

REPUBLIC OF KENYA



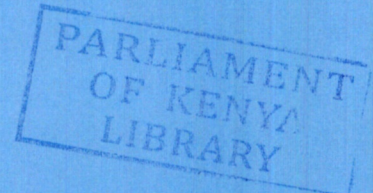
Enhancing Accountability



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REPORT

OF



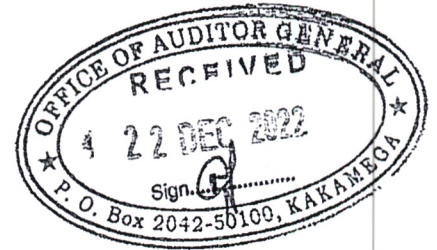
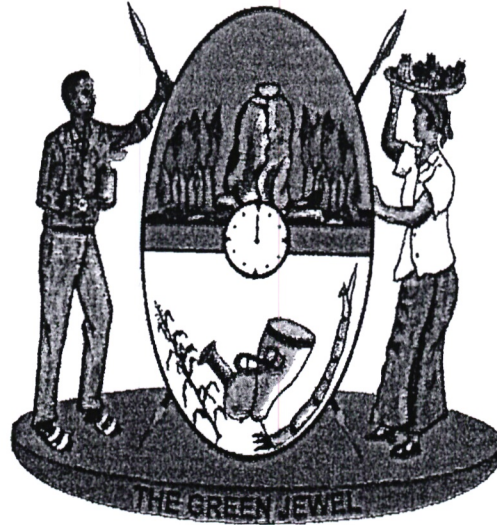
THE AUDITOR-GENERAL

ON

**KAKAMEGA COUNTY
EMERGENCY FUND**

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





KAKAMEGA COUNTY EMERGENCY FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

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

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

Table of Content

1. Key Entity Information and Management	iii
2. Advisory committee to the fund	v
3. Management Team	vi
5. Report of the Fund Administrator	viii
6. Statement of Performance against the County Fund's Predetermined Objectives	ix
7. Corporate Governance Statement	x
8. Management Discussion and Analysis	xi
9. Environmental and Sustainability Reporting	xii
10. Report of the Trustees	xiii
11. Statement of Management's Responsibilities	xiv
12. Report of the Auditor general on Kakamega County Emergency fund	xvi
13. Statement of Financial Performance for the Year Ended 30th June 2022	1
14. Statement of Financial Position as At 30 June 2022	2
15. Statement of Changes in Net Assets for the year ended 30 th June 2022	4
16. Statement of Cash Flows For The Year Ended 30 June 2022	5
17. Statement of Comparison of Budget And Actual Amounts For The Period	7
18. Notes to the Financial Statements	8
19. Progress on Follow up of Prior Year Auditor's Recommendations	36

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

1. Key Entity Information and Management

a) Background information

The Kakamega County Emergency Fund was established by the County Government of Kakamega through the Public Financial Management Act (Kakamega County Emergency Fund) Regulations, 2018. The Fund Administrator at the time being the Chief Officer of the Ministry of Finance and Economic Planning the Fund is wholly owned by the County Government of Kakamega and is domiciled in Kenya.

The object and purpose of these regulations is to provide for, establishment of a Fund from which payments shall be made when an urgent and unforeseen need for expenditure for which there is no specific legislative authority arises

The Fund's principal activity

The principal activity of the Fund is to provide financial and managerial support to urgent and unforeseen need which falls within the mandate of the County Government that threatens to damage human life or welfare or threatens to damage the environment for which immediate expenditure is required in the County.

b) Principal Activities

The fund will also provide a common basket emergency fund in order to facilitate faster, transparent, predictable and accountable release of funds for emergency management.

c) Board of Fund Administration Committee

The fund was headed by the chief officer Ministry of Finance.

d) Key Management

The Kakamega County Emergency Fund day-to-day management is under the Ministry of Finance and Economic Planning

The Fund Administrator is the Chief Officer of Ministry of Finance and Economic Planning

Ref	Name	Position
1	CPA Samson Otieno	Chief officer Finance
2	CPA Herman Lusuli	Head of Treasury

Kakamega County Emergency Fund

Annual Report and Financial Statements for the year ended June 30, 2022

e) Registered Offices

Kakamega County Headquarters
P.O. Box 36-50100, 056 31850/31852/31853
County Headquarters
Kisumu/Kitale Highway
Kakamega, KENYA

f) Fund Contacts

Telephone: 056 31850/31852/31853
E-mail: info@kakamega.go.ke
Website: kakamega.go.ke

g) Fund Bankers

1. Cooperative bank
Kakamega Branch

h) Independent Auditors

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

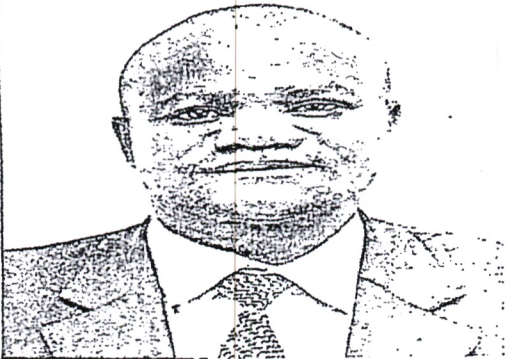
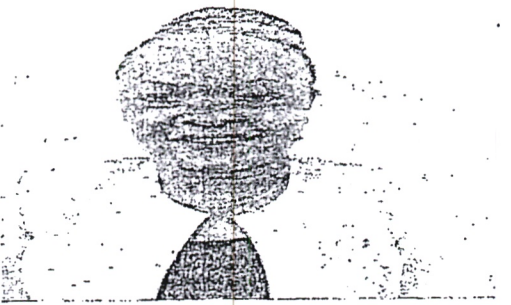

i) Principal Legal Adviser

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

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

2. Advisory committee to the fund

The fund is domiciled in County Treasury and the following members were part of the advisory committee.

Name	Details of qualifications and experience
<p>Cpa.Samson Otieno-Member</p> 	<p>Chief Officer, Finance MBA in strategic management BCom (Finance and Accounting),CPAK,CS</p>
<p>Ms.Vivianne M Komwonyo-Member</p> 	<p>Ag.County Attorney Masters of Law, Bachelor of Law.</p>
 <p>CPA.Herman Lusuli</p>	<p>Head of Treasury BCom (Finance and Accounting), CPAK,</p>

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

3. Management Team

Name	Details of qualifications and experience
CPA Samson Otieno	CPA Samson Otieno. Chief Officer, Finance MBA in strategic management BCom (Finance and Accounting),CPAK,CS
CPA.Herman lusuli	Head of Treasury BCom (Finance and Accounting), CPAK,

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

4. Board/Fund Chairperson's Report

The Kakamega County Emergency Fund was established by the County Government of Kakamega through the Public Financial Management Act (Kakamega County Emergency Fund) Regulations, 2018. The Fund Administrator at the time being the Chief Officer of the Ministry of Finance and Economic Planning the Fund is wholly owned by the County Government of Kakamega and is domiciled in Kenya.

The object and purpose of these regulations is to provide for, establishment of a Fund from which payments shall be made when an urgent and unforeseen need for expenditure for which there is no specific legislative authority arises

During the year the fund received an allocation of ksh 25M and made expenditure amounting to ksh 22.9M for the year under review as highlighted in the statement of financial performance.

Signed: _____



CPA. Samson Otieno
Chief Officer,
Ministry of Finance and Economic Planning

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

5. Report of the Fund Administrator

The Kakamega County Emergency Fund was established by the County Government of Kakamega through the Public Financial Management Act (Kakamega County Emergency Fund) Regulations, 2018. The Fund Administrator at the time being the Chief Officer of the Ministry of Finance and Economic Planning the Fund is wholly owned by the County Government of Kakamega and is domiciled in Kenya.

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Signed: _____



CPA Samson Otieno.
Chief Officer,
Ministry of Finance and Economic Planning

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

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

The Kakamega County Emergency Fund was established in 2018 under the Ministry Of Finance, Economic Planning and ICT and the first and only disbursements happened the same year. In this year of reporting 2021/2022 the fund has spent Ksh. 22.9M and has received Ksh 25.0M.

Signed: _____



CPA Samson Otieno.
Chief Officer,
Ministry of Finance and Economic Planning

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

7. Corporate Governance Statement

The current committee was competitively recruited by the County Public service board. The Committee held meetings attended by all members in the year under review.

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

8. Management Discussion and Analysis

The fund received an allocation of ksh 25M and made expenditure amounting to ksh 22.9M for the year under review.

a. On the operational and financial performance of the Fund/Board during the period,

The fund received a total of Kshs. 25m which was used to facilitate emergency expenses for the Financial Year 2021/2022. Kshs.22.9m was used to pay the expenses that took place during the period.

b. Entity's key projects or investments decision implemented or ongoing,

The fund has facilitated construction of box culverts and construction of pit latrines for selected emergencies within kakamega county.

c. Fund's compliance with statutory requirements,

The fund has complied with the required statutory requirements

d. Major risks facing the Fund, material arrears in statutory and other financial obligations

The delays in exchequer releases has affected the operation of the fund.

e. Any other information considered relevant to the users of the financial statements.

The fund is in its initial stages of operation and is still picking up gradually

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

9. Environmental and Sustainability Reporting

1. Sustainability Strategy and Profile

The Fund was established in line with provisions of the Public Finance Management Act, 2012.

The principal activity of the Fund is to provide financial and managerial support to urgent and unforeseen need which falls within the mandate of the County Government that threatens to damage human life or welfare or threatens to damage the environment for which immediate expenditure is required in the County.

2 Environmental performance:

The Fund is in the process of developing its strategic plan and its environmental policy which will also be captured in this plan.

3 Employee Welfare

The Fund is currently relying on seconded staff from the parent Ministry of Finance. The current staffs conform to Public Service hiring and appraisal policies.

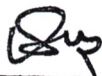
4 Market Place Practices

- a) The Fund being a County entity has trained its staff on how to deal with emergency cases within the county
- b) The Fund being a public entity works within structures created by the National and County Governments that govern public procurement. It works within the confines of public procurement act and public finance management act and respects its suppliers and is open to scrutiny in the public procurement process. Our procurement officer is regularly allowed to attend trainings and workshops that help him improve skills in public procurement management.

5. Community engagement

The Fund core activity is to attend to emergency cases arising within the county borders

Signed: _____



CPA Samson Otieno
Chief Officer,
Ministry of Finance and Economic Planning

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

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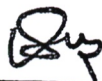
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Signed: _____



CPA Samson Otieno
Chief Officer,
Ministry of Finance and Economic Planning

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

10. Report of the Trustees

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

Principal activities

The principal activities of the Fund are to provide financial and managerial support to urgent and unforeseen need which falls within the mandate of the County Government that threatens to damage human life or welfare or threatens to damage the environment for which immediate expenditure is required in the County.

Results

The results of the Fund for the year ended June 30, 2022 are set out on page 1

Trustees

There was no Board of Trustees/Fund Administration Committee. The fund was headed by the chief officer Ministry of Finance.

Auditors

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

By Order of the Management



.....
Chief officer Finance,

Date: 28/09/2022

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

11. Statement of Management's Responsibilities

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

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the year ended on June 30th, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the fund; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the County assembly Act. 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 Quarter ended June 30th, 2022, and of the Fund's financial position as at that date.

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

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.

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

Kakamega County Emergency Funds is a going concern.

Approval of the financial statements

The Fund's financial statements were approved on 28/09/2022 and signed by:

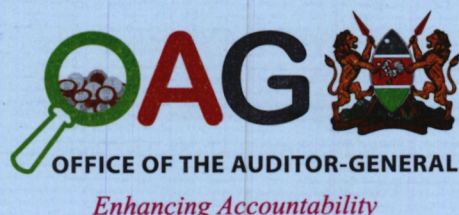


Name: CPA Samson Otieno.

Chief Officer Ministry of Finance

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 KAKAMEGA COUNTY EMERGENCY FUND FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for 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 Kakamega County Emergency Fund set out on pages 1 to 36, which comprise the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net

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

In my opinion, 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 Kakamega County Emergency Fund as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Public Finance Management (Kakamega County Emergency Fund) Regulations, 2018.

Basis for Qualified Opinion

1. Presentation of the Financial Statements

Review of the financial statements revealed that the statements were not prepared in accordance with the requirements of the Public Sector Accounting Standards Board reporting template as the Chairman's statement is missing as well as report of the Secretary to the Committee. The financial statements do not also include a report of the Fund Administrator, statement of performance against predetermined objectives, corporate governance statement and Management discussion analysis.

In the circumstances, the financial statements have not been prepared in accordance with the accounting framework as prescribed by the PSASB.

2. Cash and Cash Equivalents

The statement of financial position reflects a cash and cash equivalents balance of Kshs.7,636,474 as disclosed in Note 11 to the financial statements. However, review of the bank reconciliation statement for current account for the month of June, 2022 reflects payments in bank statements not recorded in the cash book totaling Kshs.1,603,857 which relates to the period between August, 2020 and May, 2022. No explanation was provided for the failure to record the payments in the cash book.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.7,636,474 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.50,000,000 and Kshs.25,000,000 respectively, resulting to under-funding of Kshs.25,000,000 or 50% of the budget. Similarly, the Fund incurred actual expenditure of Kshs.22,919,598 against approved budget of Kshs.50,000,000 resulting to under-performance of Kshs.27,080,402 or 54% of the budget.

The under-funding and under-performance of the budget affected the planned activities of the Fund and may have impacted negatively on service delivery to the public.

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. Failure to Constitute an Advisory Committee and Appoint a Fund Administrator

During the year under review, the Fund did not have an advisory committee as required by Regulation 6 of the Public Finance Management (The Kakamega County Emergency Fund) Regulations, 2018. The Fund did not also have a Fund Administrator as required by Regulation 8.

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

2. Failure to Provide Approved Budget

The Management did not provide an approved budget for the year under review to support the balances shown in the statement of comparison of budget and actual amounts. This is contrary to Regulation 14(1) of the Public Finance Management (The Kakamega County Emergency Fund) Regulations, 2018

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

3. Late Submission of Financial Statements

The financial statements of Kakamega County Emergency Fund for the year ended 30 June, 2022 were submitted to the Auditor-General on 8 October, 2022. This is contrary to Section 47(1) of the Public Audit Act, 2015 which requires financial statements to be submitted to the Auditor-General within 3 months after the end of the fiscal year to which the accounts relate, in this case 30 September, 2022.

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

4. Failure to Obtain Approval of the County Assembly for Payments Made from the Fund

The Fund Management did not obtain approval of the County Assembly for payments made from the Fund within two months of such payments as required by Section 114 (1) of the Public Finance Management Act, 2012 which states 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. Consequently, all the payments made by the Fund during the year totaling to Kshs.22,919,598 were irregularly incurred.

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

5. Irregular Withdrawals from the Fund

During the year under review, the Fund incurred expenditure amounting to Kshs.22,919,598 as emergency expenses. However, no evidence was provided to confirm that formal requests were made from potential beneficiaries for emergency funds and that the requests met the required criteria to qualify for emergency funds.

In addition, no evidence was provided to confirm that the Executive Committee Member for Finance issued certificates certifying the requisitions as having met the required criteria. This is contrary to Regulation 49(2)(b) of the Public Finance Management (County Governments) Regulations, 2015 which requires the County Executive Committee Member for Finance to issue such certificates.

In the circumstances, Management was in breach of 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 overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 Advisory 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 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 controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to terminate the Fund or to cease its 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 Advisory 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 control 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 control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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


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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 March, 2023

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

13. Statement of Financial Performance for the Year Ended 30th June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	0	200,000
Transfers From the County Government	2	25,000,000	25,000,000
Fines, Penalties and Other Levies	3	0	0
		25,000,000	25,200,000
Revenue From Exchange Transactions			
Interest Income	4	0	0
Other Income	5	0	824,730
		0	824,730
Total Revenue		25,000,000	26,024,730
Expenses			
Employee Costs	6	0	0
Emergency expenses	7	22,919,598	125,522,606
Depreciation and Amortization Expense	8	0	0
Finance Costs	9	0	0
Total Expenses		22,919,598	125,522,606
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	0	0
Surplus/(Deficit) For The Period		2,080,402	(99,497,876)

(The notes set out on pages 19 to 28 form an integral part of these Financial Statements)

.....
 Name: *Samson Ochieng*
 Administrator of the Fund

.....
 Name: *Wycliffe Wabwire*
 Fund Accountant
 ICPAK Member Number:
 27716


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


14. Statement of Financial Position as At 30 June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	11	7,636,474	5,556,072
Current Portion of Long- Term Receivables From Exchange Transactions	12	0	0
Prepayments	13	0	0
Inventories	14	0	0
		7,636,474	5,556,072
Non-Current Assets			
Property, Plant and Equipment	15	0	0
Intangible Assets	16	0	0
Long Term Receivables from Exchange Transactions	12	0	0
		0	0
Total Assets		7,636,474	5,556,072
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	17	0	0
Provisions	18	0	0
Current Portion of Borrowings	19	0	0
Employee Benefit Obligations	20	0	0
Non-Current Liabilities			
Non-Current Employee Benefit Obligation	20	0	0
Long Term Portion of Borrowings	19	0	0
Total Liabilities		0	0
		0	0
Net Assets			
Revolving Fund		7,636,474	5,556,072
Reserves		105,053,948	105,053,948
Accumulated Surplus		0	0
Total Net Assets and Liabilities		(97,417,474)	(99,497,876)
		7,636,474	5,556,072

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

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 28/07 2022 and signed by:



.....
Name: Opiendo Samson
Administrator of the Fund



.....
Name: Wycliffe Wabwire
Fund Accountant
ICPAK Member Number:
27716.

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

15. Statement of Changes in Net Assets for the year ended 30th June 2022

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
	Kshs	Kshs	Kshs	Kshs
Balance As At 1 July 2020	105,053,948	0	(99,497,876)	5,556,072
Surplus/(Deficit) For the Period	0	0	0	0
Funds Received During the Year	0	0	0	0
Transfers	0	0	0	0
Revaluation Gain	0	0	0	0
Balance As At 30 June 2021	105,053,948	0	(99,497,876)	5,556,072
Balance As At 1 July 2021	105,053,948	0	(99,497,876)	5,556,072
Surplus/(Deficit) For the Period	0	0	2,080,402	2,080,402
Funds Received During the Year	0	0	0	0
Transfers	0	0	0	0
Revaluation Gain	0	0	0	0
Balance As At 30 June 2022	105,053,948	0	(97,417,474)	7,636,474


 Name: **Ociro Samson**
 Administrator of the Fund


 Name: **Wycliffe Wabwire**
 Fund Accountant
 ICPAK Member Number:
2776

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

16. Statement of Cash Flows For The Year Ended 30 June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Cashflowsfromoperatingactivities			
Receipts			
Publiccontributionsanddonations		0	200,000
Transfers from the county government		25,000,000	25,000,000
Receipts from Internal borrowing		0	824,730
Receipts from other operating activities		0	0
Total receipts		25,000,000	26,024,730
Payments			
Fund administration expenses		0	0
Emergency Expenses		22,919,598	125,522,606
Financecost		0	0
Other payments		0	0
Netcashflowsfromoperatingactivities		2,080,402	(99,497,876)
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangibleassets		0	0
Proceedsfromsaleofproperty,plant& equipment		0	0
Proceeds from loan principal repayments		0	0
Loan disbursements paid out		0	0
Netcashflowsusedininvestingactivities		0	0
Cashflowsfromfinancingactivities			
Proceedsfromrevolving fund receipts		0	0
Additional borrowings		0	0
Repaymentofborrowings		0	0
Netcashflowsusedinfinancingactivities		0	0
Netincrease/(decrease)incash&cash Equivalents		2,080,402	(99,497,876)
Cashandcashequivalentsat1July	11	5,556,072	105,053,948
Cashandcashequivalentsat30 June	11	7,636,474	5,556,072

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

The statement of the cash flow has been prepared using a direct method



Name: *Samson Othman*
Administrator of the Fund



Name: *Wycliffe Wabwire*
Fund Accountant
ICPAK Member Number:
27716

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

	Original budget	Adjustments	Final budget	Actuals comparable basis	Performance difference
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022
Revenue	KShs	KShs	KShs	KShs	KShs
Transfers from County Govt.	60,000,000	(10,000,000)	50,000,000	25,000,000	25,000,000
Other income	0	0	0	0	0
Total income	60,000,000	(10,000,000)	50,000,000	25,000,000	25,000,000
Expenses					
Staff costs	0	0	0	0	0
Emergency Expenses	60,000,000	(10,000,000)	50,000,000	22,919,598	27,080,402
Loans	0	0	0	0	0
Total expenditure	60,000,000	(10,000,000)	50,000,000	22,919,598	27,080,402
Surplus				2,080,402	

Notes

1. The total revenue budget was ksh 50m against a receipt of ksh 25m leaving a variance of ksh 25m this was attributed to late disbursement of exchequer from the national treasury
2. The under expenditure of ksh 27m was because the county dint realize much of emergency activities for the year

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

18. Notes to the Financial Statements

1. General Information

Kakamega county emergency entity is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Kakamega County Government and is domiciled in Kenya. The entity's principal activity is to provide financial and managerial support to urgent and unforeseen need which falls within the mandate of the County Government that threatens to damage human life or welfare or threatens to damage the environment for which immediate expenditure is required in the County.

2. Statement of compliance and basis of preparation

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

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

3. Adoption of new and revised standards

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

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

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p>

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

Standard	Effective date and impact:
	<ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful 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> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.

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

Standard	Effective date and impact:
	<p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present</p>

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

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

(iii) Early adoption of standards

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

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

1. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2021-2022 was approved by the County Assembly on June 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations on the FY 2021-2022 budget following the governing body's approval.

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

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

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

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

Summary Of Significant Accounting Policies (Continued)

c) Property, plant and equipment

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

d) Intangible Assets

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

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

a) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

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

Summary Of Significant Accounting Policies (Continued)

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or a entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

Kakamega County Emergency Fund

Annual Report and Financial Statements for the year ended June 30, 2022

Summary Of Significant Accounting Policies (Continued)

b) Inventories

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

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

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

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

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

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

c) Provisions

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

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

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

Contingent liabilities

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

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

Summary Of Significant Accounting Policies (Continued)

Contingent assets

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

d) Nature and purpose of reserves

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

e) Changes in accounting policies and estimates

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

f) Employee benefits – Retirement benefit plans

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

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

g) Foreign currency transactions

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

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

Summary of Significant Accounting Policies (Continued)

h) Borrowing costs

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

i) Related parties

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

j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

k) Comparative figures

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

l) Events after the reporting period

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

m) Ultimate and Holding Entity

The Kakamega County Emergency Fund was established by the County Government of Kakamega through the Public Financial Management Act (Kakamega County Emergency Fund) Regulations, 2018. The Fund Administrator at the time being the Chief Officer of the Ministry of Finance and Economic Planning

n) Currency

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

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

6. Notes To The Financial Statements

1. Public contributions and donations

Description	2021-2022	2020-2021
	Kshs	Kshs
Donation from development partners		
Cop bank Donation to Covid 19	0	200,000
Contributions From The Public	0	0
Total	0	200,000

2. Transfers from County Government

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers From County Govt. –Operations	25,000,000	25,000,000
Payments By County On Behalf Of The Entity	0	0
Total	25,000,000	25,000,000

3. Fines, penalties and other levies

Description	2021-2022	2020-2021
	Kshs	Kshs
Late Payment Penalties	0	0
Donation from other Development partners	0	0
Total	0	0

4. Interest income

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest Income From Mortgage Loans	0	0
Interest Income From Car Loans	0	0
Interest Income From Investments	0	0
Interest Income On Bank Deposits	0	0
Total Interest Income	0	0

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

Notes to the Financial Statements Continued

5. Other income

Description	2021-2022	2020-2021
	Kshs	Kshs
Insurance Recoveries	0	0
Income From Sale Of Tender Documents	0	0
Receipts from retention account	0	824,730
TotalOtherIncome	0	824,730

6. Employee Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries And Wages	0	0
Staff Gratuity	0	0
Staff Training Expenses	0	0
Total	0	0

7. Emergency Expenses

Description	2021/2022	2020/2021
	KShs	KShs
Hospitality	0	7,589,030
Emergency Exp	0	2,068,466
Fencing Kakamega High	0	3,950,001
Road Repairs & Maintenance	0	12,486,653
Covid 19-Expenses	0	99,397,437
Bank Charge	5,400	31,020
Construction Of Box Culvert	19,987,442	0
Oxygen Piping Works	2,099,820	0
Construction Of Latrines	826,936	0
Bridge Construction	0	0
Total	22,919,598	125,522,606

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

8. Depreciation and Amortization Expense

Description	2021/22	2020/21
	Kshs.	Kshs.
Property Plant and Equipment	0	0
Intangible Assets	0	0
Total	0	0

9. Finance costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest On BankOverdrafts	0	0
Interest On Loans From Banks	0	0
Total	0	0

10. Gain/(loss) on disposal of assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Property,PlantAndEquipment	0	0
Intangible Assets	0	0
Total	0	0

Kakamega County Emergency Fund

Annual Report and Financial Statements for the year ended June 30, 2022

Notes to the Financial Statements Continued

11. Cash and cash equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Account	7,636,474	5,556,072
Others	0	0
TotalCashAndCashEquivalents	7,636,474	5,556,072

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

Financial Institution	Account number	2021-2022	2020-2021
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank			
Bank COP BANK		7,636,474	5,556,072
Total		7,636,474	5,556,072

12. Receivables from exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Interest Receivable	0	0
Current Loan Repayments Due	0	0
OtherExchangeDebtors	0	0
Less:ImpairmentAllowance	0	0
Total Current Receivables	0	0
Non-Current Receivables		
Long Term Loan Repayments Due	0	0
Total Non- Current Receivables	0	0
TotalReceivables From Exchange Transactions	0	0

Additional disclosure on interest receivable

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	0	0

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

Accrued interest receivable from of long-term loans of previous years	0	0
Interest receivable from current portion of long-term loans issued in the current year	0	0
Current loan repayments due	0	0
Current portion of long-term loans from previous years	0	0
Accrued principal from long-terms loans from previous periods	0	0
Current portion of long-term loans issued in the current year	0	0

13. Prepayments

Description	2021-2022	2020-2021
	Kshs	Kshs
Prepaid Rent	0	0
Prepaid Insurance	0	0
Prepaid Electricity Costs	0	0
Other Prepayments (Specify)	0	0
Total	0	0

14. Inventories

Description	2021-2022	2020-2021
	Kshs	Kshs
ConsumableStores	0	0
SparePartsAndMeters	0	0
Catering	0	0
Other Inventories (Specify)	0	0
TotalInventoriesAtTheLowerOfCostAndNetRealizable Value	0	0

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

Notes To The Financial Statements (Continued)

15. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2020					
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Transfers/Adjustments	0	0	0	0	0
At 30th June 2021	0	0	0	0	0
At 1st July 2021	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Transfer/Adjustments	0	0	0	0	0
At 30th June 2022	0	0	0	0	0
Depreciation And Impairment	0	0	0	0	0
At 1st July 2020	0	0	0	0	0
Depreciation	0	0	0	0	0
Impairment	0	0	0	0	0
At 30th June 2021	0	0	0	0	0
At 1st July 2021	0	0	0	0	0
Depreciation	0	0	0	0	0
Disposals	0	0	0	0	0
Impairment	0	0	0	0	0

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

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
Transfer/Adjustment	0	0	0	0	0
At 30 th June 2022	0	0	0	0	0
Net Book Values	0	0	0	0	0
At 30 th June 2021	0	0	0	0	0
At 30 th June 2022	0	0	0	0	0

Kakamega County Emergency Fund

Annual Report and Financial Statements for the year ended June 30, 2022

Notes To The Financial Statements (Continued)

16. Intangible assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Cost	0	0
At Beginning Of The Year	0	0
Additions	0	0
At End Of The Year	0	0
Amortization And Impairment	0	0
At Beginning Of The Year	0	0
Amortization	0	0
At End Of The Year	0	0
Impairment Loss	0	0
At End Of The Year	0	0
NBV	0	0

17. Trade and other payables from exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade Payables	0	0
Refundable Deposits	0	0
Accrued Expenses	0	0
Other Payables	0	0
Total Trade And Other Payables	0	0

18. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At The Beginning Of The Year (1.07.2021)	0	0	0	0
Additional Provisions	0	0	0	0
Provision Utilised	0	0	0	0
Change Due To Discount And Time Value For Money	0	0	0	0
Transfers From Non -Current Provisions	0	0	0	0
Balance At The End Of The Year (30.06.2022)	0	0	0	0

Kakamega County Emergency Fund

Annual Report and Financial Statements for the year ended June 30, 2022

Notes To The Financial Statements (Continued)

20. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2021-2022	2020-2021
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	0	0	0	0	0
Non-Current Benefit Obligation	0	0	0	0	0
Total	0	0	0	0	0

21. Cash generated from operations

	2021-2022	2020-2021
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax		
Adjusted For:	0	0
Depreciation	0	0
Amortisation	0	0
Gains/ Losses On Disposal Of Assets	0	0
Interest Income	0	0
Finance Cost	0	0
Working Capital Adjustments	0	0
Increase In Inventory	0	0
Increase In Receivables	0	0
Increase In Payables	0	0
Net Cash Flow From Operating Activities	0	0

Kakamega County Emergency Fund

Annual Report and Financial Statements for the year ended June 30, 2022

Other Disclosures

22. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

	2021-2022	2020-2021
	Kshs	Kshs
Transfers From Related Parties'	25,000,000	25,000,000
Transfers To Related Parties	0	0

c) Key management remuneration

	2021-2022	2020-2021
	Kshs	Kshs
Board Of Trustees	0	0
Key Management Compensation	0	0
Total	0	0

d) Due from related parties

	2021-2022	2020-2021
	Kshs	Kshs
Due From Parent Ministry	0	0
Due From County Government	0	0
Total	0	0

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

Other Disclosures Continued

e) Due to related parties

	2021-2022	2020-2021
	Kshs	Kshs
Due To Parent Ministry	0	0
Due To County Government	0	0
Due To Key Management Personnel	0	0
Total	0	0

23. Contingent assets and contingent liabilities

Contingent Liabilities	2021-2022	2020-2021
	Kshs	Kshs
Court Case Against The Fund	0	0
Bank Guarantees	0	0
Total	0	0

Kakamega County Emergency Fund

Annual Report and Financial Statements for the year ended June 30, 2022

Other Disclosures Continued

24. Financial risk management

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

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

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022	0	0	0	0
Receivables From Exchange Transactions	0	0	0	0
Receivables From Non-Exchange Transactions	0	0	0	0
Bank Balances	0	0	0	0
Total	0	0	0	0
At 30 June 2021	0	0	0	0
Receivables From Exchange Transactions	0	0	0	0
Receivables From Non Exchange Transactions	0	0	0	0
Bank Balances	0	0	0	0
Total	0	0	0	0

Kakamega County Emergency Fund

Annual Report and Financial Statements for the year ended June 30, 2022

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

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

b) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022	0	0	0	0
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0
At 30 June 2021	0	0	0	0
Trade Payables	0	0	0	0
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	0	0	0	0

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.

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

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

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

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

i. Foreign currency risk

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

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

		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2021	0	0	0
Financial Assets	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors/ Receivables	0	0	0
Liabilities	0	0	0
Trade And Other Payables	0	0	0
Borrowings	0	0	0
Net Foreign Currency Asset/(Liability)	0	0	0

Foreign currency sensitivity analysis

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

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

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

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

d) Capital risk management

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

	2021-2022	2020-2021
	Kshs	Kshs
Revaluation reserve	0	0
Revolving fund	0	0
Accumulated surplus	0	0
Total funds	0	0
	0	0

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

Total borrowings	0	0
Less: cash and bank balances	0	0
Net debt/(excess cash and cash equivalents)	0	0
Gearing	0	0

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

19. Progress on Follow up of Prior Year Auditor's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

The fund was not audited in fy 2020-2021 hence no Audit issues to follow up