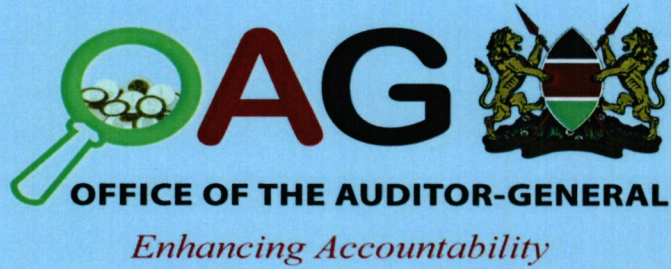


REPUBLIC OF KENYA

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# REPORT

PARLIAMENT  
OF KENYA  
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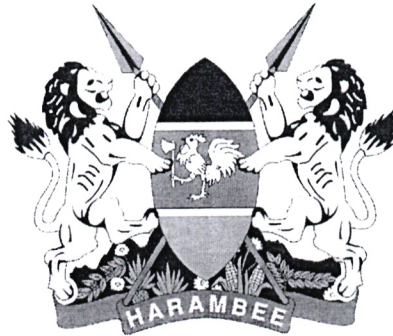
**THE AUDITOR-GENERAL**

ON

**KERICHO COUNTY EMERGENCY FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2018**

	PAPERS LAID
DATE	28/04/2022
TABLED BY	SMK
COMMITTEE	-
CLERK AT THE TABLE	NTHIRI



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**COUNTY GOVERNMENT OF KERICHO**  
**FINANCIAL STATEMENTS FOR**  
**KERICHO COUNTY EMERGENCY FUND**  
**FOR THE PERIOD ENDED**  
**30.6.2018**

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



## **I. FOREWORD**

This is the County Government of Kericho Quarterly Financial Report for the 4th Quarter in the 2017-2018 financial period ending 30th Jun, 2018 for the Emergency Fund. This report was prepared and presented as required by Section 168 of the *Public Financial Management (PFM) Act 2012*. The report expounds from national equitable share alongside the expenditure incurred by the county government in Emergency service provision.

The Constitution of Kenya Articles 2010 gives a constitutional right and requirement for the public to participate in budgetary process and prudent financial management of the public resources. According to the County Government Act, 2012 each county shall prepare a county integrated plan which shall be the basis for all budgeting and spending of public funds. The acts clearly states that “A county government shall plan for the county and no public funds shall be appropriated outside a planning framework developed by the County Executive Committee and approved by the County Assembly” The county integrated plan shall focus on economic, physical, social, environmental and spatial planning.

The guiding legislation is the Kericho County Emergency Fund Act, 2014 which was assented and commenced on 22nd November, 2014. The Fund Administrator is CEC Finance and Economic Planning and its primary purpose is Payments for urgent and unforeseen needs which don't have a specific legislative authority.

It is expected that this report will enable the county government to adequately monitor the challenges faced in budget implementation and use the lessons learnt in future economic forecasts. In addition, the report expounds on the actionable steps to be taken by all stakeholders in the subsequent reporting periods.

## **CHALLENGES, WAY FORWARD AND CONCLUSION**

### **Key challenges**

The following key challenges were noted during the financial year.

- a) Explaining to the members of the Public what this fund covers.
- b) Inadequate provision of Funds to cater for emerging emergencies.

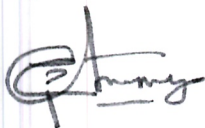
### **Way Forward**

The County Treasury considers the following suggestions as a way forward for challenges faced to speed up budget implementation process

- a) Sensitizing members of the Public on what the Fund covers
- b) Consultative process in budget making process for timely conclusion of the budget cycle and adequate provision in the budget.

### **Conclusion**

The operationalization of the 2017-2018 financial cycle will be greatly determined by the procurement processes. In addition, delay in funding from the national government continues to impact negatively on execution projects which may eventually lead to pending bills. The execution of the budget and the service delivery for citizens of the County Government will be achieved through collaboration of all the stakeholders in the national and county levels to bring out the potential of the County Government of Kericho.



Patrick Mutai

**County Executive Committee Member- Finance and Economic Planning and  
Head of County Treasury**

**COUNTY GOVERNMENT OF KERICHO**  
**Special Funds Reports and Financial Statements**  
**For the Quarter ended 30th Jun 2018**

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**STATEMENT OF MANAGEMENT RESPONSIBILITIES**

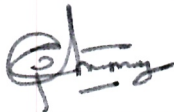
Section 166 of the PFM Act requires that an Accounting Officer for a County Government entity prepares a report for each quarter of the financial year in respect of the entity. The County Executive Committee (CEC) member for finance being the head of the County Treasury is responsible for the preparation and presentation of the County Government of Kericho financial statements, which give a true and fair view of the state of affairs of the County Government of Kericho for and as at the end of the quarter ended on 30.6.2018. 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 County Government of Kericho; (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 County Government; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The CEC member for finance accepts responsibility for the County Government of Kericho financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public-Sector Accounting Standards (IPSAS). The CEC member for finance is of the opinion that this report gives a true and fair view of the state of the County Government's transactions during the quarter ended 30.6.2018, and of its financial position as at that date. The CEC member for finance further confirms the completeness of the accounting records maintained for the County Government which have been relied upon in the preparation of this report as well as the adequacy of the systems of internal financial control.

The CEC member for finance confirms that the County Government has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Government's funds received during the quarter under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the CEC member for finance confirms that the County Government's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public-Sector Accounting Standards Board of Kenya.

**Approval of the financial statements**

The County Government's financial statements were approved and signed by the CEC member for finance on 30.6.2018.



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**County Executive Committee Member – Finance and Economic Planning**

# 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 KERICHO COUNTY EMERGENCY FUND FOR THE YEAR ENDED 30 JUNE, 2018**

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### REPORT ON THE FINANCIAL STATEMENTS

#### **Disclaimer of Opinion**

I have audited the accompanying financial statements of Kericho County Emergency Fund set out on pages 5 to 6, which comprise the statement of financial assets as at 30 June, 2018 and the statement of receipts and payments for the year then ended in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

I do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### **Basis for Disclaimer of Opinion**

##### **1. Late Submission of Financial Statements**

The financial statements for the year ended 30 June, 2018 were submitted and received by the Office of the Auditor-General on 3 March, 2020, over one year after the statutory date. This was contrary to Section 164(4) of the Public Finance Management Act, 2012 which requires financial statements to be submitted within three months after the end of the financial year to which the accounts relate.

Consequently, the Management was in breach of the law.

##### **2. Presentation of Financial Statements**

As reported in the previous year, the financial statements for the year ended 30 June, 2018 were prepared on cash basis as opposed to accrual basis. Further, the following statements and reports were not prepared and included in the financial statements:

- (i) The statement of changes in net assets
- (ii) The Statement of cash flows
- (iii) Statement of comparison of budget and actual amounts
- (iv) A summary of significant accounting policies and other explanatory notes

- (v) Statement of performance against County entity's predetermined objectives
- (vi) Key entity information and management
- (vii) Report of the Fund Administrator
- (viii) Statement of Management's Responsibilities

Consequently, the financial statements do not conform to the reporting requirements prescribed by the Public Sector Accounting Standards Board template for the year ended 30 June, 2018.

### 3. Cash and Cash Equivalents

The statement of financial assets for the year ended 30 June, 2018 reflects bank balances of Kshs.5,840,968. However, this balance was not supported with bank reconciliation statements or bank confirmation certificate.

In the circumstances, the accuracy and validity of the cash and cash equivalents balance of Kshs.5,840,968 as at 30 June, 2018 could not be confirmed.

### 4. Use of Goods and Services

The statement of receipts and payments reflects use of goods and services of Kshs.544,888 that was however not supported with ledgers, schedules, payment vouchers or other relevant documents.

In the circumstances, the propriety of use of goods and services expenditure of Kshs.544,888 for the year ended 30 June, 2018 could not be confirmed.

### 5. Construction of Cherara Mini Bridge

Included in the acquisition of assets figure of Kshs.28,635,238 is Kshs.6,332,524 for the construction of Cherara mini bridge at a contract price of Kshs.6,332,524.

Physical verification in September, 2020 revealed that some works amounting to Kshs.1,086,860 specified in the bill of quantities had not been done yet they were fully paid for as detailed below:

Works	Amount (Kshs.)	Remarks
Diversion works	327,500	There was no evidence of diversion works having been done
Grading & gravelling works	759,360	Grading works that were to be done on the road on which the bridge was build were not done.
<b>Total</b>	<b>1,086,860</b>	

It was not clear why the Supervising Works Officer had certified the works as complete. It was also observed that this project was not an emergency in nature as the residents had an alternative crossing point which they had been using for many years.

In the circumstances, value for money to the residents may not have been realized in the expenditure of Kshs.1,086,860.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### **Conclusion**

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

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

### **Conclusion**

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7 (1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

### **Responsibilities of Management and those Charged with Governance**

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management either intends 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 manner.


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

### **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is 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. I also consider internal control, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance 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. However, because of the matters described in the Basis for Disclaimer of Opinion Section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion.

I am independent of the Kericho 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.

  
CPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**18 October, 2021**

**COUNTY GOVERNMENT OF KERICHO**  
**Special Funds Reports and Financial Statements**  
**For the Year ended 30th Jun 2018**

**KERICHO COUNTY EMERGENCY FUND**  
**STATEMENT OF RECEIPTS AND PAYMENT**

	Note	2017-18	2016-17
		Kshs	Kshs
<b>RECEIPTS</b>		-	113,500,000.00
Transfers from CRF			
Unspent funds	1	35,029,999.85	386,847.85
<b>TOTAL RECEIPTS</b>		<b>35,029,999.85</b>	<b>113,886,847.85</b>
<b>PAYMENTS</b>			
Use of goods and services	2	544,888.00	1,548,238.00
Acquisition of Assets	3	28,635,258.70	77,290,295.00
Other Payments (Bank Charges)	4	8,885.00	18,315.00
		-	
<b>TOTAL PAYMENTS</b>		<b>29,189,031.70</b>	<b>78,856,848.00</b>
<b>SURPLUS/DEFICIT</b>		<b>5,840,968.15</b>	<b>35,029,999.85</b>

**COUNTY GOVERNMENT OF KERICHO**  
**Special Funds Reports and Financial Statements**  
**For the Year ended 30th Jun 2018**

**II. STATEMENT OF FINANCIAL ASSETS**

	Note	2017-18	2016-17
<b>FINANCIAL ASSETS</b>		<b>Kshs</b>	<b>Kshs</b>
<b>Cash and Cash Equivalent</b>			
Bank Balances	5	5,840,968.15	35,029,999.85
<b>TOTAL FINANCIAL ASSETS</b>		<b>5,840,968.15</b>	<b>35,029,999.85</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payables – Deposits and retentions			
<b>NET FINANCIAL ASSETS</b>			
<b>REPRESENTED BY</b>			
Fund balance b/fwd			
Surplus/Deficit for the quarter		5,840,968.15	35,029,999.85

**NOTES TO THE FINANCIAL STATEMENTS**

**1 -OPENING BALANCES**

At the beginning of the financial year the opening balance was Ksh 35,029,999.85 as per copies of the bank statement in Annex 1

**2- USE OF GOODS AND SERVICES**

Use of goods and services amounting to Ksh 544,888.00 were made at end of FY as per the project lists in Annex II. This is in relation to infrastructure works that were damaged and therefore necessitating remedial works under emergencies.

**3-ACQUISITION OF ASSETS**

Acquisitions of Assets amounting to Ksh 28,635,258.70 were made at end of FY. This is in relation to infrastructure works that were damaged and therefore necessitating remedial works under emergencies.

**4-OTHER PAYMENTS**

A total of Ksh 8,885.00 was incurred as bank charges during the end the financial year as evidenced in Annex 1

**5-CASH AND CASH EQUIVALENTS**

The balance as at end of the FY is Ksh 5,840,968.15 as evidenced in Annex 1

To

KERICHO COUNTY EMERGENCY FUND  
P.O.BOX 112  
KERICHO  
KE  
20200

Branch ID : 028  
Customer Name : KERICHO COUNTY EMERGENCY FUND  
Product Name : CAA  
Currency : KES

Account Statement 0280263500766  
Statement Period (From 01-07-2017 To 30-06-2018)

Tran Date	Value Date	Tran Particulars	Debit	Credit	Balance
03-07-2017	03-07-2017	ChequeNo 000193 Presented	140,705.00		34,889,294.85
03-07-2017	03-07-2017	Inward Clearing Charge	55.00		34,889,239.85
03-07-2017	03-07-2017	ChequeNo 000194 Presented	147,737.00		34,741,502.85
03-07-2017	03-07-2017	Inward Clearing Charge	55.00		34,741,447.85
10-07-2017	10-07-2017	Cheque Book Issue Charges	1,650.00		34,739,797.85
10-07-2017	10-07-2017	chbk Issue Stamp Charges	250.00		34,739,547.85
13-07-2017	13-07-2017	ChequeNo 000196 Presented	748,522.00		33,991,025.85
13-07-2017	13-07-2017	ChequeNo 000197 Presented	398,276.00		33,592,749.85
13-07-2017	13-07-2017	Inward Clearing Charge	55.00		33,592,694.85
13-07-2017	13-07-2017	ChequeNo 000184 Presented	584,352.00		33,008,342.85
13-07-2017	13-07-2017	Inward Clearing Charge	55.00		33,008,287.85
13-07-2017	13-07-2017	Inward Clearing Charge	55.00		33,008,232.85
14-07-2017	14-07-2017	remittance charges RTGS/SWIFT no: RTO02800938092	550.00		33,007,682.85
14-07-2017	14-07-2017	RTGS RTO02800938092 BELSOT CONTRACTORS LTD	2,271,940.50		30,735,742.35
20-07-2017	20-07-2017	remittance charges RTGS/SWIFT no: RTO02800946003	550.00		30,735,192.35
20-07-2017	20-07-2017	RTGS RTO02800946003 SIMWOLD CONTRACTORS LTD	2,675,758.00		28,059,434.35
21-07-2017	21-07-2017	remittance charges RTGS/SWIFT no: RTO02800946987	550.00		28,058,884.35

Note: Any omission or errors in this statement should be promptly advised in writing to the Branch Manager within 30 days from the date of receipt otherwise the account will be presumed to be in order.

EB3182220180806013546

Account

Account No 0280263500766

Customer Name KERICHO COUNTY EMERGENCY FUND

Tran Date	Value Date	Tran Particulars	Debit	Credit	Balance
21-07-2017	21-07-2017	RTGS.RTO02800948687 ZEDICK ENTERPRISES LTD	<del>5,037,600.00</del>		23,021,284.35
04-08-2017	04-08-2017	remittance charges RTGS/SWIFT no RTO02800960096	<del>550.00</del>		23,020,734.35
04-08-2017	04-08-2017	RTGS.RTO02800960095 NEPTON ENTERPRISES L.L	<del>1,905,749.00</del>		21,114,985.35
04-08-2017	04-08-2017	remittance charges RTGS/SWIFT no RTO02800960096	<del>550.00</del>		21,114,435.35
04-08-2017	04-08-2017	RTGS.RTO02800960674 TRIDONE LTD	<del>1,896,389.00</del>		19,218,046.35
07-08-2017	07-08-2017	ChequeNo 000205 Presented	<del>175,523.00</del>		19,042,523.35
07-08-2017	07-08-2017	ChequeNo 000203 Presented	<del>129,595.00</del>		18,912,928.35
07-08-2017	07-08-2017	Inward Clearing Charge	<del>55.00</del>		18,912,873.35
07-08-2017	07-08-2017	Inward Clearing Charge	<del>55.00</del>		18,912,818.35
07-08-2017	07-08-2017	ChequeNo 000204 Presented	<del>63,271.00</del>		18,849,547.35
07-08-2017	07-08-2017	Inward Clearing Charge	<del>55.00</del>		18,849,492.35
04-09-2017	04-09-2017	Interim statement printing charges	<del>165.00</del>		18,849,327.35
06-10-2017	06-10-2017	ChequeNo 000210 Presented	<del>341,380.00</del>		18,507,947.35
06-10-2017	06-10-2017	Inward Clearing Charge	<del>55.00</del>		18,507,892.35
06-10-2017	06-10-2017	ChequeNo 000209 Presented	<del>280,936.70</del>		18,226,955.65
06-10-2017	06-10-2017	Inward Clearing Charge	<del>55.00</del>		18,226,900.65
03-11-2017	03-11-2017	remittance charges RTGS/SWIFT no RTO02801036218	<del>550.00</del>		18,226,350.65
03-11-2017	03-11-2017	RTGS.RTO02801036218 TOROTON CONSTRUCTION LIMITED	<del>2,609,440.00</del>		15,616,910.65
30-11-2017	30-11-2017	Interim statement printing charges	<del>165.00</del>		15,616,745.65
01-03-2018	01-03-2018	Interim statement printing charges	<del>165.00</del>		15,616,580.65
02-03-2018	02-03-2018	remittance charges RTGS/SWIFT no RTO02801143775	<del>550.00</del>		15,616,030.65
02-03-2018	02-03-2018	RTGS.RTO02801143775 TOROTON CONSTRUCTION LIMITED	<del>2,721,574.50</del>		12,894,456.15

Note: Any omission or errors in this statement should be promptly advised in writing to the Branch Manager within 30 days from the date of receipt otherwise the account will be presumed to be in order

6318252018080601146

Account No: 0280263500766

Customer Name: KERICHO COUNTY EMERGENCY FUND

Tran Date	Value Date	Tran Particulars	Debit	Credit	Balance
05-03-2018	05-03-2018	remittance charges RTGS/SWIFT no. RTO02801145711	550.00		12,893,906.15
05-03-2018	05-03-2018	RTGS RTO02801145711 KAPKIAM KWAO ENTERPRISES	1,379,283.00		11,514,623.15
12-03-2018	12-03-2018	ChequeNo 000214 Presented	625,392.00		10,889,231.15
12-03-2018	12-03-2018	Inward Clearing Charge	55.00		10,889,176.15
14-03-2018	14-03-2018	remittance charges RTGS/SWIFT no. RTO02801154355	550.00		10,888,626.15
14-03-2018	14-03-2018	RTGS RTO02801154355 MARABA ENTERPRISES LTD	3,149,661.00		7,738,965.15
15-03-2018	15-03-2018	ChequeNo 000215 Presented	545,840.00		7,193,125.15
15-03-2018	15-03-2018	Inward Clearing Charge	55.00		7,193,070.15
21-03-2018	21-03-2018	ChequeNo 000217 Presented	480,150.00		6,712,920.15
21-03-2018	21-03-2018	Inward Clearing Charge	55.00		6,712,865.15
22-03-2018	22-03-2018	ChequeNo 000218 Presented	326,184.00		6,386,681.15
22-03-2018	22-03-2018	Inward Clearing Charge	55.00		6,386,626.15
09-04-2018	09-04-2018	Interim statement printing charges	165.00		6,386,461.15
16-04-2018	16-04-2018	Interim statement printing charges	165.00		6,386,296.15
09-05-2018	09-05-2018	Interim statement printing charges	165.00		6,386,131.15
07-06-2018	07-06-2018	WILLY	100,000.00		6,286,131.15
07-06-2018	07-06-2018	Cash Withdrawal Charge	110.00		6,286,021.15
13-06-2018	13-06-2018	ChequeNo 000220 Presented	344,888.00		5,941,133.15
13-06-2018	13-06-2018	Inward Clearing Charge	55.00		5,941,078.15
19-06-2018	19-06-2018	WILLY	100,000.00		5,841,078.15
19-06-2018	19-06-2018	Cash Withdrawal Charge	110.00		5,840,968.15
<b>Grand Total</b>			<b>29,189,031.70</b>	<b>0.00</b>	<b>5,840,968.15</b>

Note: Any omission or errors in this statement should be promptly advised in writing to the Branch Manager within 30 days from the date of receipt otherwise the account will be presumed to be in order.

END

EB3182220180806013546