

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

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OF

THE AUDITOR-GENERAL

ON

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OF KENYA
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**WAJIR COUNTY DISASTER
MANAGEMENT FUND**

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

COUNTY GOVERNMENT OF WAJIR



OFFICE OF THE AUDITOR GENERAL
NORTH EASTERN REGIONAL OFFICE

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**WAJIR COUNTY DISASTER MANAGEMENT FUND
COUNTY GOVERNMENT OF WAJIR**

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

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

Wajir County Disaster Management Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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Wajir County Disaster Management Fund
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1. Acronyms and Glossary of Terms

a) Acronyms

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

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
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**Wajir County Disaster Management Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

2. Key Entity Information and Management

a) Background information

Wajir County Disaster Management Fund is established by and derives its authority and accountability from Wajir County Disaster Management Act, 2018. The Fund is wholly owned by the County Government of Wajir and is domiciled in Kenya.




The fund's objective is to enable payment of in respect of the County when an urgent and unforeseen need for expenditure arises for which there is no legislative authority.

The Fund's principal activity is to mobilise and provide funds for emergency responses.



b) Principal Activities

The principal activity/ mandate of the Fund is to provide funds to mitigate on possible loss of life and property in an event of an emergency and the County has not made budgetary allocation to provide expenditure to manage the situation.

c) Fund Administration Committee

Ref	Name	Position
1	H.E FCPA Ahmed Abdullahi 	H.E FCPA Ahmed Abdullahi born in 1973 is the Governor of Wajir County. He is a qualified Finance and Accounting professional with over twenty years' experience in Finance and Audit. He is a fellow at ICPAK and holds Bachelor of Commerce and Executive MBA.
2	H.E Ahmed Muhumed 	H.E Ahmed Muhumed Abdi is the Deputy Governor of the County Government of Wajir. He has over 15 Years experience in both Government and Non-government sectors.
3	Hillow Issack Mumin 	Mr Hillow is a carrier educationist and a Public sector Administrator with over 15 years' experience. He is the County Secretary of the County Government of Wajir where he previously served as a chief officer.

**Wajir County Disaster Management Fund
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4	<p>Mohamed Hassan Hussein</p> 	<p>Hon. CPA Mohamed Hassan Hussein possesses over 15 years' managerial and finance experience with extensive skills in Leadership, Resource planning & Management, Partnerships/ Donor Management, and Financial Management. Hon. CPA Mohamed has completed an MBA (Finance option) from University of Nairobi and BBA (Accounting option) Moi University.</p>
5	<p>Farah Ahmed Osman</p> 	<p>Farah is an Accounting and finance professional with over 25 years of experience in the Government and International Non-government sectors. He holds an MA Project planning and management and Bachelor of Business Management. Farah also holds a Strategic Leadership Development Programme offered by Kenya School of Government (KSG)</p>

d) Key Management Steam

Ref	Name	Position
1	CECM Finance and Economic planning	Hon. Mohamed Hassan Hussein
2	County Chief Officer Finance and Audit	Farah Ahmed Osman
3	Director Accounting Services/Finance	Hussein Hassan Ali

e) Fiduciary Oversight Arrangements

S/N	Position
1	Directorate Internal Audit.
2	County Audit Committee
3	County Assembly of Wajir.
4	Budget and Appropriations Committee of the County Assembly.
5	Public Investments Committee of the County Assembly.
6	Office of the Controller of Budget.
7	Office of the Auditor General.

**Wajir County Disaster Management Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

f) Registered Offices

P.O. Box 9-70200
County Government Headquarters
Airport Road
WAJIR, KENYA.

g) Fund Contacts

Telephone: (+254) 722466499
E-mail: info@wajir.go.ke
Website: www.wajir.go.ke.

h) Fund Bankers

1. Kenya Commercial Bank
Wajir
P.O. Box 201-70200
Wajir, Kenya
2. First Community Bank
Wajir Branch
P.O. Box 426-70200
Wajir, Kenya

i) Independent Auditors

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

j) Principal Legal Adviser

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




Wajir County Disaster Management Fund
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k) County Attorney

The County Attorney
County Government of Wajir
Airport Road
P.O. Box 9-70200
Wajir, Kenya.

**Wajir County Disaster Management Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

3. Management Team

Name	Details of qualifications and experience
<p>1. Mohamed Hassan Hussein</p> 	<p>Hon. CPA Mohamed Hassan Hussein possesses over 15 years' managerial and finance experience with extensive skills in Leadership, Resource planning & Management, Partnerships/ Donor Management, and Financial Management.</p> <p>Hon. CPA Mohamed has completed an MBA (Finance option) from University of Nairobi and BBA (Accounting option) Moi University.</p> <p>Hon. CPA Mohamed holds Certificates in Leadership and Management awarded by Management University of Africa (MUA) and National Industrial Training Authority (NITA)</p>
<p>2. Farah Ahmed Osman</p> 	<p>Farah is an Accounting and finance professional with over 25 years of experience in the Government and International Non-government sectors.</p> <p>He holds an MA Project planning and management and Bachelor of Business Management.</p> <p>Farah also holds a Strategic Leadership Development Programme offered by Kenya School of Government (KSG)</p>
<p>3. Hussein Hassan Ali</p> 	<p>CPA Hussein is a career civil servant with over 20 years' experience in government treasury management. He serves as the Director Accounting services at the county government of Wajir.</p> <p>CPA Hussein holds an MBA Finance, A bachelor of Business Administration and is a certified public Accountant registered with ICPAK and in good standing.</p>

Wajir County Disaster Management Fund
Annual Report and Financial Statements for the year ended June 30, 2023

4. Fund Chairperson's Report

Section 164 of the Public Finance Management Act 2012, requires the county governments to prepare financial statements with respect to the entity by 30th September each year and submit the same to the Auditor General with copies to the County Treasury, OCOB, CRA and the National treasury.

In view of the above, it is my pleasure to present the Wajir County Disaster Management Fund's financial statements for the period ending 30th June 2023. The financial statements present the financial performance of the County Disaster Management on the just concluded fiscal year. The Statements are prepared in accordance with accrual basis of accounting method under the international public sector Accounting Standards (IPSAS)

The statements presented include a statement of Receipts and Payments, a statement of Assets and Liabilities, Cash flow statement, Statement of Comparative Budget and Actual Amounts and Notes to the Financial Statements.

The Financial Year 2022/2023 was the eighth full financial year under the devolved governance structure after the county government came into office since March 2013.



Mohamed Hassan Hussein

CECM FINANCE AND ECONOMIC PLANNING

COUNTY GOVERNMENT OF WAJIR

**Wajir County Disaster Management Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

5. Report of the Fund Administrator

The Fund formed pursuant to Wajir County Disaster Management Act, 2014 (Revised 2019) to provide for resources to handle situation of urgent need for expenditure to alleviate human suffering or loss of life and destruction of property in instances where there is no budgetary allocation under ordinary county appropriation and the expenditure cannot be deferred.

This report is prepared and submitted to the county in accordance with the provisions of section 164 of the PFM ACT, 2012.

Wajir County has experienced severe unprecedented drought because of failure of five (5) consecutive rain seasons, the drought situation in the County had been at Alarm stage on a Worsening trend.

The food security situation in the County had been classified as Crisis (Phase 3) with over 429,300 people food insecure during the period that is 50% of the population in Wajir county were in need of Food Assistance and an estimated 15% of the population were already in Emergency (IPC 4).

The County Government of Wajir set aside Ksh. 150,000,000 (Three hundred and eleven Million) for allocation to Wajir County Emergency Fund during the financial year 202/2023 in order to protect the lives of the communities and to cushion them from the vagaries of the biting drought. The County steering Group (CSG) Meeting that was held on 17/01/2023 has prioritized emergency procurement of Food targeting the vulnerable households' across the county.

A subsequent meeting of Wajir county cabinet held at the Governor's boardroom recommended the use of emergency fund to purchase emergency relief food in order to cushion the communities from the effects of the severe drought. This intervention has high and immediate impacts that include improved food consumption score and reduction in Malnutrition rates.

Further, due to the calamity & magnitude of the draught, the county appropriated another Ksh 200,000,000 in the supplementary budget raising the total allocation to Ksh 350,000,000.

The County Government through the Department of Special Programs has procured emergency relief food comprising of various items in three phases. The summary of receipts and payments are in the tables below:

Receipts

Description	Budget Ksh	Actual Ksh	Variance Ksh
County Executive Allocation	350,000,000	350,000,000	-
Unspent Balance Brought Forward	99,945	99,945	-
Total	350,099,945	350,099,945	-

Wajir County Disaster Management Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Payments

Description	Budget Ksh	Actual Ksh	Variance Ksh
Administration Expenses	1,600,0000	1,563,642	36,358
Emergency Expenses	348,499,945	348,407,475	92,470
Total	350,099,945	349,971,117	128,828

During the year, Ksh 349,971,117 was incurred in mitigating the effects of severe drought within the county. A balance of Ksh 128,828 is carried forward to the subsequent year.



Mohamed Hassan Hussein
FUND ADMINSTRATOR

6. Statement of Performance against the County Fund's Predetermined Objectives

Introduction

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

Wajir County has a vision to be

'A Secure, Resilient and Globally Competitive First Class County in Service Delivery for All'

This vision will be achieved through the county's strategic objectives in the various sectors listed here after.

The County Government prepared the third generation CIDP 2023-2027 which is the county development blue print. Tracking of programmes and projects implementation status is done through a number of activities including: field inspection reports, quarterly M&E reports and annual M&E reports. Annual reports are carried out as per Section 164 (2) (f) of the Public Finance Management Act, 2012.

Moreover, the CIDP 2023-2027 is tracked through a CIDP Mid Term Review slated for the Financial Year 2020-2021, which indicates performance after two and a half years of the 2nd Generation County Government. The County Government of Wajir plans to undertake a CIDP Mid-Term Review during the current Financial Year. Similarly, we also prepare County Annual Progress Reports (C-APR) on Yearly basis from the data collected during the M & E exercise. Yet, the County has developed a Counter Indicator Handbook from the Wajir CIDP 2023-2027 Indicator that is used to review performance outcomes against the CIDP target outcomes.

Strategic development objectives

The County's third generation 2023-2027 CIDP has identified Twenty-three key strategic development objectives. Broadly, these objectives have been identified through a participatory process that reviewed the development priorities of the Governor's Manifesto, Vision 2030 & the National Government's "Big Four" Agenda, SDGs and the MTP III.

Wajir County Disaster Management Fund
Annual Report and Financial Statements for the year ended June 30, 2023

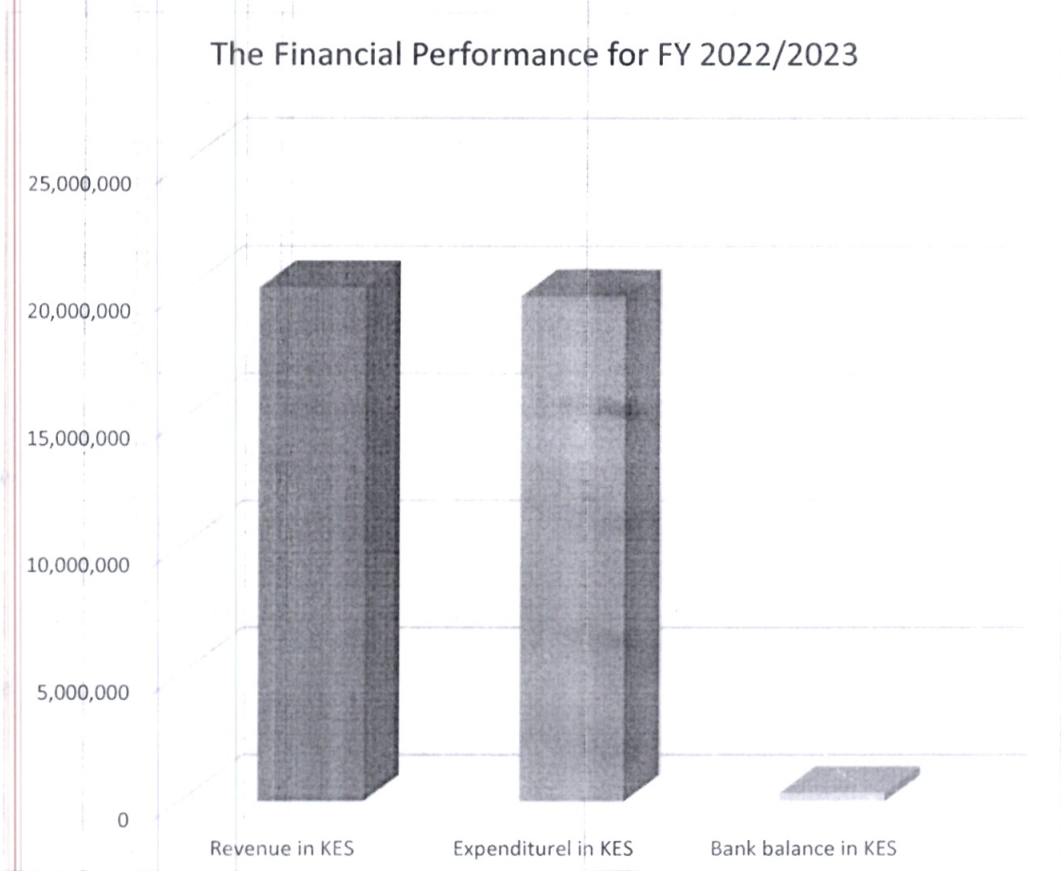
7. Corporate Governance Statement

The Wajir County Disaster Management Fund is made up of 7 Administration Committee members. Members meet to deliberate on the performance of the management team by evaluating and considering Disability assistance to the people living with disabilities. The committee members are not remunerated from the fund but paid sitting allowances based on the Budget allocation and as per the act. In the coming years we will be able to report on the governance structure based on:

- a) Number of Fund Administration Committee meetings held and the attendance to those meetings by members,
- b) Succession plan,
- c) Existence of a service charter,
- d) Process of appointment and removal of board/ Administration Committee members,
- e) Roles and functions of the Administration Committee members,
- f) Induction and training, Administration Committee members and member's performance,
- g) Conflict of interest,
- h) Board remuneration,
- i) Ethics and conduct as well as governance audit undertaken if any.

8. Management Discussion and Analysis

The Wajir County Disaster Management Fund received a disbursement of Ksh 350,000,000 during the year, which was disbursed in response to support the initiatives against severe effects of drought. The bank accounts had an opening balance of Ksh 99,945. During the financial year, the total expenditure amounted to Ksh 349,971,117 which was equivalent to 100% performance. Below is graphical representation of financial performance of the Disaster Management Fund for the Financial Year 2022/2023.



9. Environmental and Sustainability Reporting

1. Sustainability strategy and profile

The Wajir County Development Agenda is informed by the need to increase and expand sustainable development opportunities and build people's capacities to enable them create wealth and transform their lives for growth and prosperity. The County Envisions being a competitive, industrialized and socio-economically self-sustaining and securing county. This will be attained by providing quality and efficient services through innovative and sustainable utilization of resources for a better quality of life to all citizens of Wajir County. This is what the county intends to attain and sustain it through creation of a county culture anchored on; Transparency; Inclusiveness and Equity; Empowerment; Quality and result oriented in provision of the county services.

2. Environmental performance

As outlined in the County 2023-2027 CIDP, Environment is one of the key thematic areas that the county has put a lot of focus in its developments agenda. Land is a natural resource which can be sustainably used to satisfy man's unlimited needs and wants as long as the concept of scarcity is recognized. Cognizant of the need for responsible land use for environmental sustainability, The County has developed a number of policies, programmes and structures guiding environmental matters within the County.

3. Employee welfare

Wajir County Recognises the value of its employees in the implementation and long term sustainability of its development strategy. As a result, it has always ensured a fair recruitment process where competences and qualification has been key in hiring of its employees to ensure value from its human resource. All recruitments observe the one third Gender rule and the inclusivity. All senior management staff from the level of county directors and above are placed under performance Contract while the junior staff are under performance Appraisal system.

This is aimed at inculcating a results culture and also helps to identify skills Gap for capacity building and future development the County staff as they inform approvals for Promotion and training for carrier growth. For a better and health work force, the county has also placed all staff under a medical cover which on terms as provided by the Salaries and Remuneration Commission's guideline of Employee Medical benefits.

4. Market place practices

The County embraces diversity and offers services to all county residents without discrimination. All county fees and charges are levied after wide consultation with the citizens through public participation.

5. Community Engagements

The County has been engaging its citizens in all its development programmes through public participation in all the county plans, Budget and legislations. This participation ensures that the views of the citizen are included from planning to implementation stages. Participation is done by the county through its established participation structures such as, the County Budget and Economic Forum, The County Citizen education and Civic Education Unit etc.

**Wajir County Disaster Management Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

10. Report of the Fund administration committee

Report of the Trustees

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

Principal activities

The principal activity of the Fund is to provide funds to mitigate on possible loss of life and property in an event of an emergency and the County has not made budgetary allocation to provide expenditure to manage the situation

Results

The results of the Fund for the year ended June 30, 2023 are set out on page one of this report

Fund Administration Committee

The members of the Disaster Management fund administration committee who served during the year are shown on page VII.

Auditor

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

By Order of the Board

Sign
Date

Chairman,

Wajir County Disaster Management Fund

11. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of Wajir County Disaster Management Fund established by the Wajir County Disaster Management Act, 2014 (Revised 2019) 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 Wajir County Disaster Management 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, 2023. 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 Wajir County Disaster Management 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 the Wajir County Disaster Management Act, 2014 (Revised 2019).

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, 2023, 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.

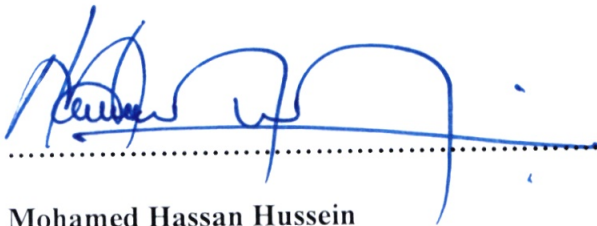
Wajir County Disaster Management Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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

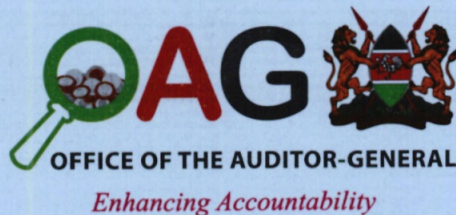
The Fund's financial statements were approved by the Board on 24th August 2023 and signed on its behalf by:



Mohamed Hassan Hussein

Administrator of the Wajir County disaster Management Fund

REPUBLIC OF KENYA



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Website: www.oagkenya.go.ke

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

REPORT OF THE AUDITOR-GENERAL ON WAJIR COUNTY DISASTER MANAGEMENT FUND FOR THE YEAR ENDED 30 JUNE, 2023 – COUNTY GOVERNMENT OF WAJIR

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Wajir County Disaster Management Fund set out on pages 1 to 16, which comprise of the statement of financial

Report of the Auditor-General on Wajir County Disaster Management Fund for the year ended 30 June, 2023 - County Government of Wajir

position as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Wajir County Disaster Management Fund as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Wajir County Disaster Management Fund Act, 2014 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Emergency Expenditure

The statement financial performance and as disclosed in Note 3 of the financial statements reflects an amount of Kshs.348,407,475 relating to emergency expenditure. However, there was no directorate in existence to cause the use of the funds, no duly appointed Chief Executive Officer, no declaration of emergency and there was no Committee in place duly appointed to commit the utilization of funds in accordance with Wajir County Disaster Management Act, 2014. Further, there was no documentary evidence to support the process of identification of suppliers, beneficiaries and the distribution list of relief foods to the beneficiaries.

In the circumstances, the accuracy and completeness of the expenditure of Kshs.348,407,475 incurred on emergencies could not be confirmed.

2. Unsupported Transfers from the County Government

The statement of financial performance reflects transfers from the County Government amounting to Kshs.350,000,000. However, the financial statements of the County Government reflects no transfer to the disaster Management Fund.

In the circumstances, the accuracy of transfers from County Government amounting to Kshs.350,000,000 could not be confirmed.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution based on the audit procedures performed except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else 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

1. Unauthorized Expenditure

The statement of financial performance, reflects emergency expenses amounting to Kshs.348,407,475. However, Management did not seek approval of the County Assembly after payments were made from the Emergency Fund as required under Section 114(1) of the Public Finance Management Act, 2012 which provides that the County Executive Committee member for finance shall seek approval of the County Assembly within two months after payment is made from the Emergency Fund. In addition, Management did not provide evidence to justify the necessitate for expenditure from the Emergency Fund.

In the circumstances, Management was in breach of the law.

2. Irregular Expenditure on Emergency Expenses

During the year under review, Management entered into a contract with a firm for supply and delivery of motor vehicle tyres, oil filters, fuel filters, air cleaners and engine oil at a contract sum of Kshs.17,400,000. However, Management did not provide justification for procurement of motor vehicle spare parts as means of addressing a disaster at the time as the County Executive main budget had a line item for repairs and maintenance of other assets including motor vehicles.

Further, audit inspection of the stores and the consumable stores ledger carried out in November, 2023 revealed that 222 oil filters, 104 fuel filters and 112 air cleaners procured through the Fund were still in the store eleven (11) months after the delivery of the same in December 2022. The Fund does not own any assets to warrant purchase of these stock items.

In the circumstances, the value for money on the expenditure of Kshs.17,400,000 incurred in the procurement of the motor vehicle repairs and maintenance could not be confirmed.

3. Failure to Enact Disaster Management Fund Regulations

Review of documents revealed that as at the time of audit in November, 2023 the Fund Regulations were not in place. This was in contravention of Section 32(a) of the Wajir County Disaster Management Fund Act, 2014 which provides that the executive member for the time being responsible for disaster matters may with the approval of the County Assembly make regulations on any matter that the executive member considers necessary for the administration of the Act.

In the circumstances, Management was in breach the law.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 the Fund Administration Committee

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls 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 controls 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

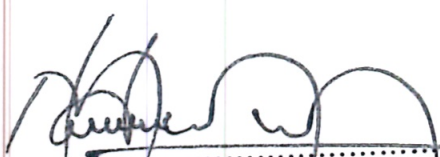
08 January, 2024


Wajir County Disaster Management Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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

Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Transfers From the County Government	1	350,000,000	180,000,000
Total Revenue		350,000,000	180,000,000
Expenses			
General expenses	2	1,563,642	5,410
Emergency expenses	3	348,407,475	180,123,348
Total Expenses		349,971,117	180,128,758
Other Gains/Losses		-	-
Surplus/(Deficit) for the Period		28,883	(128,758)

The notes set out on pages 12 to 14 form an integral part of these Financial Statements


Name: Mohamed Hassan Hussein
Fund Administrator.

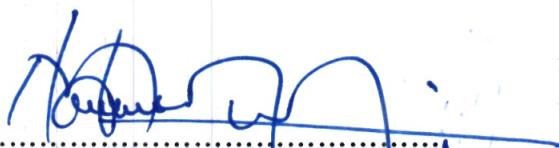

Name: Hussein Hassan Ali
Fund Accountant
ICPAK Member Number: 7800

**Wajir County Disaster Management Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

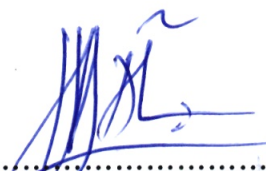
14. Statement of Financial Position as at 30 June 2023

Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	4	128,828	99,945
Total current assets		128,828	99,945
Non-Current Assets		-	-
Total Assets		128,828	99,945
Liabilities			
Current Liabilities			
Non-Current Liabilities		-	-
Total Liabilities		-	-
Accumulated Surplus		128,828	99,945
Total Net Assets and Liabilities		128,828	99,945

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2023 and signed by:



.....
Name: Mohamed Hassan Hussein
Fund Administrator

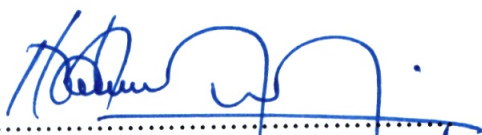


.....
Name: Hussein Hassan Ali
Fund Accountant
ICPAK Member Number: 7800

**Wajir County Disaster Management Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

15. Statement of Changes in Net Assets for the year ended 30th June 2023

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2021	-	-	228,704	228,704
Surplus/(Deficit) For the Period	-	-	(128,758)	(128,759)
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2022	-	-	99,945	99,945
Balance As At 1 July 2022	-	-	99,945	99,945
Surplus/(Deficit) For the Period	-	-	28,883	28,883
Balance As At 30 June 2023	-	-	128,828	128,828



Name: Mohamed Hassan Hussein
Fund Administrator

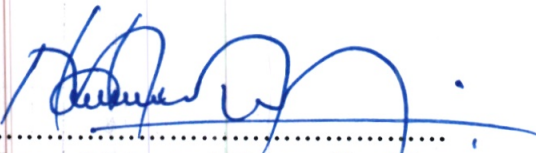



Name: Hussein Hassan Ali
Fund Accountant
ICPAK Member Number: 7800

**Wajir County Disaster Management Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

16. Statement of Cash Flows for the Year Ended 30 June 2023

Description	Note	FY2022/2023	FY2021/2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the county government	1	350,000,000	180,000,000
Total receipts		350,000,000	180,000,000
Payments			
General Expenses	2	(1,563,642)	(5,410)
Emergency Expenses	3	(348,407,475)	(180,123,349)
Net cash flows from operating activities		28,883	(128,759)
		-	-
Cash flows from investing activities			
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		28,883	(128,759)
Cash and cash equivalents at 1 July		99,495	228,704
Cash and cash equivalents at 30 June		128,828	99,495


 Name: Mohamed Hassan Hussein
 Fund Administrator


 Name: Hussein Hassan Ali
 Fund Accountant
 ICPAK Member Number: 7800

Wajir County Disaster Management Fund
Annual Report and Financial Statements for the year ended June 30, 2023

17. Statement of Comparison of Budget and Actual Amounts for the Period Ended 30th June 2023.

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Transfers From County Govt.	350,000,000	99,945	350,099,945	349,971,117	128,828	100%
Total Income	350,000,000	99,945	350,099,945	349,971,117	128,828	100%
Expenses						
General Expenses	1,600,000	-	1,600,000	1,563,642	36,358	98%
Emergency Expenses	348,400,000	99,945	348,499,945	348,407,475	92,470	100%
Total Expenditure	350,000,000	99,945	350,099,945	349,971,117	128,828	100%
Surplus For the Period	-	-		-	128,828	



Name: Mohamed Hassan Hussein
Fund Administrator



Name: Hussein Hassan Ali
Fund Accountant
ICPAK Member Number: 7800

18. Notes to the Financial Statements

1. General Information

Wajir County Disaster Management Fund is established by and derives its authority and accountability from the Wajir County Disaster Management Act 2014 (Revised 2019). The Fund is wholly owned by the County Government of Wajir and is domiciled in Kenya. The entity's principal activity is to provide funds to mitigate on possible loss of life and property in an event of an emergency and the County has not made budgetary allocation to provide expenditure to manage the situation.

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) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023*

Standard	Effective date and impact
<p>IPSAS 41: Financial Instruments</p>	<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> <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

Wajir County Disaster Management Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Standard	Effective date and impact
<p>IPSAS 42: Social Benefits</p>	<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>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <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>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

Wajir County Disaster Management Fund
Annual Report and Financial Statements for the year ended June 30, 2023

(ii) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
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> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
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 the financial year.

1. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

b) Budget information

The original budget for FY 2022/2023 was approved by the County Assembly on 30th November 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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 17 of these financial statements.

d) 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.

e) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

f) Contingent liabilities

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

Contingent assets

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

g) 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.

Wajir County Disaster Management Fund
Annual Report and Financial Statements for the year ended June 30, 2023

h) 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.

i) 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.

j) Comparative figures

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

Wajir County Disaster Management Fund
Annual Report and Financial Statements for the year ended June 30, 2023

6. Notes to the Financial Statements

1. Transfers from County Government

Description	FY2022/2023	FY2021/22
	Kshs	Kshs
Transfers from County Govt. – operations	350,000,000	180,000,000
Total	350,000,000	180,000,000

2. General Expenses

Description	FY2022/2023	FY2021/22
	Kshs.	Kshs.
General Office Expenses	1,563,642	5,410
Total	1,563,642	5,410

3. Emergency Expenses

Description	FY2022/2023	FY2021/22
	Kshs.	Kshs.
Emergency Expenses	348,407,475	180,123,348
Total	348,407,475	180,123,348

4. Cash and cash equivalents

Description	FY2022/2023	FY2021/22
	Kshs	Kshs
Current Account	128,828	99,945
Total Cash And Cash Equivalents	128,828	99,945

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

Financial Institution	Account number	FY2022/2023	FY2021/22
		Kshs	Kshs
a) Current Account			
First Community Bank	8000411901	99,945.01	99,945.01
Kenya Commercial Bank	1305175883	28,883.18	-
Total		128,828	99,945.01

Wajir County Disaster Management Fund
Annual Report and Financial Statements for the year ended June 30, 2023

5. Related party balances

a) Nature of related party relationships

The Wajir County Disaster Management Fund is related to the following entities:

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

b) Related party transactions

Description	FY2022/2023	FY2021/22
	Kshs	Kshs
Transfers From The County Government of Wajir	350,000,000	180,000,000
Transfers To Related Parties	-	-

6. Financial risk management

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

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

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

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

The entity has no significant concentration of credit risk.

b) Liquidity risk management

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

c) Market risk

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

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

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

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

i. Interest rate risk

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

Management of interest rate risk

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

7. Events after the reporting period

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

8. Ultimate and Holding Entity

The entity is a County Public Fund established by Wajir County Disaster Management Act (2014) under the department of Finance and Economic Planning. Its ultimate parent is the County Government of Wajir.

Wajir County Disaster Management Fund
Annual Report and Financial Statements for the year ended June 30, 2023

9. Currency

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

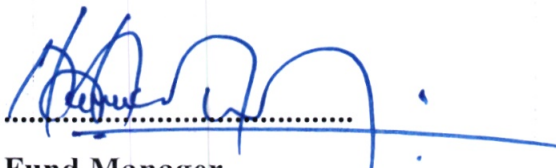
**Wajir County Disaster Management Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

10. Annexes

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
1.	Anomalies in the presentation of the financial statements.	The anomalies have since been corrected	Not resolved	September 30 th 2023
2.	Unsupported Emergency expenditure via note 2 of the financial statements	The anomalies have since been corrected	Not resolved	September 30 th 2023
3.	Inaccuracies in Cash and Cash equivalent	The Cash and Cash equivalent reflects the cashbook balance	Not resolved	September 30 th 2023
4.	Splitting of tenders	Tenders were awarded based on the Public procurement and Assets Disposal Act.	Not resolved	September 30 th 2023
5.	Non-Approval of the fund's expenditure	Submission of approval for the expenditures has been availed.	Not resolved	September 30 th 2023
6.	Failure to enact fund regulations	The Management is in the process of enacting the fund regulations	Not resolved	September 30 th 2024
7.	Non response to Management letter.	The management wishes to confirm that it will abide by the Audit Act, 2015 going forward.	Not resolved	September 30 th 2023



**Fund Manager,
Wajir County Disaster Management Fund.**

**Wajir County Disaster Management Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Annex II: Inter-Fund Confirmation Letter

COUNTY GOVERNMENT OF WAJIR



DEPARTMENT OF FINANCE AND ECONOMIC PLANNING

Wajir County Disaster Management Fund

P.O Box 9-70200,

Wajir.

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

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Amount Received by beneficiary Fund (KShs) as at 30 th June 2023 (D)	Differences (KShs) (E)=(C-D)
FT22347S2GX V	13-Dec-2022	150,000,000	-	150,000,000	150,000,000	-
FT2234214X4 B	8-Dec-2022	200,000,000	-	200,000,000	200,000,000	-
Total		350,000,000	-	350,000,000	350,000,000	-

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

Head of Accountants department of beneficiary Fund:

Name *Abdirahman Abdullahi*

Sign *[Signature]*

Date

Wajir County Disaster Management Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Annex III: Reporting on Disaster Expenditure

Programme	Sub-programme	Disaster Type	Category of disaster related Activity that requires expenditure reporting.	Expenditure item	Amount (Kshs.)
0707033360	3363000101	Draught Mitigation	Response/ Mitigation	2810205	150,000,000
0716033360	33720001001	Draught Mitigation	Response/ Mitigation	2640299	200,000,000