 81,682 | - |
| Total | 81,682 | - |

4. Interest income

| Description | 2022-2023 | 2021-2022 |
|-------------------------------------|-----------|-----------|
| | Kes. | Kes. |
| Interest Income from Mortgage Loans | - | - |
| Interest Income from Car Loans | - | - |
| Interest Income from Investments | - | - |

Nyandarua County Emergency Fund
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| | | |
|----------------------------------|---|---|
| Interest Income on Bank Deposits | - | - |
| Total Interest Income | - | - |

Notes to the Financial Statements Continued

5. Other income

| Description | 2022-2023 | 2021-2022 |
|--------------------------------------|-----------|-----------|
| | Kes. | Kes. |
| Insurance Recoveries | - | - |
| Income from Sale Of Tender Documents | - | - |
| Bad debts recovered | | |
| Miscellaneous Income | | |
| Total Other Income | - | - |

6. Employee Costs

| Description | 2022-2023 | 2021-2022 |
|------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Salaries And Wages | - | |
| Staff Gratuity | - | - |
| Staff Training Expenses | - | - |
| Social Security Contribution | - | - |
| Other (<i>Specify</i>) | - | - |
| Total | - | - |

7. Use of Goods and Services

| Description | 2022/2023 | 2021/2022 |
|--------------------------------|------------|------------|
| | Kshs. | Kshs. |
| General Office Expenses | 26,417,924 | 45,879,620 |
| Loan Processing Costs | - | - |
| Professional Services Costs | - | - |
| Administration Fees | 1,198,444 | 1,372,116 |
| Committee Allowances | - | - |
| Bank Charges | 14,240 | 19,690 |
| Electricity And Water Expenses | - | - |
| Fuel And Oil Costs | - | - |

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| Description | 2022/2023 | 2021/2022 |
|--------------------------------------|-------------------|-------------------|
| | Kshs. | Kshs. |
| Insurance Costs | - | - |
| Postage And Courier | - | - |
| Printing And Stationery | - | - |
| Rental Costs | - | - |
| Security Costs | - | - |
| Telephone And Communication Expenses | - | - |
| Bank Charges | - | - |
| Audit Fees | - | - |
| Provision For Doubtful Debts | - | - |
| Other (<i>Specify</i>) | - | - |
| Social benefit expenses* | | |
| Total | 27,630,608 | 47,271,426 |

8. Depreciation and Amortization Expense

| Description | 2022-2023 | 2021-2022 |
|------------------------------|-----------|-----------|
| | Kshs. | Kshs. |
| Property Plant and Equipment | - | - |
| Intangible Assets | - | - |
| Total | - | - |

9. Finance costs

| Description | 2022-2023 | 2021-2022 |
|------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Interest On Bank Overdrafts | - | - |
| Interest On Loans From Banks | - | - |
| Total | - | - |

10. Gain/(loss) on disposal of assets

| Description | 2022-2023 | 2021-2022 |
|-------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Property, Plant and Equipment | - | - |
| Intangible Assets | - | - |
| Total | - | - |

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11. Gain/ (loss) on Fair Value Investments

| Description | 2022-2023 | 2021-2022 |
|---|-----------|-----------|
| | Kshs | Kshs |
| Investments at Fair Value- Equity investments | - | - |
| Fair value – Investment property | - | - |
| Fair value- other financial assets (specify) | - | - |
| Total Gain | - | - |

12. Cash and cash equivalents

| Description | 2022-2023 | 2021-2022 |
|--|-------------------|-------------------|
| | Kes. | Kes. |
| Car Loan Account | - | - |
| County Mortgage Account | - | - |
| Fixed Deposits Account | - | - |
| On – Call Deposits | - | - |
| Current Account | 35,719,515 | 16,534,302 |
| Others | - | - |
| Total Cash And Cash Equivalents | 35,719,515 | 16,534,302 |

Nyandarua County Emergency Fund
Report and Financial Statements for the Period ended June 30, 2023

Notes to the Financial Statements Continued

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

| Financial Institution | Account number | 2022-2023 | 2021-2022 |
|----------------------------------|----------------|-------------------|-------------------|
| | | Kes. | Kes. |
| a) Fixed Deposits Account | | | |
| Kenya Commercial Bank | | - | - |
| Equity Bank, Etc. | | - | - |
| Sub- Total | | - | - |
| b) On - Call Deposits | | | |
| Kenya Commercial Bank | | - | - |
| Equity Bank - Etc. | | - | - |
| Sub- Total | | - | - |
| c) Current Account | | | |
| Equity Bank | 0620276530508 | 35,719,515 | 19,432,611 |
| Sub- Total | | 35,719,515 | 19,432,611 |
| d) Others(Specify) | | | |
| Cash In Transit | | - | - |
| Cash In Hand | | - | - |
| Sub- Total | | - | - |
| Grand Total | | 35,719,515 | 19,432,611 |

13. Receivables from exchange transactions

| Description | 2022-2023 | 2021-2022 |
|---|-----------|-----------|
| | Kes. | Kes. |
| Current Receivables | | |
| Interest Receivable | - | - |
| Current Loan Repayments Due | - | - |
| Other Exchange Debtors | - | - |
| Less: Impairment Allowance | (-) | (-) |
| Total Current Receivables | | |
| Non-Current Receivables | | |
| Long Term Loan Repayments Due | - | - |
| Total Non- Current Receivables | - | - |
| Total Receivables From Exchange Transactions | - | - |

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Notes to the Financial Statements Continued

Additional disclosure on interest receivable

| Description | 2022-2023 | 2021-2022 |
|--|-----------|-----------|
| | Kes. | Kes. |
| Interest Receivable | | |
| Interest receivable from current portion of long-term loans of previous years | - | - |
| Accrued interest receivable from of long-term loans of previous years | - | - |
| Interest receivable from current portion of long-term loans issued in the current year | - | - |
| Current loan repayments due | | |
| Current portion of long-term loans from previous years | - | - |
| Accrued principal from long-terms loans from previous periods | - | - |
| Current portion of long-term loans issued in the current year | - | - |

14. Prepayments

| Description | 2022-2023 | 2021-2022 |
|-----------------------------|-----------|-----------|
| | Kes. | Kes. |
| Prepaid Rent | - | - |
| Prepaid Insurance | - | - |
| Prepaid Electricity Costs | - | - |
| Other Prepayments (Specify) | - | - |
| Total | - | - |

15. Inventories

| Description | 2022-2023 | 2021-2022 |
|--|-----------|-----------|
| | Kes. | Kes. |
| Consumable Stores | - | - |
| Spare Parts and Meters | - | - |
| Catering | - | - |
| Other Inventories (Specify) | - | - |
| Total Inventories At The Lower Of Cost And Net Realizable Value | - | - |

Notes to the Financial Statements Continued

**Nyandarua County Emergency Fund
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16. Investments in financial assets

| Description | 2022-2023 | 2021-2022 |
|---|-----------|-----------|
| | Kshs | Kshs |
| a. Investment in Treasury bills and bonds | | |
| Financial institution | | |
| CBK | - | - |
| CBK | - | - |
| Sub- total | - | - |
| b. Investment with Financial Institutions/ Banks | | |
| Bank x | - | - |
| Bank y | - | - |
| Sub- total | - | - |
| c. Equity investments (specify) | | |
| Equity/ shares in Entity xxx | - | - |
| Sub- total | - | - |
| Grand total | - | - |

Movement of Equity Investments

| Impairment allowance/ provision | 2022-2023 | 2021-2022 |
|---|-----------|-----------|
| | Kshs | Kshs |
| At the beginning of the year | - | - |
| Purchase of investments in the year | - | - |
| Sale of investments during the year | - | - |
| Gain/(loss) in fair value of investments through surplus or deficit | - | - |
| At the end of the year | - | - |

e) Shareholding in other entities

| Name of Entity where investment is held | No of shares | | | Nominal value of shares | Fair value of shares | Fair value of shares |
|---|---------------------|-----------------------|------------------------|-------------------------|----------------------|----------------------|
| | Direct shareholding | Indirect shareholding | Effective shareholding | | | |
| | % | % | % | Kshs | Current year | Prior year |
| Entity A | - | - | - | - | - | - |
| Entity B | - | - | - | - | - | - |
| Entity C | - | - | - | - | - | - |
| | - | - | - | - | - | - |

Nyandarua County Emergency Fund
Report and Financial Statements for the Period ended June 30, 2023

Notes To The Financial Statements (Continued)

17. Property, plant and equipment

| | Land and Buildings | Motor vehicles | Furniture and fittings | Computers and office equipment | Total |
|-------------------------------------|--------------------|----------------|------------------------|--------------------------------|-------|
| Cost | Kes. | Kes. | Kes. | Kes. | Kes. |
| At 1st July 2022 | - | - | - | - | - |
| Additions | - | - | - | - | - |
| Disposals | (-) | (-) | - | - | (-) |
| Transfers/Adjustments | - | (-) | - | (-) | (-) |
| At 30th June 2022 | - | - | - | - | - |
| At 1st July 2023 | | | | | |
| Additions | - | - | - | - | - |
| Disposals | (-) | - | - | - | (-) |
| Transfer/Adjustments | (-) | - | - | (-) | (-) |
| At 30th June 2023 | - | - | - | - | - |
| Depreciation And Impairment | | | | | |
| At 1 st July 2022 | (-) | (-) | (-) | (-) | (-) |
| Depreciation | (-) | (-) | (-) | (-) | (-) |
| Impairment | (-) | - | - | - | (-) |
| At 30th June 2022 | - | - | - | - | - |
| At 1st July 2023 | | | | | |
| Depreciation | (-) | (-) | (-) | - | (-) |
| Disposals | - | - | - | - | - |

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| | Land and Buildings | Motor vehicles | Furniture and fittings | Computers and office equipment | Total |
|------------------------------------|--------------------|----------------|------------------------|--------------------------------|-------|
| Cost | Kes. | Kes. | Kes. | Kes. | Kes. |
| Impairment | (-) | (-) | - | - | (-) |
| Transfer/Adjustment | - | (-) | (-) | - | - |
| At 31st Jul 2022 | - | - | - | - | - |
| Net Book Values | | | | | |
| At 31st Dec 2022 | - | - | - | - | - |
| At 31st Dec 2022 | - | - | - | - | - |

Notes To The Financial Statements (Continued)

18. Intangible assets

| Description | 2022-2023 | 2021-2022 |
|------------------------------------|-----------|-----------|
| | Kes. | Kes. |
| Cost | | |
| At Beginning Of The Year | - | - |
| Additions | - | - |
| At End Of The Year | - | - |
| Amortization And Impairment | | |
| At Beginning Of The Year | - | - |
| Amortization | - | - |
| At End Of The Year | - | - |
| Impairment Loss | - | - |
| At End Of The Year | - | - |
| NBV | - | - |

19. Investment Property

| Description | 2022-2023 | 2021-2022 |
|--|-----------|-----------|
| | Kshs | Kshs |
| At beginning of the year | - | - |
| Additions | - | - |
| Disposal during the year | (-) | (-) |
| Depreciation | (-) | (-) |
| Impairment | (-) | (-) |
| Gain/(loss) in fair value (if fair value is elected) | - | - |
| At end of the year | - | - |

Nyandarua County Emergency Fund
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Notes To The Financial Statements (Continued)

20. Trade and other payables from exchange transactions

| Description | 2022-2023 | | 2021-2022 | |
|---|------------------|-----------------------|------------------|-----------------------|
| | Kshs | | Kshs | |
| Trade Payables | 950,020 | | 2,215,880 | |
| Refundable Deposits | - | | - | |
| Accrued Expenses | - | | - | |
| Other Payables | - | | - | |
| Total Trade and Other Payables | - | | - | |
| | | | | |
| Ageing analysis (Trade and other payables) | 2022-2023 | % of the Total | 2021-2022 | % of the Total |
| Under one year | 577,055 | % | - | % |
| 1-2 years | - | % | 1,889,915 | % |
| 2-3 years | - | % | - | % |
| Over 3 years | 372,965 | % | 372,965 | % |
| Total (tie to above total) | 950,020 | | 2,215,880 | |

21. Provisions

| Description | Leave provision | Bonus provision | Other provision | Total |
|--|-----------------|-----------------|-----------------|----------|
| | Kes. | Kes. | Kes. | Kes. |
| Balance At The Beginning Of The Year (1.07.2022) | - | - | - | - |
| Additional Provisions | - | - | - | - |
| Provision Utilised | (-) | (-) | (-) | (-) |
| Change Due To Discount And Time Value For Money | (-) | (-) | (-) | (-) |
| Transfers From Non -Current Provisions | - | - | - | - |
| Balance At The End Of The Year (30.03.2023) | - | - | - | - |

Notes To The Financial Statements (Continued)

22. Borrowings

| Description | 2022-2023 | 2021-2022 |
|---|-----------|-----------|
| | Kes. | Kes. |
| Balance At Beginning of The Period | - | - |
| External Borrowings During the Year | - | - |
| Domestic Borrowings During the Year | - | - |
| Repayments Of External Borrowings During the Period | (-) | (-) |
| Repayments Of Domestic Borrowings During the Period | (-) | (-) |
| Balance At End of The Period | - | - |

The table below shows the classification of borrowings into external and domestic borrowings:

| | 2022-2023 | 2021-2022 |
|---|-----------|-----------|
| | Kes. | Kes. |
| External Borrowings | | |
| Dollar Denominated Loan From 'Organization' | - | - |
| Sterling Pound Denominated Loan From 'Organization' | - | - |
| Euro Denominated Loan from Z Organization' | - | - |
| Domestic Borrowings | | |
| Kenya Shilling Loan From KCB | - | - |
| Kenya Shilling Loan from Barclays Bank | - | - |
| Kenya Shilling Loan from Consolidated Bank | - | - |
| Borrowings From Other Government Institutions | - | - |
| Total Balance at End Of The Year | - | - |

The table below shows the classification of borrowings long-term and current borrowings:

| Description | 2022-2023 | 2021-2022 |
|--|-----------|-----------|
| | Kes. | Kes. |
| Short Term Borrowings(Current Portion) | - | - |
| Long Term Borrowings | - | - |
| Total | - | - |

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Notes To The Financial Statements (Continued)

23. Employee benefit obligations

| Description | Defined benefit plan | Post employment medical benefits | Other Provisions | 2022-2023 | 2021-2022 |
|--------------------------------|----------------------|----------------------------------|------------------|-----------|-----------|
| | Kes. | Kes. | Kes. | Kes. | Kes. |
| Current Benefit Obligation | - | - | - | - | - |
| Non-Current Benefit Obligation | - | - | - | - | - |
| Total | - | - | - | - | - |

24. Social Benefit Liabilities

| Description | 2022-2023 | 2021-2022 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Health social benefit scheme | - | - |
| Unemployment social benefit scheme | - | - |
| Orphaned and vulnerable benefit scheme | - | - |
| Elderly social benefit scheme | - | - |
| Bursary social benefits | - | - |
| Total | - | - |
| Current social benefits | - | - |
| Non-current social benefits | - | - |
| Total (tie to totals above) | - | - |

Notes To The Financial Statements (Continued)

25. Cash generated from operations

| | 2022-2023 | 2021-2022 |
|---|-------------------|--------------------|
| | Kes. | Kes. |
| Surplus/ (Deficit) For the Year Before Tax | 20,451,073 | (2,143,542) |
| Adjusted For: | | |
| Depreciation | - | - |
| Amortisation | - | - |
| Gains/ Losses On Disposal Of Assets | (-) | (-) |
| Interest Income | (-) | (-) |
| Finance Cost | - | - |
| Working Capital Adjustments | | |
| Increase In Inventory | (-) | (-) |
| Increase In Receivables | (-) | (-) |
| Increase In Payables | (577,055) | (853,261) |
| Net Cash Flow From Operating Activities | 19,874,018 | (1,290,281) |

**Nyandarua County Emergency Fund
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Notes To The Financial Statements (Continued)

26. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

| | 2022-2023 | 2021-2022 |
|---------------------------------|------------|------------|
| | Kes. | Kes. |
| Transfers From Related Parties' | 48,000,000 | 46,500,000 |
| Transfers To Related Parties | - | - |

c) Key management remuneration

| | 2022-2023 | 2021-2022 |
|-----------------------------|-----------|-----------|
| | Kes. | Kes. |
| Board Of Trustees | - | - |
| Key Management Compensation | - | - |
| Total | - | - |

d) Due from related parties

| | 2022-2023 | 2021-2022 |
|----------------------------|-----------|-----------|
| | Kes. | Kes. |
| Due From Parent Ministry | - | - |
| Due From County Government | - | - |
| Total | - | - |

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Other Disclosures Continued

e) Due to related parties

| | 2022-2023 | 2021-2022 |
|---------------------------------|-----------|-----------|
| | Kes. | Kes. |
| Due To Parent Ministry | - | - |
| Due To County Government | - | - |
| Due To Key Management Personnel | - | - |
| Total | - | - |

27. Contingent assets and contingent liabilities

| Contingent Liabilities | 2022-2023 | 2021-2022 |
|-----------------------------|-----------|-----------|
| | Kes. | Kes. |
| Court Case Against The Fund | - | - |
| Bank Guarantees | - | - |
| Total | - | - |

Nyandarua County Emergency Fund
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Notes To The Financial Statements (Continued)

28. 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:

| | Total amount Kes. | Fully performing Kes. | Past due Kes. | Impaired Kes. |
|--|----------------------|--------------------------|------------------|------------------|
| At 30 June 2023 | | | | |
| Receivables From Exchange Transactions | - | - | - | - |
| Receivables From Non-Exchange Transactions | - | - | - | - |
| Bank Balances | - | - | - | - |
| Total | - | - | - | - |
| At 30 June 2022 | | | | |
| Receivables From Exchange Transactions | - | - | - | - |
| Receivables From Non Exchange Transactions | - | - | - | - |
| Bank Balances | - | - | - | - |
| Total | - | - | - | - |

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Notes To The Financial Statements (Continued)

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

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

b) Liquidity risk management

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

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

| | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|-------------------------------|-------------------|--------------------|----------------|------------------|
| | Kes. | Kes. | Kes. | Kes. |
| At 30 June 2023 | | | | |
| Trade Payables | 577,055 | - | 372,965 | 950,020 |
| Current Portion Of Borrowings | - | - | - | - |
| Provisions | - | - | - | - |
| Employee Benefit Obligation | - | - | - | - |
| Total | 577,055 | - | 372,965 | 950,020 |
| At 30 June 2022 | | | | |
| Trade Payables | 2,215,880 | - | - | 2,215,880 |
| Current Portion Of Borrowings | - | - | - | - |
| Provisions | - | - | - | - |
| Employee Benefit Obligation | - | - | - | - |
| Total | 2,215,880 | - | - | 2,215,880 |

Nyandarua County Emergency Fund
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Notes To The Financial Statements (Continued)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

| | | Other currencies | Total |
|--|------|------------------|-------|
| | Kes. | Kes. | Kes. |
| At 30 June 2023 | | | |
| Financial Assets | - | - | - |
| Investments | - | - | - |
| Cash | - | - | - |
| Debtors/ Receivables | - | - | - |
| Liabilities | - | - | - |
| Trade And Other Payables | - | - | - |
| Borrowings | - | - | - |
| Net Foreign Currency Asset/(Liability) | - | - | - |

Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

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

| | Change in currency rate | Effect on surplus/ deficit | Effect on equity |
|-------------|----------------------------|-------------------------------|---------------------|
| | Kes. | Kes. | Kes. |
| 2022 | | | |
| Euro | 10% | - | - |
| USD | 10% | - | - |
| 2021 | | | - |
| Euro | 10% | - | - |
| USD | 10% | - | - |

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kes. 0 (2023: Kes. 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kes. (2022 – Kes. 0)

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Notes To The Financial Statements (Continued)

d) Capital risk management.

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

| | 2022-2023 | 2021-2022 |
|---|-------------------|--------------------|
| | Kes. | Kes. |
| Revaluation reserve | - | - |
| Revolving fund | - | - |
| Accumulated surplus | 20,451,073 | (2,143,542) |
| Total funds | 20,451,073 | (2,143,542) |
| Total borrowings | - | - |
| Less: cash and bank balances | 36,191,318 | 19,432,611 |
| Net debt/(excess cash and cash equivalents) | - | - |
| Gearing | % | % |

29. Events after the reporting period

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

30. Ultimate and Holding Entity

The entity is a County Public Fund established by PFM Act (Nyandarua County Executive (Emergency Fund regulations, 2022, under the department of Finance . Its ultimate parent is the County Government of Nyandarua.

31. Currency

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

**Nyandarua County Emergency Fund
Report and Financial Statements for the Period ended June 30, 2023**

21. Annexes

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

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

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|---|---|---|--|---|
| 1 | Unsupported Use of Goods and Services As disclosed in Note 7 to the financial statements, respect of use of goods and services, out of which Kshs 43,087,927 had no supporting documents. | All support documents were prepared and finalized | Resolved | |
| 2 | Variances on transfers from the county Emergency Fund of 46,500,000 which differs with actual receipts of Kshs 63,300,000 resulting to a Variance of 16,800,000. | This was as a result of 2 contra entries made during the financial year to support emergency cases which were later returned as below 14,300,000 returned on 9/6/2022 and 2,500,000 | Resolved | |

Date.....

**Nyandarua County Emergency Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Annex II: Inter-Fund Confirmation Letter

Nyandarua County Emergency Fund

P. O Box 701-20303 Olkalou

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

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

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

Head of Accountants department of beneficiary Fund:

Name SignDate

Nyandarua County Emergency Fund
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Annex III: Reporting of Climate Relevant Expenditures

| Project Name | Project Description | Project Objectives | Project Activities | Q1 | Q2 | Q3 | Q4 | Source Of Funds | Implementing Partners |
|--------------|---------------------|--------------------|--------------------|----|----|----|----|-----------------|-----------------------|
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**Nyandarua County Emergency Fund
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Annex IV: Reporting on Disaster Management Expenditure

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