

REPUBLIC OF KENYA

PARLIAMENT  
OF KENYA  
LIBRARY



*Enhancing Accountability*

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**LAIKIPIA COUNTY EMERGENCY FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2020**

PAPERS LAID	
DATE	23/02/2022
TABLED BY	SML
COMMITTEE	-
CLERK AT THE TABLE	CAROLINE CHOBOT





---

**LAIKIPIA COUNTY EMERGENCY FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2020**

---

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

**LAIKIPIA COUNTY EMERGENCY FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2020**

---

1.	KEY ENTITY INFORMATION AND MANAGEMENT	2
2.	STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S PREDETERMINED OBJECTIVES	4
3.	MANAGEMENT TEAM	5
4.	FUND CHAIRPERSON'S REPORT	6
4.	REPORT OF THE FUND ADMINISTRATOR	7
5.	MANAGEMENT DISCUSSION AND ANALYSIS	10
6.	CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING 12	
7.	STATEMENT OF MANAGEMENT'S RESPONSIBILITIES	13
8.	FINANCIAL STATEMENTS	14
a.	<b>STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2020</b> .....	<b>14</b>
b.	<b>STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020</b> .....	<b>15</b>
c.	<b>STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2020</b> .....	<b>16</b>
d.	<b>STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020</b> .	<b>17</b>
e.	<b>STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30<sup>th</sup> JUNE 2020</b> .....	<b>18</b>
f.	<b>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</b> .....	<b>20</b>
g.	<b>NOTES TO THE FINANCIAL STATEMENTS</b> .....	<b>30</b>
9.	PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS	34

**LAIKIPIA COUNTY EMERGENCY FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2020**

**1. KEY ENTITY INFORMATION AND MANAGEMENT**

**a) Background information**

Laikipia County Emergency Fund is established on 4<sup>th</sup> May 2020 and derives its authority and accountability from Public Finance Management Act, 2012. The Fund is wholly owned by the County Government of Laikipia and is domiciled in Kenya.

The fund's objective is to;

- i) Enable payments to be made in respect of the county when an urgent and unforeseen need arises for which there is no specific legislative authority or budget allocation.
- ii) Facilitate preparedness and time response to emergencies to reduce and minimize its negative effects.
- iii) Enable purchase, issuance of contracts, supplies of necessities like emergency protective gear and kits, food, water, fodder, farm input, hiring personnel on contract basis, increase spending in case of threat, epidemic to human life. Animals (livestock and wildlife), vegetation, crops and environment by epidemics. catastrophe, drought, fire, floods, war or otherwise and setting up makeshift facilitates to mitigate the emergencies.
- iv) A common reserve emergency fund that can facilitate faster transparent, predictable and accountable release of funds for emergency management.

**b) Principal Activities**

The principal mandate of the Fund is to co-ordinate, respond and finance Emergencies in Laikipia County.

**c) Fund Administration Committee**

1	Karanja Njora	Chair person
2	Murungi Ndai	Fund Administrator
3	Paul Njenga	Secretary
4	Alexander Muchemi	Member

**d) Covid-19 Emergency Committee**

1	James Mworja	Overall	Chairman
2	Michael Dyer	Ranchers	Member
3	Margaret Lesuuda	Education	Member
4	Irene Wamithi	Legal Member	Member
5	Wangari Macharia	Hospitality	Member
6	Wilfred Kimotho	Transport	Member
7	Josh Perret	Tourism	Member
8	Fr John Nene	Religious	Member
9	Bishop Joel Waiguru	Religious	Member
10	Njenga Kahiro	County Government	Secretariat
11	Jesse Mugo	County Government	Secretariat

**LAIKIPIA COUNTY EMERGENCY FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2020**

---

**e) Key Management**

1	Murungi Ndai	CECM Finance
3	Paul Njenga	Accounting Officer Finance
4	Donald Mogoi	Accounting Officer Health and Medical Services

**f) Registered Offices**

P.O Box 1271-10400  
County Interim Headquarters  
Nanyuki, Kenya

**g) Fund Contacts**

Telephone: (254) 716-031031  
E-mail: [lcda@laikipia.go.ke](mailto:lcda@laikipia.go.ke)  
Website: [www.laikipia.go.ke](http://www.laikipia.go.ke)

**h) Fund Bankers**

Central Bank of Kenya  
P.O Box 60000 -00100  
Nairobi, Kenya

Absa Bank  
Nanyuki, Kenya

**i) Independent Auditors**

Office of Auditor General  
Anniversary Towers, University Way  
Tel ISDN NO. +254-020-3214000  
Email: [oag@oagkenya.go.ke](mailto:oag@oagkenya.go.ke)  
Fax +254-20-311482  
P.O. Box 30084 - 0100  
Nairobi.

**j) Principal Legal Adviser**

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

**k) County Legal Adviser**

P.O. Box 1271 - 10400  
Office of the Governor  
Nanyuki, Kenya

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

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

The key objectives of the Emergency Fund are to:

- i) Enhance compliance with set procedures and standards on usage of Emergency Funds
- ii) Mitigate emergencies in the County

**Progress on attainment of Strategic development objectives of the Emergency Fund**

Below we provide the progress on attaining the stated objectives:

Public Finance Management Services	To enhance compliance with provisions of PFM Act relating to utilization of emergency funds	Efficiency in utilization of emergency funds and accountability of utilised emergency funds	100% efficiency	100 % accountability of the Emergency funds for Covid-19 and Locust pandemic
	Mitigating emergencies in the County	Well-coordinated emergency response	100% response to emergencies	100% response to Covid-19 and the locust pandemic

**LAIKIPIA COUNTY EMERGENCY FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2020**

---

**3. MANAGEMENT TEAM**

<p>1. Murungi Ndai</p>	<p>He is the Fund administrator and the CECM Finance, Economic Planning and County Development.</p> <p>He holds a Master's of Science Degree in Economics and Investments, Bachelor's Degree in Economics and Statistics, and a Post Graduate Diploma in Human Resource Management. He is as certified international retail banker with over 13 years' experience in the banking industry.</p>
<p>2. Paul Njenga</p>	<p>He is the Fund secretary and the Accounting Officer Finance, Economic Planning and County Development.</p> <p>He is currently pursuing his PhD. In Business Administration - Finance. He holds a Master's in Business Administration (Finance), a Bachelor's degree in Education (Economics and Mathematics) and a Diploma in Purchasing and Supply.</p> <p>He is a Certified Change Manager and a member of;  CIPS – Chartered Institute of Purchasing and Supply  KISM – Kenya Institute of Supply Management</p>
<p>3. Dr Donald Mogoi</p>	<p>He is the Accounting Officer Health and Medical Services.</p> <p>He is a public health specialist with over 15 years of experience. He holds a Master's of Science in Epidemiology , a Master's in Business Administration and a Bachelor's degree in Medicine and Surgery.</p>

**4. FUND CHAIRPERSON'S REPORT**

The Public Finance Management Act 2012, Sections 110 to 115 give guidance on;



- i) Establishment of an Emergency Fund (Section 110)
- ii) Administration of the Emergency Fund (Section 111)
- iii) Power of County Executive Committee member to make payments from Emergency Fund (Section 112)
- iv) Limitation on power of County Executive Committee member for finance to make payments from Emergency Fund. (Section 113)
- v) Seeking approval for payments from the Emergency Fund (Section 114)
- vi) Preparation of financial statements and submission for audit (Section 115)

The Laikipia County Emergency Fund was established in May 2020 in line with the above PFM guidelines. The need to establish this Fund arose due to Covid-19 pandemic that has become an international disaster affecting all countries in the world. The pandemic as claimed over 1.2 million lives and there has been over 53 million ported infections worldwide. Thus Laikipia County activated the Emergency Fund to help mitigate the impact of Covid-19 in the County.

The Emergency kitty has received 214 million in cash and in kind contributions from various sources including the National Government, County Executive, Staff Contributions, Institutions, Public, business community and development partners. These funds have been used to finance various Covid-19 related activities including The Lisha Jamii initiative - Zero Contact Food Distribution Programme, The Civil works programs - youth initiative, Purchase of protective items including hospital Personal Protective Equipment (PPEs), creation of Intensive Care Units (ICU) and isolation centres, face masks, sanitizers, tanks and soaps and facilitating sensitization programs.

We look forward to the end of this pandemic, and to the recovery of our economic which has been negatively affected the pandemic. Laikipia County has suffered a decline in own source revenue due to closure and poor performance of businesses, low tourism and hospitality activities.

In a bid to support business during this Covid-19 pandemic, we have successful entered into partnership with 2 commercial banks KCB and Co-operative bank. The governor signed a 2.3 billion business lending scheme and economic stimulus facility with these banks to offer discounted credit to over 5,000 businesses and over 180 co-operatives in Laikipia as an effort to inject capital infusion for our businesses and enterprises

**Karanja Njora**  
**Chair, Laikipia County Emergency Fund**  
**COUNTY GOVERNMENT OF LAIKIPIA**

**LAIKIPIA COUNTY EMERGENCY FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2020**

---

**4. REPORT OF THE FUND ADMINISTRATOR**

The Fund was created to enable payments to be made when an urgent and unforeseen need for expenditure for which there is no specific legislative authority arises. In this financial year the County suffered from two pandemics; The Covid-19 pandemic and The Locust invasion. The County therefore saw the need to create the kitty to mitigate the effects of these unforeseen needs

**Covid-19 pandemic:**

The 1<sup>st</sup> case in the Country was reported in March 2020; while the 1<sup>st</sup> Covid-19 case in Laikipia was reported in July 2020. The virus was spreading rapidly across the entire Country and world and thus there was need to have a fund that would finance activities relating to the pandemic.

By the end of this financial year, the Fund had received revenue amounting to 214 million from various sources including our business community, volunteer residents, development partners, the national government and Laikipia County Government employees.

The County has engaged in various programs and activities in a bid to manage and mitigate the effects of Covid-19 including but not limited to;

- i) **Creation of the Covid-19 Emergency Committee**  
The committee was established by the Governor of Laikipia County, His Excellency Ndiritu Muriithi, on 7th April 2020 following declaration of the Covid-19 as a pandemic by the Ministry of Health in March 2020. The Committee was formed to mobilize resources and facilitate the distribution of care packs to some of the most vulnerable families across Laikipia County. The eleven-member committee is comprised of representatives of various stakeholders across the county and is led by James Mworira who is the Chairman of the Laikipia County Development Authority and also the Group Chief Executive Officer of Centum Investment Plc
- ii) **The Lisha Jamii Initiative**  
Zero Contact Food Distribution Programme. This helped in distributing food and other essential household supplies to the vulnerable families in the County. Approximately 25,000 households were targeted with the vulnerable families identified and registered based on the county government's NHIF M-jali database and validated by a team made up of the Members of County Assembly, the clergy, Community Health Volunteers and the area chiefs.
- iii) **The Laikipia Civil Works Program.**  
The aim of this labor based roads and drainage maintenance program is to offer financial support to our vulnerable youth whose situation has been worsened by the Covid-19 pandemic. This program also creates an opportunity to nurture them into a responsible and productive generation that will fight to maximize its potential and develop self-sustaining skills.  
Work in Progress under this program include;
  - Sagak-bypass road
  - Zebra hotel road

**LAIKIPIA COUNTY EMERGENCY FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2020**

---

- Jalabert road
  - County garage road
  - Mortuary parking and road
  - Kigumo-losogwa road
- iv) Through the Health department, the County has also invested heavily in readiness and preparation to tackle Covid-19 cases that may arise through creation a 10 bed capacity ICU facility and 5 Covid-19 isolation centres, with a continuous aim of boosting our bed capacity in the isolation facilities.
- v) The Vocational Training Centers (VTCs) in Laikipia have played crucial role in mass production of facemasks and other PPEs to help address the growing demand. Nanyuki, Nyahururu and Marmanet VTCs committed to production of hospital beds for our quarantine and isolation centers and they delivered without failure beds that can be adjusted manually to the patients' comfort.
- vi) The County has also successful entered into partnership with 2 commercial bank, KCB and Co-operative bank. The governor signed a 2.3 billion business lending scheme and economic stimulus facility with these banks to offer discounted credit to over 5,000 businesses and over 180 co-operatives in Laikipia as an effort to inject capital infusion for our businesses and enterprises.

**The Locust invasion:**

In this financial year food security not only in Laikipia but National wide has been threatened by the locust invasion which was declared as a National disaster.

Laikipia has been working jointly with Isiolo, Samburu and Meru as well as with the private sector and the national government for intensified aerial spraying in a bid to halt the spread and breeding of the deadly pests further. These interventions were aimed at safeguarding agricultural farms and pasture lands from the destruction the desert locusts. The dreaded insects are a threat to food security and livelihoods, as they devour entire vegetation on their path. The fact that the insects breed fast warrants the urgent interventions the region has resorted to.

**Future Outlook**

Despite the challenges posed by Covid-19 and locust invasion, we are optimistic for a better new financial year and the end of the pandemic. We look forward to a stimulus County budget of whose focus will be to reboot our businesses and enterprises assisting them to get back from the devastating effects.

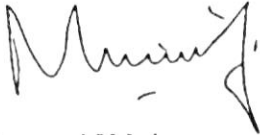
**Conclusion**

On behalf of the County Government and citizens of Laikipia I would like to thank the entire staff in the Department of Health and Medical services led by Dr. Lenai and Dr. Mogoi, for their selfless contribution in managing the pandemic.

**LAIKIPIA COUNTY EMERGENCY FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2020**

---

Finally, my sincere appreciation to the Covid-19 Emergency Committee led by dr. James Mworira, staff and citizens who volunteered in various activities aimed at managing the pandemic.



**Murungi Ndai**  
**Fund Administrator**  
**Laikipia County Emergency Fund**



**LAIKIPIA COUNTY EMERGENCY FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2020**

**5. MANAGEMENT DISCUSSION AND ANALYSIS**

The Emergency Fund was mainly used to finance covid-19 activities but it also financed expenditure incurred in managing the locust invasion.

**Operational Performance**

Major revenue sources for the fund in the Financial year were from The National Government, The County Government, Business Community, Residents and Staff donations.

Covid-19 pandemic has claimed lives in Laikipia County while we have seen our people recover from the virus infections. Most businesses and families have experienced the negative effects of the pandemic.

The County Government has put various in place various mechanisms and efforts in a bid to control the virus and keep the residents safe; while cautioning our businesses from the negative effects.

Through the Covid-19 Emergency Committee the County was able to dispatch care packs that would last an average family for 14 days and contained the following essentials in various combinations; including Maize flour, beans, salt, cooking fat, maize grains, rice and bar soap.

**Financial Performance**

Below is an analysis of the financial undertakings of the Fund during the financial year 2019-2020

<b>Revenue</b>	
Cash contributions and donations	9,847,635
In kind contributions and donations	11,286,737
Transfers from the County Executive-received	187,424,213
Transfers from the County Executive-receivable	5,905,250
<b>Total revenue</b>	<b>214,463,835</b>
<b>Expenditure</b>	
Electricity and water	(12,746,548)
Printing, advertisement and stationery	(1,973,943)
Fuel and oil costs	(3,660,992)
Bank charges	(5,879)
Hospitality and catering	(16,508,200)
Allowances	(2,269,600)
Security costs	(324,000)
Casuals wages	(1,689,000)
Repairs and Maintenance – Other assets	(5,430,595)
Repairs and Maintenance - Vehicles	(468,988)

**LAIKIPIA COUNTY EMERGENCY FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2020**

---

Consumables (Covid-19 Household supplies)	(33,319,210)
Consumables (Covid-19 Donations for Household supplies)	(7,995,737)
Consumables (Covid-19 Protective items)	(100,883,200)
Consumables (Covid-19 Donations for Protective items)	(3,291,000)
Consumables (Hospitals supplies)	(18,758,780)
Transfers to other County entities	(3,999,560)
Other expenses - Locust pandemic	(1,050,000)
Other expenses	(50,000)
<b>Total expenditure</b>	<b>(214,425,232)</b>
<b>Cash and cash equivalents</b>	<b>18,194,953</b>
<b>Receivables from County Executive</b>	<b>5,905,250</b>
<b>Outstanding Imprest</b>	<b>941,500</b>
<b>Accounts Payable</b>	<b>25,003,100</b>

**6. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

Most of the Fund activities revolved around CSR activities such much as it is the County Government responsibility to take care of its citizens. These activities included;

- i) The Civil Works Programs - an initiative aimed at supporting the youth during thus Covid-19 pandemic, and it also gave them a chance to learn new skills. Work in progress under this program includes;
  - Sagak-bypass road
  - Zebra hotel road
  - Jalabert road
  - County garage road
  - Mortuary parking and road
  - Kigumo-losogwa road
- ii) The Lisha Jamii Initiative - Zero Contact Food Distribution Programme. The program was managed by volunteer staff, interns and residents of Laikipia County
- iii) The Covid-19 Emergency Committee – to mobilize resources and facilitate the distribution of care packs to some of the most vulnerable families. This committee and its team were all volunteers in managing the covid-19 pandemic
- iv) Partnerships and collaboration with Dekut, Laikipia VTCs, Laikipia Water Companies and Enterprises to supply essential items including hospital beds, face masks, PPEs, soaps, sanitizers, soaps and water.

**LAIKIPIA COUNTY EMERGENCY FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2020**

---

**7. 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 as guided by Section 110 of The PFM Act 2012 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

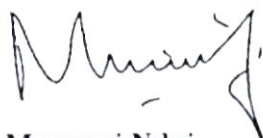
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2020. This responsibility includes: (i) 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. 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, 2020, 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.

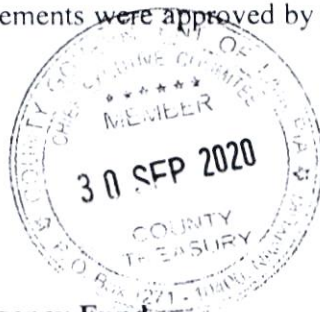
In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention 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**

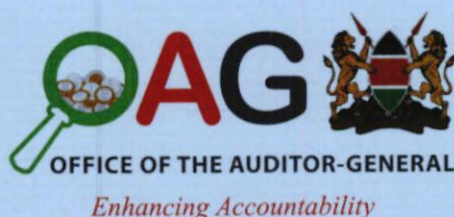
The Fund's financial statements were approved by the Board on **30<sup>th</sup> September 2020** and signed on its behalf by:



**Murungi Ndai**  
**Fund Administrator**  
**Laikipia County Emergency Fund**



# REPUBLIC OF KENYA



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

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

## REPORT OF THE AUDITOR-GENERAL ON LAIKIPIA COUNTY EMERGENCY FUND FOR THE YEAR ENDED 30 JUNE, 2020

---

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Laikipia County Emergency Fund set out on pages 14 to 34, which comprise the statement of financial position as at 30 June, 2020, statement of financial performance, statement of changes in net assets, statement of cash flows, and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Laikipia County Emergency Fund as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

#### Basis for qualified Opinion

##### General Expenses

The statement of financial performance for the year ended 30 June, 2020 reflects general expenses of Kshs.214,425,232, out of which an amount of Kshs.32,100,656 was incurred in respect of purchase of food stuff to vulnerable families under COVID-19 effects mitigation program. However, no documentary evidence was provided on how people who benefitted from the food donation were identified. Further, distribution lists supporting the donation was not signed by the beneficiaries acknowledging receipt of the food rations. Further, inventory records for the foodstuffs were not updated.

Under the circumstances, the validity of the expenditure of Kshs.32,100,656 could not be confirmed. Further, it was not possible to confirm whether the donations reached the intended beneficiaries.

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

### **Key Audit Matters**

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

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

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

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

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

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

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

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

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

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

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


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

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

04 February, 2022

**LAIKIPIA COUNTY EMERGENCY FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2020**

**8. FINANCIAL STATEMENTS**

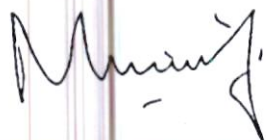
**a. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2020**

Revenue from non-exchange transactions		
Public contributions and donations	1	21,134,372
Transfers from the County Executive	2	193,329,463
<b>Total revenue</b>		<b>214,463,835</b>
Expenses		
Fund administration expenses	3	-
General expenses	4	(214,425,232)
Finance costs	5	-
<b>Total expenses</b>		<b>(214,425,232)</b>
<b>Surplus/( deficit) for the period</b>		<b>38,603</b>

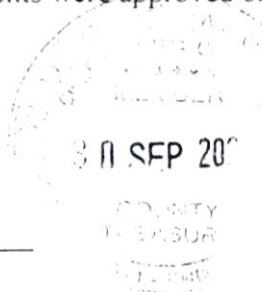
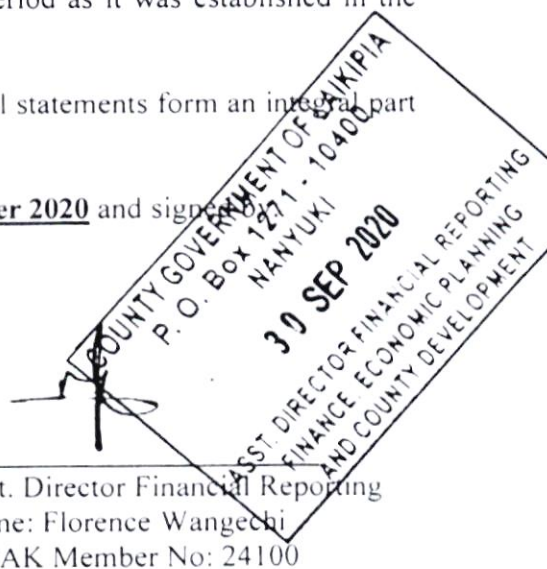
The Fund does not have comparative figures from previous period as it was established in the Financial year 2019/2020.

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 30<sup>th</sup> September 2020 and signed



Administrator of the Fund  
 Name: Murungi Ndai

ASST. DIRECTOR FINANCIAL REPORTING  
 FINANCE ECONOMIC PLANNING  
 AND COUNTY DEVELOPMENT

Asst. Director Financial Reporting  
 Name: Florence Wangechi  
 ICPAK Member No: 24100

**LAIKIPIA COUNTY EMERGENCY FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2020**

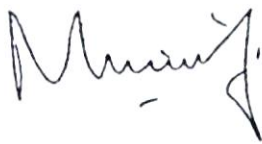
**b. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020**

<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	6	18,194,953
Receivables from non-exchange transactions	7	5,905,250
Receivables from outstanding Imprest	8	941,500
		<b>25,041,703</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts Payable	9	(25,003,100)
<b>Total Net Assets</b>		<b>38,603</b>
<b>Financed by:</b>		
Fund Balance b/fwd.		-
Accumulated surplus		38,603
<b>Total</b>		<b>38,603</b>

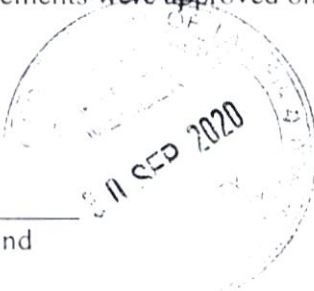
The Fund does not have comparative figures from previous period as it was established in the Financial year 2019/2020

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 **30<sup>th</sup> September 2020** and signed by:



Administrator of the Fund  
 Name: Murungi Ndai




Asst. Director Financial Reporting  
 Name: Florence Wangechi  
 ICPAK Member No: 24100



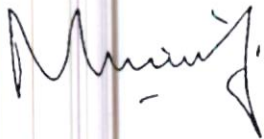
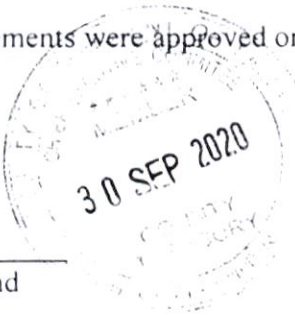
**LAIKIPIA COUNTY EMERGENCY FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2020**

c. **STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2020**

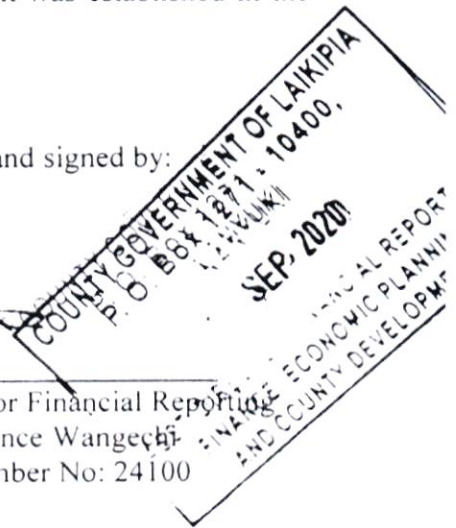
<b>Balance as at 1 July 2019</b>	-	-	-
Surplus/(deficit) for the period		38,603	38,603
Revaluation gain		-	-
<b>Balance as at 30 June 2020</b>	-	-	<b>38,603</b>

The Fund does not have opening balances under revolving fund since it was established in the Financial year 2019/2020

The entity financial statements were approved on 30<sup>th</sup> September 2020 and signed by:

Administrator of the Fund  
 Name: Murungi Ndai

Asst. Director Financial Reporting  
 Name: Florence Wangechi  
 ICPAK Member No: 24100

**LAIKIPIA COUNTY EMERGENCY FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2020**

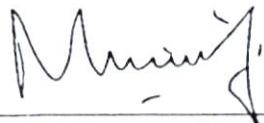
**d. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020**

<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Public contributions and donations	12	9,847,635
Transfers from the County Executive	12	187,424,213
<b>Total Receipts</b>		<b>197,271,848</b>
<b>Payments</b>		
Fund administration expenses		-
General expenses	13	(178,135,395)
Finance cost		-
<b>Total Payments</b>		<b>(178,135,395)</b>
<b>Adjusted for:</b>		
Decrease/(Increase) in Receivables from Imprest	10	(941,500)
Increase/(Decrease) in Accounts Payable	11	-
<b>Net cash flows from operating activities</b>		<b>18,194,953</b>
<b>Cash flows from investing activities</b>		
Purchase of PPE	13	-
<b>Net cash flows used in investing activities</b>		<b>-</b>
<b>Cash flows from financing activities</b>		
Additional borrowings		-
Repayment of borrowings		-
<b>Net cash flows used in financing activities</b>		<b>-</b>
Net increase/(decrease) in cash and cash equivalents		18,194,953
Cash and cash equivalents at 1 JULY		-
<b>Cash and cash equivalents at 30 JUNE</b>		<b>18,194,953</b>


The Fund does not have comparative figures from previous period as it was established in the Financial year 2019/2020

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 **30<sup>th</sup> September 2020** and signed by:

  
 Administrator of the Fund  
 Name: Murungi Ndai

11 SEP 2020

  
 Asst. Director Financial Reporting  
 Name: Florence Wangechi  
 ICPAK Member No: 24100

LAIKIPIA COUNTY  
 FINANCIAL REPORTING  
 ECONOMIC PLANNING  
 DEVELOPMENT

**LAIKIPIA COUNTY EMERGENCY FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2020**

**e. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30<sup>th</sup> JUNE 2020**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 <sup>th</sup> JUNE 2020						
<b>Revenue</b>						
Public contributions and donations	-	-	-	21,134,372	(21,134,372)	-
Transfers from County Executive	10,000,000	183,329,463	193,329,463	187,424,213	5,905,250	97%
<b>Total income</b>	<b>10,000,000</b>	<b>183,329,463</b>	<b>193,329,463</b>	<b>208,558,585</b>	<b>(15,229,122)</b>	<b>108%</b>
<b>Payments</b>						
Fund administration expenses	-	-	-	-	-	-
General expenses	10,000,000	183,329,463	193,329,463	189,422,132	3,907,331	98%
Finance cost	-	-	-	-	-	-
<b>Total payments</b>	<b>10,000,000</b>	<b>183,329,463</b>	<b>193,329,463</b>	<b>189,422,132</b>	<b>3,907,331</b>	<b>98%</b>
<b>Surplus/Deficit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,136,453</b>	<b>(19,136,453)</b>	

**Budget adjustments**

The changes between original and final budget was due to the county budget supplementary that's allocate more monies to the Fund to finance covid-19 activities

The 21 million revenue under public contributions and donations relates to contributions through the Covid-19 Emergency Reponses Committee that was established to help mobilize funds to contribute in funding the pandemic; thus was not an item under the County Budget

*The total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis. The budget statement is prepared on a cash basis while the statement of financial performance as detailed in the reconciliation below.*


RECONCILIATION				
<b>REVENUE</b>				
Public contributions and donations	21,134,372	21,134,372	-	
Transfers from County Executive	193,329,463	187,424,213	5,905,250	<i>Accrued revenue</i>
	<b>214,463,835</b>	<b>208,558,585</b>	<b>5,905,250</b>	
<b>PAYMENTS</b>				
General expenses	(214,425,232)	(189,422,132)	(25,003,100)	<i>Accounts payable</i>
	<b>(214,425,232)</b>	<b>(189,422,132)</b>	<b>(25,003,100)</b>	
<b>SURPLUS/(DEFICIT)</b>	<b>38,603</b>	<b>19,136,453</b>	<b>(19,097,850)</b>	

**LAIKIPIA COUNTY EMERGENCY FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2020**

*The amounts under Statement of Comparison Budget and Actual includes both revenue expenditure for donations in kind worth Kshs. 11,286,737*



Administrator of the Fund  
Name: Murungi Ndai



Asst. Director Financial Reporting  
Name: Florence Wangechi  
ICPAK Member No: 24100

LAIKIPIA COUNTY EMERGENCY FUND  
STATEMENT OF FINANCIAL REPORTING  
PERIOD ENDING 30 SEP 2020  
KSHS. 11,286,737

**f. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. 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 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.

**2. Adoption of new and revised standards**

**a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2020**

Standard	Impact
IPSAS 40: Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

**b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020**

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<b>Applicable: 1<sup>st</sup> January 2022:</b> 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: <ul style="list-style-type: none"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject</li> </ul>

**LAIKIPIA COUNTY EMERGENCY FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2020**

Standard	Effective date and impact:
	<p>to impairment testing; and</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2022</b></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; (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><b>Applicable: 1st January 2022:</b></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><b>Applicable: 1<sup>st</sup> January 2021:</b></p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment.</p> <p>Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</p>

**LAIKIPIA COUNTY EMERGENCY FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2020**

Standard	Effective date and impact:
	<p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets.  Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).  Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard</p>
	<p>IPSAS 40, Public Sector Combinations.  Amendments to include the effective date paragraph which were inadvertently omitted when IPSAS 40 was issued</p>

**c) Early adoption of standards**

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

**3. 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

**4. In-kind contributions**

In-kind contributions are donations that are made to the Emergency Fund in the form of actual goods and/or services rather than in money or cash terms. These donations may include

**LAIKIPIA COUNTY EMERGENCY FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2020**

---

vehicles, equipment, goods or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Fund included such value in the statement of receipts and payments both as receipts and as an expense in equal and opposite amounts.

**5. Budget information**

The original budget for FY 2019/2020 was approved by the County Assembly on 5/11/2019. 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 2019/2020 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 after the statement of budget and actual amounts.

**6. 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.

**7. 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.

#### **8. Accounts Receivable**

Outstanding Imprests to authorised public officers which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the Imprest payments are recognized as expenditure when fully accounted for by the Imprest or AIE holders.

Receivables from non-exchange transactions relates to amounts that should have been received by the Fund within the Financial year as per the budget allocation; but remained un-received by the end of the financial year. Revenue is accrued based on the approved and published County Budget that includes Transfers to Emergency Fund as an item in the main budget. Other receivables may include inter-entity lending

#### **9. Accounts Payable**

Creditors (trade payables) refers to amounts billed to Fund by its suppliers for goods delivered to or services consumed by the Fund in the ordinary course of business but have not yet been paid. These amounts appear on the accounts payable aging report until they are paid. Other payables may include inter-entity borrowings and staff payables.

#### **10. 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.

##### *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.

**LAIKIPIA COUNTY EMERGENCY FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2020**

---

***Impairment of financial assets***

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an 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 an 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.

**11. 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

**LAIKIPIA COUNTY EMERGENCY FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2020**

---

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.

**12. 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.

***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.

**13. Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements.

**14. 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.

**LAIKIPIA COUNTY EMERGENCY FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2020**

---

**15. 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.

**16. 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.

**17. Comparative figures**

The Fund was created within the financial year 2019-2020 thus does not have comparative figures.

**18. Events after the reporting period**

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

**19. Ultimate and Holding Entity**

The entity is a County Public Fund established by the PFM Act 2012 under the Department of Finance. Its ultimate parent is the County Government of Laikipia Executive.

**20. Currency**

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

**21. Significant judgments and sources of estimation uncertainty**

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

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

**LAIKIPIA COUNTY EMERGENCY FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2020**

---

changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

**Useful lives and residual values**

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

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

**22. 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 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

**LAIKIPIA COUNTY EMERGENCY FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2020**

---

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.

**c) Market risk**

The Fund uses the internal audit directorate 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.

**LAIKIPIA COUNTY EMERGENCY FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2020**

**g. NOTES TO THE FINANCIAL STATEMENTS**

**1. Public contributions and donations**

Donation from development partners & institutions	2,617,868
Donation from senior county staff (voluntary deductions)	4,768,296
Contributions from the individuals (residents)	2,461,471
Donations in kind	11,286,737
<b>Total</b>	<b>21,134,372</b>

*Donations in kind was valued as per their fair market value*

**2. Transfers from County Executive**

Transfers from County Executive-received	187,424,213
Transfers from County Executive-receivable	5,905,250
<b>Total</b>	<b>193,329,463</b>

*This relates to transfers from the County Executive as per the budget allocation. Revenue was accrued based on Emergency Fund allocation in the County's approved and published budget.*

**3. Fund administration expenses**

Staff costs	-
Professional services costs	-
Administration fees	-
<b>Total</b>	<b>-</b>

*The Fund did not incur any expenses under this category*

**4. General expenses**

Electricity and water	(12,746,548)
Printing, Advertisement and stationery	(1,973,943)
Fuel and oil costs	(3,660,992)
Bank charges	(5,879)
Hospitality and catering	(16,508,200)
Allowances	(2,269,600)
Security costs	(324,000)
Casuals wages	(1,689,000)
Repairs and Maintenance – Other assets	(5,430,595)
Repairs and Maintenance - Vehicles	(468,988)
Consumables (Covid-19 Household supplies)	(33,319,210)
Consumables (Covid-19 Donations in kind for Household supplies)	(7,995,737)
Consumables (Covid-19 Protective items)	(100,883,200)
Consumables (Covid-19 Donations in kind for Protective items)	(3,291,000)
Consumables (Hospitals supplies)	(18,758,780)

**LAIKIPIA COUNTY EMERGENCY FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2020**

Transfers to other County entities	(3,999,560)
Other expenses - Locust pandemic	(1,050,000)
Other expenses	(50,000)
<b>Total</b>	<b>(214,425,232)</b>

**5. Finance costs**

Interest on Bank overdrafts	-
Interest on loans from banks	-
<b>Total</b>	<b>-</b>

*The Fund did not incur expenditure under this category*

**6. Cash and cash equivalents**

Emergency Fund CBK Account	15,128,807
Covid-19 Emergency Fund ABSA Account	3,066,146
<b>Total</b>	<b>18,194,953</b>

*These are the cash book reconciled balances*

**7. Receivables from non-exchange transactions**

Transfers from County Executive	5,905,250
<b>Total</b>	<b>5,905,250</b>

*These are amounts not yet received by the Fund as at the end of the financial year based on the Fund's budget allocation*

**8. Receivables from outstanding Imprest**

Un-surrendered Imprest	941,500
<b>Total</b>	<b>941,500</b>

*There relates to cash advances issued to authorised public officers to facilitate various activities within the County financed by this Fund*

**LAIKIPIA COUNTY EMERGENCY FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2020**

**9. Accounts Payables**

Trade Creditors	(25,003,100)
<b>Total</b>	<b>(25,003,100)</b>

*These are amounts owed to suppliers who have delivered goods or rendered services.*

**10. Changes in Receivables - Imprest**

Imprest issued during the year (B)	941,500
------------------------------------	---------

*These relates to cash flow changes resulting to issuance of Imprest*

**11. Changes in Trade Payables**

Account payables settled during the year	-
--	---

*There relates to cash flow changes resulting from payment of trade payables*

**12. Revenue Cash Inflows (Statement of Cashflow)**

Public contributions and donations	9,847,635
Transfers from the County Executive	187,424,213

*These are actual cash receipts by the Fund*

**13. Expenditure Cash Outflows (Statement of Cashflow)**

General expenses	(178,135,395)
Purchase of PPE	-

*These are actual cash expenses by the Fund*

**14. 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:

- (i) The County Executive
- (ii) The Executive Entities
- (iii) Key management
- (iv) Board of Trustees etc

**b) Related party transactions**

Transfers from related parties	187,424,213
Transfers to related parties	3,999,560

**LAIKIPIA COUNTY EMERGENCY FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2020**

*Transfers from related parties are amounts received from the County Executive; while transfers to related parties are amounts paid to Laikipia County Development Authority (LCDA)*

**c) Key management remuneration**

Board of Trustees	-
Key Management Compensation	-

*The Fund does not incur any expenditure under this category*

**d) Due from related parties**

Due from County departments or entities	-
Due from County Executive	5,905,250

*These are amounts not yet received by the Fund as at the end of the financial year based on the Fund's budget allocation*

**e) Due to related parties**

Due to County departments or entities	-
Due to County Executive	-
Due to Key management personnel	-

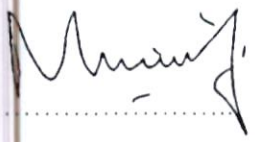
*The Fund did not have payables of such nature*

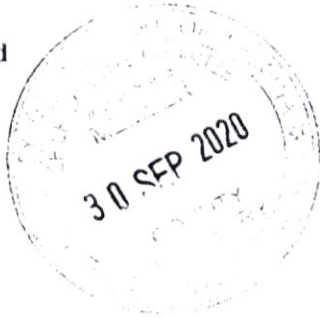
**LAIKIPIA COUNTY EMERGENCY FUND**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2020**

**9. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S  
RECOMMENDATIONS**

The Fund does not have any prior auditor recommendations as it was newly established in the financial year 2019-2020

**Murungi Ndai**  
**Administrator of the Fund**

Sign.....  




Date: 30/09/2020