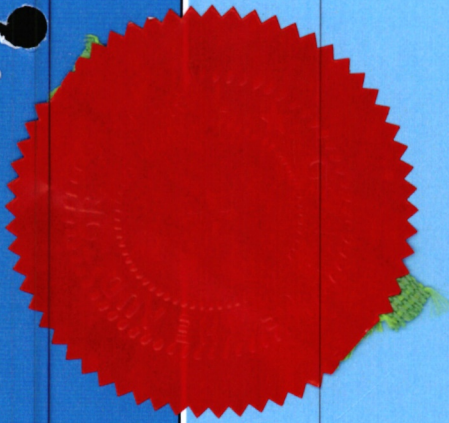


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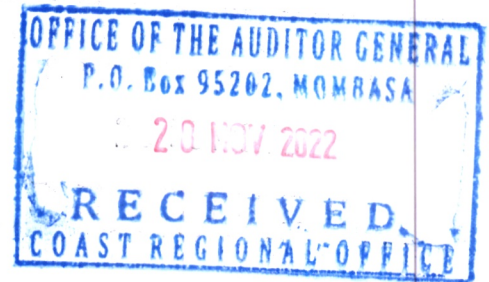
OF

THE AUDITOR-GENERAL

ON

**TAITA TAVETA COUNTY
EMERGENCY FUND**

**FOR THE YEAR ENDED
30 JUNE, 2022**



TAITA TAVETA COUNTY EMERGENCY FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2022

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

**Taita Taveta County Emergency Fund
Annual Reports and Financial Statements
For the year ended June 30, 2022**

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**Taita Taveta County Emergency Fund
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For the year ended June 30, 2022.**

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Taita Taveta County Emergency Fund is established by and derives its authority and accountability from Taita Taveta County Acts, 2020 on 19th June 2020. The Fund is wholly owned by the County Government of Taita Taveta and is domiciled in Kenya.

The fund's objective is to:

- i. To cater for expenditure in respect of urgent and unforeseen events for which there may be no specific legislative authority.
- ii. To provide a legal and regulatory framework with regard to such expenditure and for matters related and incidental thereto.

The Fund's principal activity is to meet all urgent and unforeseen expenses relating to disasters and emergencies in the County for which there is no specific legislative authority.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to facilitate urgent and unforeseen expenses relating to disasters and emergencies in the County for which there is no specific legislative authority

c) Fund Administration Committee

Ref	Position	Name
1	CEC Member, Member Finance and Planning	Mr. Andrew Kubo Mlawasi, ACCA
2	Chief Officer, Finance and Planning	Ms. Joyce Kambe Mwachia, CPA (K)
3	Director – Accounting	Mr. Fredrick Nganga, CPA (K)
4	Director-Supply Chain Management	Patrick Leweri
5	Fund Administrator	Godfrey Kalaghe
6	Fund Accountant	Peter Mwazighe

**Taita Taveta County Emergency Fund
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For the year ended June 30, 2022.**

d) Key Management

Ref	Position	Name
1	Fund Administrator	Mr. Godfrey Kalaghe
2	Fund Accountant	Mr. Peter Mwazighe

e) Fiduciary Oversight Arrangements

Ref	Position	Name
1	Directorate Internal Audit	CPA MOHAMMED ALI

f) Registered Offices

P.O. Box 1066-80304

Wundanyi

g) Fund Contacts

Telephone: 0788186436/0718988717

E-mail: info@taitataveta.go.ke

Website: www.taitataveta.go.ke

h) Fund Bankers

1. Kenya Commercial Bank

Wundanyi Branch

i) Independent Auditors

Auditor General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

j) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue





P.O. Box 40112

City Square 00200

Nairobi, Kenya




**Taita Taveta County Emergency Fund
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For the year ended June 30, 2022.**

-2. THE FUND ADMINISTRATION COMMITTEE -

Name	Details of qualifications and experience
<p>1) Mr. Andrew Kubo Mlawasi</p> 	<ul style="list-style-type: none"> - CECM Finance & Planning -MSc Finance -ACCA -CPAK -Vast Experience In Finance
<p>2) Ms. Joyce Kambe Mwachia</p> 	<ul style="list-style-type: none"> -CCO Finance & Planning -Holds a MSc Business Admn -CPAK -BCOM (BA) - has Vast experience in Finance & accounting
<p>3) Mr. Fredrick Nganga, CPA (K)</p> 	<ul style="list-style-type: none"> - Director – Accounting -CPAK -BCOM - has Vast experience in Finance & accounting
<p>4) Mr. Godfrey Kalaghe</p> 	<ul style="list-style-type: none"> -Fund Administrator. -BCOM –Accounting -Vast Experience in Finance & Accounting
<p>5) Mr. Peter Mwazighe</p>	<ul style="list-style-type: none"> -Fund Accountant -CPAK _ Vast Experience in Finance &Accounting

**Taita Taveta County Emergency Fund
Annual Reports and Financial Statements
For the year ended June 30, 2022.**

3. MANAGEMENT TEAM

Name	Details of qualifications and experience
<p>1) Mr. Andrew Kubo Mlawasi</p> 	<ul style="list-style-type: none"> - CECM Finance & Planning -MSc Finance -ACCA -CPAK -Vast Experience In Finance
<p>2) Ms. Joyce Kambe Mwachia</p> 	<ul style="list-style-type: none"> -CCO Finance & Planning -Holds a MSc Business Admn -CPAK -BCOM (BA) - has Vast experience in Finance & accounting
<p>3) Mr. Godfrey Kalaghe</p> 	<ul style="list-style-type: none"> -Fund Administrator. -BCOM –Accounting -Vast Experience in Finance & Accounting

**Taita Taveta County Emergency Fund
Annual Reports and Financial Statements
For the year ended June 30, 2022.**

4. FORWARD NOTE BY THE CEC –FINANCE AND PLANNING

It is my pleasure to present the Taita Taveta Emergency Fund to financial statements for the year ended 30th June 2022. The financial statements have been prepared in accordance with the provisions of the Public Financial Management Act, 2012. The financial statements present the financial performance of the fund over the past year.

Review of performance

Income

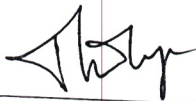
In the year ended 30th June 2022, the fund had projected revenue of Kshs 13,400,000 from Exchequer issues, however the fund was able to realise Kshs 366,909.

Expenditures

The total expenditures during the period amounted to KShs 5,417 representing an absorption rate of 0%. The expenditure comprised of KShs 5,417 spent on recurrent activities only.

Future outlook

The fund's focus is to build a robust and sustainable fund with an aim of mitigating all forms of impacts of life-threatening disasters that may be occasioned by unforeseen events with ease. The fund looks forward to continued support from the county government and development partners to the realization of its mandate.



**CPA Dawson Katuu Mzenge
CECM - Finance and Economic Planning
County Government of Taita Taveta**

**Taita Taveta County Emergency Fund
Annual Reports and Financial Statements
For the year ended June 30, 2022.**

5. REPORT OF THE FUND ADMINISTRATOR

It is my pleasure to present the Taita Taveta County Emergency Fund Financial Statements for the year ended 30th June 2022. The financial statements present the financial performance of the fund over the past year.

The Taita Taveta County Emergency Fund was established by the Taita Taveta County Emergency Fund Act, 2020, through a special issue “Kenya Gazette Supplement No. 5 (Taita Taveta County Acts No. 3) dated 19th June 2020.

Financial Performance

a) Revenue

In the year ended 30th June 2022, the fund had projected a revenue of Kshs 13,400,000 consisting of; KShs 13,000,000 from Exchequer issues, and KShs 400,000 from bank balances. A graphical representation of the revenue budget is as shown below:

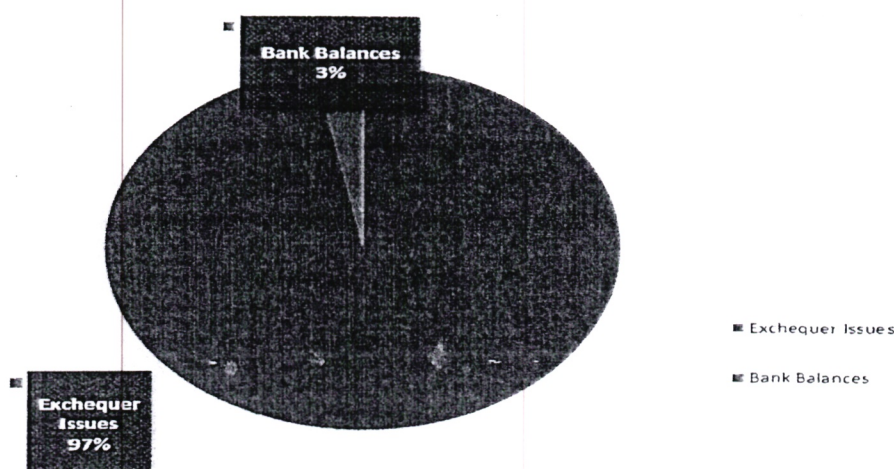


Figure 1: Fund’s sources in FY 2021/2022

Out of the projected revenue, the fund was able to realize KShs 0 from exchequer issues representing 0% and Kshs 366,909 from 92% in actual revenues, representing 3% performance.

The table below shows an analysis of revenue performance during the year ended 30th June, 2021.

Revenue Classification	Revenue Budget (ksh)	Actual (Ksh)	Realisation (%)
Exchequer Issues	13,000,000	-	0%
Bank Balances	400,000	366,909	92%
Total	13,400,000	366,909	3%

Table 1: Revenue performance in FY 2020/2021

**Taita Taveta County Emergency Fund
Annual Reports and Financial Statements
For the year ended June 30, 2022.**

b) Payments

In the year under review, the Fund had projected expenditures of Kshs. 13,400,000 and was able to utilize a total of Kshs. 5,417 representing an absorption rate of 0%. The expenditure comprised of KShs 5,417 spent on recurrent activities only.

c) Cash flows

In the FY 2021/22, the cash and cash equivalents decreased from KShs 366,909 as at 30th June 2021 to KShs 361,492 as at 30th June 2022.

d) Conclusion

FY 2021/22 was a good year in general. Good progress was made and the momentum has been created to enable Taita Taveta County Emergency Fund continue on a trajectory into prosperity.

I take this opportunity to thank the Fund Committee Members for their support. I would also want to thank all staff who we have worked hand in hand to ensure that The Taita Taveta County Emergency Fund achieves its mission.

Signed: _____

Godfrey Kalaghe

Fund Administrator

**Taita Taveta County Emergency Fund
Annual Reports and Financial Statements
For the year ended June 30, 2022.**

**6. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S
PREDETERMINED OBJECTIVES**

Introduction

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

The key development objectives of the Taita Taveta Emergency Fund's plan are to:

- a) Provide emergency funds for roads rehabilitation damaged during the rainy seasons,
- b) Provide funds for supply of relief food stuff to families affected by floods and other natural calamities
- c) Provide for funds for other Emergencies occasioned by Covid-19 pandemic.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Taita Taveta Emergency Fund	To provide for urgent and unforeseen events for which there may be no specific legislative authority.	Mitigation of the risk, impact or effects of a disaster or threat of disaster.	% mitigated effects of a disaster	-No Unforeseen Event Reported

**Taita Taveta County Emergency Fund
Annual Reports and Financial Statements
For the year ended June 30, 2022.**

7. CORPORATE GOVERNANCE STATEMENT

THE FUND

The Taita Taveta County Emergency Fund was Gazetted on 19th June, 2020 in the TAITA TAVETA COUNTY ACTS, 2020 Kenya Gazette Supplement No. 5 (Taita Taveta County Acts No. 3)

The fund committee, performs all functions vested in the fund legislation and other Regulations.

The Fund is committed to ensuring compliance with regulatory and supervisory corporate governance requirements. Essential to the establishment of a corporate governance framework in the fund is a formal governance structure with the Fund committee at its apex. The structure is designed to ensure an informed decision-making process based on accurate reporting to the board.

THE FUND COMMITTEE MEMBERS

The Fund's legislation provides that the CEC Finance and Planning designated person who shall be the Fund administrator as directed by the funds Act. The Fund Committee exercises leadership, enterprise, integrity and judgment in directing the Fund.

The Members are provided with full, appropriate and timely information that enables them to maintain full and effective control over the strategic, financial, operational and compliance issues. The day-to-day running of the operations of the fund is delegated to the fund Administrator but the Members are responsible for establishing and maintaining the fund's system of internal controls for the realization of its mandate of providing financial support for Mortgage and car loan

FUND COMMITTEE MEETINGS

The fund holds meetings as may be required in order to monitor the implementation of the fund's strategic plan and achievement of the targets. The Committee also plays an oversight role over all other financial and operational issues.

AUDIT AND RISK COMMITTEE

The County internal Audit committee and internal Auditors are tasked with ensuring that corporate governance and integrity is enhanced in between the governance of the fund. The committee was established to advice the board on institutional risk management and compliance.

**Taita Taveta County Emergency Fund
Annual Reports and Financial Statements
For the year ended June 30, 2022.**

STATEMENT OF COMPLIANCE

The committee confirms that the fund has throughout the FY2021/2022 complied with all statutory and regulatory requirements and that the fund has been managed in accordance with the principles of good corporate governance.

The fund will conduct an external legal audit which will confirm that the institution had complied with all relevant laws, regulations and requirements.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

The committee is responsible for reviewing the effectiveness of the fund's system of internal control which is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against unauthorized use or disposition and the maintenance of proper accounting records and the reliability of financial information used within the business or for publication. These controls are designed to manage rather than eliminate the risk of failure to achieve business objectives due to circumstances which may reasonably be foreseen and can only provide reasonable and not absolute assurance against material misstatement or loss.

Standing Instructions

The fund has a Code of Ethics and Service that is applicable to all employees. These have a number of standing instructions to employees of the fund designed to enhance internal control.

Organization Structure

A clear organizational structure exists, detailing lines of authority and control responsibilities.

Strategic Plan

The business of the fund is determined by the strategic plan. The strategic plan sets out the objectives of the fund, and the annual targets to be met to attain those objectives. The strategic plan is evaluated annually to assess the achievement of those objectives.

**Taita Taveta County Emergency Fund
Annual Reports and Financial Statements
For the year ended June 30, 2022.**

Internal Control Framework

The fund continues to review its internal control framework to ensure it maintains a strong and effective internal control environment. Business processes and controls are reviewed on an ongoing basis. A risk-based audit plan, which provides assurance over key business processes and operational and financial risks facing the fund, is approved by the audit and risk committee.

The audit and risk committee considers significant control matters raised by management and both the internal and external auditors and reports its findings to the board. Where weaknesses are identified, the committee ensures that management takes appropriate action. No significant failings or weaknesses were identified during the FY 2021/22.

Management Team

The management team headed by the Fund Administrator implements the Fund Committee decisions and policies through action plans. The team meets regularly to review these action plans to ensure that the board's objectives are achieved effectively and efficiently.

Auditor

The fund is audited by the Auditor-General.

**Taita Taveta County Emergency Fund
Annual Reports and Financial Statements
For the year ended June 30, 2022.**

8. MANAGEMENT DISCUSSION AND ANALYSIS

The committee has continued to grow since its inception and the management has put measures in place to safeguard against any risks.

The management has ensured that we comply with statutory requirements relating to the functions of the fund and also making sure that there is no any form of non-compliance.

BUSINESS PERFORMANCE

Revenue

The fund has so far received over 122 M as revenues from the exchequer issues since its inception, this has gone a long way to see mitigation of all impacts from the unforeseen eventualities in the county.

Cash flow

The cash and cash equivalents decreased from KShs 366,909 as at 30 June 2021 to KShs 361,492 as at 30 June 2022.

OPERATIONAL PERFORMANCE

The fund's core operating activities is to meet all urgent and unforeseen expenses relating to disasters and emergencies in the County for which there is no specific legislative authority.

Employees

Human capital is a critical ingredient towards ensuring realisation of our key strategic objectives and mandate. As our stakeholders increase their expectations, it is imperative to ensure adequate and motivated human resource capacity is available to provide services.

Conclusion

We appreciate the unrelenting support from the committee members, staff, the county government, development partners and all the key stakeholders. We look forward to the continued partnerships and cooperation in areas of mutual interest in the FY 2022/2023.

**Taita Taveta County Emergency Fund
Annual Reports and Financial Statements
For the year ended June 30, 2022.**

9. REPORT OF THE FUND ADMINISTRATION COMMITTEE

The Fund Administration Committee submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the Fund affairs.

9.1 Principal activities

The principal activities of the Fund are to meet all urgent and unforeseen expenses relating to disasters and emergencies in the County for which there is no specific legislative authority

9.2 Performance

The performance of the Fund for the year ended June 30, 2022, are set out on page 8 and 9

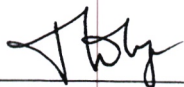
9.3 Members

The members of the Administration Committee who served during the year are shown on page 4.

9.4 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 Fund



CPA Dawson Katuu Mzenge

CECM - Finance and Economic Planning

County Government of Taita Taveta

Date: 21.11.22

**Taita Taveta County Emergency Fund
Annual Reports and Financial Statements
For the year ended June 30, 2022.**

10. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Kenya Gazette Supplement No. 5 (Taita Taveta County Acts No. 3) shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the fund; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the 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 Kenya Gazette Supplement No. 5 (Taita Taveta County Acts No. 3). The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2021, and of the Fund's financial position as at that date.

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

**Taita Taveta County Emergency Fund
Annual Reports and Financial Statements
For the year ended June 30, 2022.**

In preparing the financial statements, 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 statements.

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

Approval of the financial statements

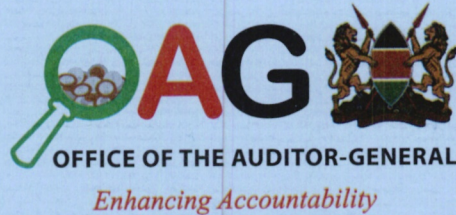
The Taita Taveta County Emergency Fund's financial statements were approved on 21-11-22 and signed on its behalf by:



Godfrey Kalaghe
Fund Administrator

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON TAITA TAVETA COUNTY EMERGENCY FUND FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Taita Taveta County Emergency Fund set out on pages 18 to 44, which comprise of the statement of financial position as

at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations, which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Taita Taveta County Emergency Fund as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of the Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.13,400,000 and Kshs.366,909 respectively, resulting to an under-funding of Kshs.13,033,091 or 97% of the budget. Similarly, the Fund expended Kshs.5,417 against an approved budget of Kshs.13,400,000, resulting to an under-expenditure of Kshs.13,394,583 or 99.9% of the budget.

The under-funding and under-performance affected the planned activities and may have impacted negatively on service delivery to the residents of Kilifi County.

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, 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 governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, 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 financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

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

Auditor-General's Responsibilities for the Audit

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

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

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


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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 control that are identified during the audit.

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

21 February, 2023

**Taita Taveta County Emergency Fund
Annual Reports and Financial Statements
For the year ended June 30, 2022.**

12. FINANCIAL STATEMENTS

**12.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th
JUNE 2022.**

		Y 2021-2022	FY 2020-2021
		KSh	KSh
Revenue from non-exchange transactions			
Public contributions and donations	1	-	-
Transfers from the County Government	2	-	7,500,000
Fines, penalties and other levies	3	-	-
Revenue from exchange transactions			
Interest income	4	-	-
Other income	5	-	-
Total revenue		-	7,500,000
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	5,417	4,764,590
Finance costs	8	-	-
Total expenses		5,417	4,764,590
Other gains/losses			
Gain/loss on disposal of assets	9	-	-
Surplus/(deficit) for the period		(5,417)	2,735,410

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 21-11-2022 and signed by:



Fund Administrator
Name: Godfrey Kalaghe



Fund Accountant
Name: Peter Mwazighe
ICPAK Member Number: 25666

**Taita Taveta County Emergency Fund
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12.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	2021 KShs	2022 KShs
Assets			
Current assets			
Cash and cash equivalents	10	361,492	366,909
Current portion of long term receivables from exchange transactions	11	-	-
Prepayments	12	-	-
Inventories	13	-	-
Non-current assets			
Property, plant and equipment	14	11,526,855	11,526,855
Intangible assets	15	-	-
Long term receivables from exchange transactions	11	-	-
Total assets		11,888,347	11,893,764
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	16	-	-
Provisions	17	-	-
Current portion of borrowings	18	-	-
Employee benefit obligations	19	-	-
Non-current liabilities			
Non-current employee benefit obligation	19	-	-
Long term portion of borrowings	18	-	-
Total liabilities		-	-
Net assets		11,888,347	11,893,764
Revolving Fund		-	-
Reserves		-	-
Accumulated surplus		11,888,347	11,893,764
Net Value of the Fund		11,888,347	11,893,764

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 21-11-2022 and signed by:



Fund Administrator
Name: Godfrey Kalaghe



Fund Accountant
Name: Peter Mwazighe
ICPAK Member Number: 25666

**Taita Taveta County Emergency Fund
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12.3 STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2022

	Revolving Fund	Reserves	Accumulated surplus	Total
	Shs	Shs	Shs	Shs
Balance as at 1 July 2020	-	-	9,158,354	9,158,354
Surplus/(deficit) for the period	-	-	2,735,410	2,735,410
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2021	-	-	11,893,764	11,893,764
Balance as at 1 July 2021	-	-	11,893,764	11,893,764
Surplus/(deficit) for the period	-	-	(5,417)	(5,417)
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2022	-	-	11,888,347	11,888,347

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 21-11 2022 and signed by:



Fund Administrator
Name: Godfrey Kalaghe



Fund Accountant
Name: Peter Mwazighe
ICPAK Member Number: 25666

**Taita Taveta County Emergency Fund
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12.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	FY 2021/2022	2020/21
		KSh	KSh
Cash flows from operating activities			
Receipts			
Public contributions and donations	1	-	-
Transfers from the County Government	2	-	7,500,000
Fines, penalties and other levies	3	-	-
Interest received	4	-	-
Other income	5	-	-
Total Receipts		-	7,500,000
Payments			
Employee Costs	6	-	-
Use of goods and services	7	5,417	4,764,590
Finance cost	9	-	-
Total Payments		5,417	4,764,590
Net cash flows from operating activities		(5,417)	2,735,410
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	14	-	(3,744,774)
Proceeds from sale of property, plant and equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
Net cash flows used in investing activities		-	(3,744,774)
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings	19	-	-
Repayment of borrowings	19	-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(5,417)	(1,009,364)
Cash and cash equivalents at 1 JULY		366,909	1,376,273
Cash and cash equivalents at 30 JUNE		361,492	366,909
Financial Position		361,492	366,909

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 21-11-2022 and signed by:



Fund Administrator
Name: Godfrey Kalaghe



Fund Accountant
Name: Peter Mwazighe
ICPAK Member Number; 25666

Taita Taveta County Emergency Fund
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12.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2022.

	Original budget		Adjustment		Final budget		Actual on comparable basis		Performance difference		% utilization	
	2022	KShs	2022	KShs	2022	KShs	2022	KShs	2022	KShs	2022	2022
Revenue												
Public contributions and donations	-		-		-		-		-		-	0%
Exchequer releases	30,000,000		(17,000,000)		13,000,000		-		13,000,000		-	0%
Balance BF 2020/21	400,000		-		400,000		366,909		33,091		-	92%
Total income	30,400,000		(17,000,000)		13,400,000		366,909		13,033,091		(361,492)	3%
Expenses												
Fund administration expenses	-		-		-		-		-		-	0%
General expenses	912,000		-		912,000		5,417		906,583		-	1%
Finance cost	-		-		-		-		-		-	0%
Non-Current assets	29,488,000		(17,000,000)		12,488,000		-		12,488,000		-	0%
Total expenditure	30,400,000		(17,000,000)		13,400,000		5,417		13,394,583		(361,492)	0%
Surplus for the period	-		-		-		361,492		(361,492)		(361,492)	0%

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 21st June 2022 and signed by:



Fund Administrator
Name: Godfrey Kalaghe



Fund Accountant
Name: Peter Mwazighe
ICPAK Member Number: 25666

**Taita Taveta County Emergency Fund
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13. NOTES TO THE FINANCIAL STATEMENTS

Significant Accounting Policies

1. General Information

Taita Taveta County Emergency Fund is established by and derives its authority and accountability from Taita Taveta County Emergency Fund Act. The entity is wholly owned by the Taita Taveta County Government and is domiciled in Kenya. The entity's principal activity is to cater for expenditure in respect of urgent and unforeseen events for which there may be no specific legislative authority

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	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p>

**Taita Taveta County Emergency Fund
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		<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.
IPSAS 42: Social Benefits		<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
Amendments to Other IPSAS resulting from		<p>Applicable: 1st January 2023:</p>

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Standard	Description
IPSAS 41, Financial Instruments	<p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></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	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p>

**Taita Taveta County Emergency Fund
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		The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations		<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

(iii) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2022.

**Taita Taveta County Emergency Fund
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For the year ended June 30, 2022.**

4. 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 2021-2022 was approved by the County Assembly on 25th June 2021. 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 reduction appropriations of 17,000,000 on the FY 2021-2022 budget following the governing body's approval.

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

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

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

**Taita Taveta County Emergency Fund
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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.

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 taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

**Taita Taveta County Emergency Fund
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For the year ended June 30, 2022.**

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 taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or 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 taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

**Taita Taveta County Emergency Fund
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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 Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

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

Contingent liabilities

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

**Taita Taveta County Emergency Fund
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Summary of Significant Accounting Policies (Continued)

Contingent assets

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

d) Nature and purpose of reserves

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

e) Changes in accounting policies and estimates

The Entity 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 Entity 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.

**Taita Taveta County Emergency Fund
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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 Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, 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 entity is a County Public Fund established by 'Taita Taveta County Emergency Fund Act, 2020, through a special issue "Kenya Gazette Supplement No. 5 (Taita Taveta County Acts No. 3) dated 19th June 2020 under the Ministry of finance & Planning. Its ultimate parent is the County Government of Taita Taveta.

n) Currency

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

**Taita Taveta County Emergency Fund
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Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

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

b) Useful lives and residual values

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

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

c) Provisions

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

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 Public contributions and donations

Description	FY 2021-2022 KShs	FY 2020-2021 KShs
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

(Provide brief explanation for this revenue)

2 Transfers from County Government

Description	FY 2021-2022 KShs	FY 2020-2021 KShs
Exchequer releases	-	7,500,000
Total	-	7,500,000

3 Fines, penalties and other levies

Description	FY 2021-2022 KShs	FY 2020-2021 KShs
Late payment penalties	-	-
Fines	-	-
Total	-	-

(Provide brief explanation for this revenue)

4 Interest income

Description	FY 2021-2022 KShs	FY 2020-2021 KShs
Interest received from Loans		
Interest accrued from Loans		
Total interest income	-	-

(Provide brief explanation for this revenue)

5 Other income

Description	FY 2021-2022 KShs	FY 2020-2021 KShs
Insurance recoveries	-	-
Income from sale of tender documents	-	-
Miscellaneous income	-	-
Total other income	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Employee Costs

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Admin Cost		
Loan processing costs		
Professional services costs		
Total	-	-

7 Use of goods and services

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Consumables		
Electricity and water expenses	-	-
Domestic travel and subsistence	-	-
Fuel and oil costs	-	-
Insurance costs	-	-
Postage	-	-
Printing	-	-
Stationery		
Rental costs		
Training expenses		
Security costs		
Telecommunication		
Hospitality		
Specialised materials and services	-	3,958,050
Depreciation and amortization costs		
Bank Charges	-	-
Other operating expenses	5,417	6,540
Routine maintenance – vehicles and other transport equipment	-	-
Fuel Oil and Lubricants	-	800,000
Routine maintenance – other assets	-	-
Total	5,417	4,764,590

8 Finance costs

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Interest on Bank overdrafts		
Interest on loans from banks	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Gain on disposal of assets

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

10 Cash and cash equivalents

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Fixed deposits account	-	-
On - call deposits	-	-
Current account	-	-
Current account	361,492	366,909
Total cash and cash equivalents	361,492	366,909

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

Financial institution	Account number	FY 2021-2022	FY 2020-2021
		KShs	KShs
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-CBK			
Sub- total		-	-
d) Current Account -KCB			
Taita Taveta County Emergency Fund	1171227817	361,492	366,909
M Pesa		-	-
Sub- total		361,492	366,909
Grand total		361,492	366,909

**Taita Taveta County Emergency Fund
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Receivables from exchange transactions

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
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	-	-

12 Prepayments

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Total	-	-

13 Inventories

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Total inventories at the lower of cost and net realizable value	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 Property, plant and equipment

	Land and	Motor vehicles	Furniture and fittings	Computers and office equipment	Infrastructure	Total
	Buildings				Assets	
Cost	KShs	KShs	KShs			KShs
At 1 st July 2020	-	-	4,581,600	-	3,200,481	7,782,081
Additions	2,984,400	-	-	-	760,374	3,744,774
Disposals	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-
At 30 th June 2021	2,984,400	-	4,581,600	-	3,960,855	11,526,855
At 1 st July 2021	2,984,400	-	4,581,600	-	3,960,855	11,526,855
Additions						-
Disposals	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-
At 30 th June 2022	2,984,400	-	4,581,600	-	3,960,855	11,526,855
Depreciation and impairment						-
At 1 st July 2020	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
At 30 th June 2021	-	-	-	-	-	-
At 1 st July 2021	-	-	-	-	-	-

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Depreciation	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-
At 30th June 2022	-	-	-	-	-	-
Net book values						
At 30th June 2021	2,984,400	-	4,581,600	-	3,960,855	11,526,855
At 30th June 2022	2,984,400	-	4,581,600	-	3,960,855	11,526,855

15 Intangible assets-software

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	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Trade and other payables from exchange transactions

Description	2020-2021	
	2020-2021	2020-2021
	KShs	KShs
Trade payables	-	-
Refundable deposits	-	-
Accrued expenses	-	-
Other payables	-	-
Total trade and other payables	-	-

17 Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Transfers from non-current provisions	-	-	-	-
Total provisions	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 Borrowings

Description	FY 2021-2022		FY 2020-2021	
	KShs		KShs	
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:

Description	FY 2021-2022		FY 2020-2021	
	KShs		KShs	
External Borrowings				
Dollar denominated loan from 'xxx organisation'	-			
Sterling Pound denominated loan from 'yyy organisation'	-			
Euro denominated loan from zzz organisation'	-			
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	FY 2021-2022		FY 2020-2021	
	KShs		KShs	
Short term borrowings(current portion)	-			
Long term borrowings	-			
Total	-			

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 Employee benefit obligations

Description	Post-employment medical benefits			Other provisions	
	KShs	KShs	KShs		
Current benefit obligation	-	-	-		
Non-current benefit obligation	-	-	-		
Total employee benefits obligation	-	-	-		

20 Cash generated from operations

	FY 2021-2022	FY 2020-2021
	KShs	KShs
Surplus for the year before tax	-	-
Adjusted for:		
Depreciation	-	-
Gains/ losses on disposal of assets	-	-
Interest income	-	-
Finance cost	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
Net cash flow from operating activities	-	-

**Taita Taveta County Emergency Fund
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21 Related party balances

a) Related party transactions	FY 2021-2022	FY 2020-2021
	KShs	KShs
Transfers from related parties'	-	-
Transfers to related parties	-	-

b) Key management remuneration	FY 2021-2022	FY 2020-2021
	KShs	KShs
Board of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

c) Due from related parties

	FY 2021-2022	FY 2020-2021
	KShs	KShs
Due from parent Ministry	-	-
Due from County Government	-	-
Total	-	-

d) Due to related parties

	FY 2021-2022	FY 2020-2021
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Total	-	-

22 Contingent assets and contingent liabilities

Contingent liabilities	FY 2021-2022	FY 2020-2021
	KShs	KShs
Court case against the Fund	-	-
Bank guarantees	-	-
Total	-	-

**Taita Taveta County Emergency Fund
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**14. 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. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. in the Annual Report	Issue/Observations from Auditor	Management Comments	Status	Timeframe
1.0	Presentation of financial statements.	Observation Noted and Necessary Amendment done	Resolved	30 th June 2021
2.0	Cash and Cash Equivalent	Observation note. Bank reconciliation and cert of balance attached	Resolved	30 th June 2021

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15. APPENDIX I: INTER-ENTITY TRANSFERS

FY 2021/2022				
a.	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			0	
		Total	0	
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		Total		
c.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		Total		

The above amounts have been communicated to and reconciled with the parent Ministry.


Fund Administrator

Taita Taveta County Emergency Fund

Head of County Treasury

Taita Taveta County Government

Sign



Sign

