

REPUBLIC OF KENYA



Enhancing Accountability

PAPERS LAID	
DATE	27/04/2023
TABLED BY	Sen. Majority Whip.
COMMITTEE	_____
CLERK AT THE TABLE	A. Mactaria

REPORT

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OF

THE AUDITOR-GENERAL

ON

**THARAKA NITHI COUNTY
EMERGENCY FUND**

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

1. The first part of the document discusses the importance of maintaining accurate records of all transactions.

2. The second part of the document discusses the importance of maintaining accurate records of all transactions.

REPUBLIC OF KENYA



THARAKA NITHI COUNTY EMERGENCY FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE, 2022

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

COUNTY GOVERNMENT OF THARAKA NITHI
COUNTY TREASURY



Telephone: 0800720370

Email: treasury@tharakanithi.go.ke

REF: TNCG/ACC/VOL.II/057



P. O. BOX 10-60406

KATHWANA

Date: 12th July, 2022

The Auditor General
Office of the Auditor General
Embu Hub
P.O Box 113- 60100
EMBU

**RE: THARAKA NITHI COUNTY EMERGENCY FUND ANNUAL
REPORT AND FINANCIAL STATEMENTS FY 2021/22**

In accordance to Public Financial Management Act 2012, Section 167, we hereby submit Tharaka Nithi County Emergency Fund Annual Report and Financial Statements for the year ended 30th June 2022.

Please find enclosed report for your necessary action.

Thank you

Dorothy I. K. Naivasha

CECM- FINANCE, ECONOMIC PLANNING, TRADE AND INDUSTRY

cc

- The Clerk, County Assembly of Tharaka Nithi
- The Director General, Accounting Services and Quality Assurance
- The Commission on Revenue Allocation
- The Controller of Budget

**Tharaka Nithi County Emergency Fund
Annual Reports and Financial Statements
For the Year Ended 30th June, 2022**

**Tharaka Nithi County Emergency Fund
Annual Reports and Financial Statements
For the Year Ended 30th June, 2022**

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**Tharaka Nithi County Emergency Fund
Annual Reports and Financial Statements
For the Year Ended 30th June, 2022**

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Tharaka Nithi County Emergency Fund is established by and derives its authority and accountability from Tharaka Nithi County Emergency Fund Act, 2016. The Fund is wholly owned by the County Government of Tharaka Nithi and is domiciled in Kenya.

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

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

b) Principal Activities

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

c) Key Management

Ref	Name	Position
1	Dorothy I.K Naivasha	CECM Finance, Economic and Trade / Fund Administrator
2	Zephaniah Rwanda Mbaka	CO Finance and Economic Planning
3	Humphrey Gitonga	Director Finance and Accounting Services
4	CPA Nduati E.K.	Head of Accounts

d) Registered Offices

Entity Headquarters

County Headquarters Building
Kathwana Town
P.O. Box 10-60406
KATHWANA

Entity Contacts

Telephone: **0721 900520**
E-mail treasury@tharakanithi.go.ke
Website: www.tharakanithicounty.go.ke

Entity Bankers

1. Family Bank
Chuka Branch
P.O. Box 60000 - 00400
CHUKA

**Tharaka Nithi County Emergency Fund
Annual Reports and Financial Statements
For the Year Ended 30th June, 2022**

e) Independent Auditors





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

f) Principal Legal Adviser

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

**Tharaka Nithi County Emergency Fund
Annual Reports and Financial Statements
For the Year Ended 30th June, 2022**

2. THE EMERGENCY FUND MANAGEMENT COMMITTEE

Name	Details of qualifications and experience
 Dorothy I.K. Naivasha	<p>Madam Dorothy is the County CEC Member for Finance, Economic Planning and Trade and also the Fund Administrator.</p> <p>She holds a Degree in Economics from Kenyatta University and Diploma in Tax Administration from Kenya School of Revenue Administration.</p> <p>She has over eight (8) years' experience in Finance Management and Banking</p>
 Zephaniah R. Mbaka	<p>Mr. Zephaniah Rwanda Mbaka is the County Chief Officer in charge of Finances and Economic Planning</p> <p>He holds bachelor's degree in Education (Business) from University of Maseno and Masters in Business Administration from University of Embu</p> <p>He has over five (5) years' experience in Finance Management</p>
 Humphrey Kinyua	<p>Mr. Humphrey Gitonga is the County Director of Finance</p> <p>He holds degree in Bachelor of Commerce (Accounting) from Maseno University.</p> <p>He has over Twenty (20) years' experience in Public Service and Finance Management</p>
 CPA, CS Nduati E.K.	<p>CPA, CS Nduati is the County Director - Accounting Services with over 10 years work experience.</p> <p>He is qualified Accountant and registered professional member of ICPAK (6720) and Certified Secretary, registered member ICPSK (2253). He holds Master's Degree in Finance (UON), B.A. Economics (UON).</p> <p>He has over Twelve (12) years' experience in Public Service and Finance Management</p>

**Tharaka Nithi County Emergency Fund
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For the Year Ended 30th June, 2022**

3. EMERGENCY FUND COMMITTEE CHAIRPERSON REPORT

During the period under review, the County Government of Tharaka Nithi allocated an amount of Ksh. 5,0000,0000 as grant to Emergency Fund. However, by end of the period, no funds had been received.

The Management had also put down plans for the current period with covid containment measures being considered. However, no urgent expenditure was incurred.

Thank you

Signed: 
Dorothy I.K. Naivasha
CEC – FINANCE, TRADE AND ECONOMIC PLANNING

**Tharaka Nithi County Emergency Fund
Annual Reports and Financial Statements
For the Year Ended 30th June, 2022**

4. REPORT OF THE EMERGENCY FUND ADMINISTRATOR

The Fund was formed pursuant to Tharaka Nithi County Emergency Fund Act, 2016 to provide for resources to handle situation of urgent need for expenditure to alleviate human suffering or loss of life and destruction of property, in instances where there is no budgetary allocation under ordinary county appropriation and the expenditure cannot be deferred.

The County Government of Tharaka Nithi had set aside Ksh. 5,000,000 (Five Million) for allocation to Tharaka Nithi County Emergency Fund during the financial year 2021/2022. However, the County Government had not transferred the funds as at 30th June 2022. The performance of the Fund during the period was as follows;

a. Income

Description	Original Budget Ksh	Adjustment During the Period	Approved Budget	Actual Ksh.	Variance Ksh
County Executive Allocation	15,000,000	(10,000,000)	5,000,000	-	(5,000,000)
Unspent Balance Brought Forward	5,740,734	-	5,740,734	5,740,734	-
Total Income	20,740,734	(10,000,000)	10,740,734	5,740,734	(5,000,000)

b. Expenditure

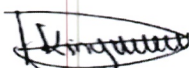
Particulars	Original Budget Ksh.	Adjustment During the Period	Approved Budget	Actual Ksh.	Variance Ksh
Relief and Emergencies	20,730,734	(10,000,000)	10,730,734	-	(10,730,734)
Use of Goods and Services	10,000	-	10,000	1,200	(8,800)
Total	20,740,734	(10,000,000)	10,740,734	1,200	(10,739,534)

During the period under review no matter was brought to attention of the Fund and hence no need for expenditure was identified.

I take this opportunity to appreciate H.E. The Governor, Members of County Assembly and the Management Team for your commitment and immense support accorded to the fund.

Thank you

Signed: _____



Dorothy I.K. Naivasha
Administrator of the Emergency Fund

Dated: 12th July, 2022

**Tharaka Nithi County Emergency Fund
Annual Reports and Financial Statements
For the Year Ended 30th June, 2022**

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

The Fund formed pursuant to Tharaka Nithi County Emergency Fund Act, 2016 to provide for resources to handle situation of urgent need for expenditure to alleviate human suffering or loss of life and destruction of property.

The County Government of Tharaka Nithi had set aside Ksh. 5,000,000 (Five Million) for allocation to Tharaka Nithi County Emergency Fund during the financial year 2021/22

However, funds had not been received by the Emergency Fund for the period ended 30th June, 2022

There was no Fund expenditure during the year ended 30th June 2022.

**Tharaka Nithi County Emergency Fund
Annual Reports and Financial Statements
For the Year Ended 30th June, 2022**

6. CORPORATE GOVERNANCE STATEMENT

The Fund is managed in accordance with the Tharaka Nithi County Emergency Fund Act, 2016. The Act states that the CECM in charge of the Finance shall be the Fund Administrator. The operation of the Fund is performed by the Management Team that meet on need basis to deliberate and consider matters affecting the county residents and emerging issues.

The Management Team work closely with County Government Department and also the Disaster Management office of the County.

**Tharaka Nithi County Emergency Fund
Annual Reports and Financial Statements
For the Year Ended 30th June, 2022**

7. MANAGEMENT DISCUSSION AND ANALYSIS

During the Period under review, the County Government of Tharaka Nithi allocated an amount of Ksh. 5,0000,0000 as grant to Emergency Fund. However, by end of the period, no funds had been received.

The Management has nevertheless had put down plans for handling any urgent need for expenditure with covid containment measures being considered.

**Tharaka Nithi County Emergency Fund
Annual Reports and Financial Statements
For the Year Ended 30th June, 2022**

8. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The Emergency Fund focus on wellbeing and social welfare of county residents and county staff through provision of emergency relief such as food and medical equipments.

The Fund endeavours to provide finances required to meet an urgent need by the community when no budgetary allocation is made by the County Government and or in case of an unforeseen occurrence requiring immediate intervention and whose expenditure cannot be postponed or delayed.

**Tharaka Nithi County Emergency Fund
Annual Reports and Financial Statements
For the Year Ended 30th June, 2022**

9. REPORT OF FUND ADMINISTRATION COMMITTEE

The Emergency Fund Administration Committee submit the quarterly report together with the Financial Statements for the year ended 30th June 2022, which show the state of the Fund affairs.

10.1 Principal activities

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

10.2 Performance

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

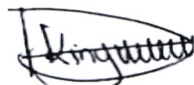
10.3 Administration Committee

The members of the Administration Committee who served during the period are shown on page iv. There were no changes in the Administration Committee during the period

10.4 Auditors

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

By Order of the Administration Committee



Signed: _____
Dorothy I.K. Naivasha
Administrator of the Emergency Fund

Dated: 12th July, 2022

**Tharaka Nithi County Emergency Fund
Annual Reports and Financial Statements
For the Year Ended 30th June, 2022**

10. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

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

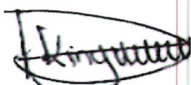
The Administrator of the Tharaka Nithi County Emergency Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the period ended **30th June 2022**. This responsibility includes: 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 Tharaka Nithi County Emergency 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 Tharaka Nithi County Emergency Fund Act, 2016 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 period ended **30th June 2022** 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 Tharaka Nithi County Emergency Fund d 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

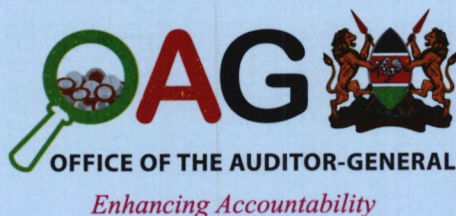
The Fund's financial statements were approved by the Board on **12th July 2022** and signed on its behalf by:



Dorothy I.K. Naivasha
ADMINISTRATOR 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 THARAKA NITHI 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

Opinion

I have audited the accompanying financial statements of Tharaka Nithi County Emergency Fund set out on pages 1 to 26, 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, the financial statements present fairly, in all material respects, the financial position of Tharaka Nithi 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 Tharaka Nithi County Emergency Fund Act, 2016.

Basis for Opinion

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

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 revenue budget and actual on comparable basis amounts of Kshs.10,740,734 and Kshs.5,740,734 respectively, resulting to under-funding of Kshs.5,000,000 (or 47%) of the budget. Similarly, the statement reflects actual expenditure of Kshs.1,200 against approved budget of Kshs.10,740,734 resulting to under-performance of Kshs.10,739,534 (or 100%) of the budget.

The underfunding and under-performance affected the planned activities 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, 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 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 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 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.

Those charged with governance are 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 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 applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with 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

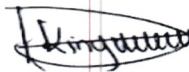
31 March, 2023

**Tharaka Nithi County Emergency Fund
Annual Reports and Financial Statements
For the Year Ended 30th June, 2022**

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

	Note	2021/2022	2020/2021
		Ksh.	Ksh.
Revenue			
Transfers from the County Government	1	-	-
Total Income		-	-
Expenses			
Relief and Emergencies	2	-	419,052
Use of Goods and Services	3	1,200	8,664
Total Expenses		1,200	427,716
Other Gains / Losses			
Gain / Loss on Disposal of Assets			
Surplus/(deficit) for the Period		(1,200)	(427,716)

The notes set out on page 16 – 17 form an integral part of these Financial Statements. Tharaka Nithi County Emergency Fund financial statement were approved on 12th July 2022 and signed by:



Dorothy I.K Naivasha
Fund Administrator



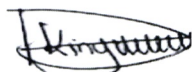
CPA Nduati E.K
Director Accounting Service
ICPAK No. 6720

**Tharaka Nithi County Emergency Fund
Annual Reports and Financial Statements
For the Year Ended 30th June, 2022**

13. STATEMENT OF FINANCIAL POSITION AS AT 30th JUNE 2022

	Note	2021/2022	2020/2021
		Ksh	Ksh
Assets			
Current assets			
Cash and Cash Equivalents	4	5,739,534	5,740,734
Total Current Assets		5,739,534	5,740,734
Net Assets		5,739,534	5,740,734
Reserves		-	-
Accumulated surplus		5,739,534	5,740,734
Total Net Assets and Liabilities		5,739,534	5,740,734

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. Tharaka Nithi County Emergency Fund financial statements were approved on **12th July 2022** and signed by:



Dorothy I.K Naivasha
Fund Administrator



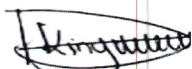
CPA Nduati E.K
Director Accounting Services
ICPAK No. 6720

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14. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30th JUNE 2022

	Accumulated Surplus	Total
	Ksh.	Ksh.
Balance as at 1st July 2020	6,168,450	6,168,450
Surplus/(deficit) for the Period	(427,716)	(427,716)
Funds received during the Period	-	-
Revaluation gain	-	-
Balance as at 30th June 2021	5,740,734	5,740,734
Balance as at 1st July 2021	5,740,734	5,740,734
Surplus/(deficit) for the Period	1,200	1,200
Funds received during the Period	-	-
Revaluation Gain	-	-
Balance as at 30th June 2022	5,739,534	5,739,534

Tharaka Nithi County Emergency Fund financial statements were approved on 12th July 2022 and signed by:



Dorothy I.K Naivasha
Fund Administrator



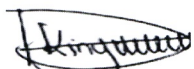
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15. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30th JUNE 2022

	Note	2021/2022	2020/2021
		Ksh.	Ksh.
Cash Flows from Operating Activities			
Receipts			
Transfers from the County Government	1	-	-
Total Receipts		-	-
Payments			
Relief and Emergencies	2	-	419,052
Use of Goods and Services	3	1,200	8,664
		1,200	427,716
Adjusted for:			
Decrease/(Increase) in Accounts receivable:		-	-
Increase/(Decrease) in Accounts Payable:		-	-
Net Cash Flows from Operating Activities		(1,200)	(427,716)
Net increase/(decrease) in Cash and Cash Equivalents		(1,200)	(427,716)
Cash and Cash Equivalents at 01 st July 2021		5,740,734	6,168,450
Cash and Cash Equivalents at 30th June 2022		5,739,534	5,740,734

Tharaka Nithi County Emergency Fund financial statements were approved on 12th July 2022 and signed by:



Dorothy I.K Naivasha
Fund Administrator



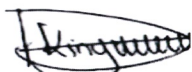
CPA Nduati E.K
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ICPAK No. 6720

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16. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30th JUNE 2022

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
Revenue	Ksh	Ksh	Ksh	Ksh	Ksh	
Transfers from County Govt	15,000,000	(10,000,000)	5,000,000	-	(5,000,000)	0%
Unspent Balance Carried Forward	5,740,734	-	5,740,734	5,740,734	-	100%
Total Revenue	20,740,734	(10,000,000)	10,740,734	5,740,734	(5,000,000)	28%
Relief and Emergencies	20,730,734	(10,00,000)	10,730,734		(10,730,734)	00%
Use of Goods and Services	10,000	-	10,000	1,200	(8,800)	12%
Total Expenditure	20,740,734	(10,000,000)	10,740,734	1,200	(10,739,534)	00%

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on **12th July 2022** Signed by:



Dorothy I.K Naivasha
Fund Administrator



CPA Nduati E.K
Fund Accountant
ICPAK No. 6720

17. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. General Information

Tharaka Nithi County Emergency Fund is established by and derives its authority and accountability from Tharaka Nithi County Emergency Fund Act, 2016. The Fund is wholly owned by the County Government of Tharaka Nithi and is domiciled in Kenya.

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 Periods 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 Period ended 30th 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.

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and

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Standard	Effective date and impact:
	<ul style="list-style-type: none"> • 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><i>(The Standard has no impact on the Fund Financial Statements)</i></p>
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <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><i>(The Standard has no impact on the Fund Financial Statements)</i></p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<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. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. 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>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><i>(The Standard has no impact on the Fund Financial Statements)</i></p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p>

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Standard	Effective date and impact:
	<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> <p><i>(The Standard has no impact on the Fund Financial Statements)</i></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 information on right of use assets and lease liabilities.</p> <p><i>(The Standard has no impact on the Fund Financial Statements)</i></p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>(The Standard has no impact on the Fund Financial Statements)</i></p>

(ii) Early adoption of standards

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

4. Significant Accounting Policies

(a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

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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 15th June 2021. No subsequent revisions or additional appropriations have been made to the approved budget in accordance with specific approvals from the appropriate authorities. There were no additional appropriations added to the original budget by the Tharaka Nithi County Emergency Fund upon receiving the respective approvals in order to conclude the final budget.

The Fund 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.

There were no differences on Statement of Financial Performance and Statement of Comparison of Budget and Actual Amount for Period ended 30th June 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 Tharaka Nithi County Emergency Fund 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.

e) 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 Tharaka Nithi County Emergency Fund 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.

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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 Tharaka Nithi County Emergency Fund 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 County Emergency Fund assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset 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 cashflows of the financial asset or the Tharaka Nithi County Emergency Fund of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The 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)

(a) 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 Tharaka Nithi County Emergency Fund 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.

Summary of Significant Accounting Policies (Continued)

f) 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 Tharaka Nithi County Emergency Fund.

g) Provisions

Provisions are recognized when the Tharaka Nithi County Emergency Fund 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 Tharaka Nithi County Emergency Fund 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

Tharaka Nithi County Emergency Fund 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.

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Summary of Significant Accounting Policies (Continued)

Contingent assets

The Tharaka Nithi County Emergency Fund 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 Tharaka Nithi County Emergency Fund 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.

h) Nature and purpose of reserves

Tharaka Nithi County Emergency Fund does not create or maintain reserves in terms of specific requirements. *(there No effect on the fund financial reporting)*

i) Changes in accounting policies and estimates

Tharaka Nithi County Emergency Fund recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

j) Employee benefits– Retirement benefit plans

The Fund has not employed any employee and has not provided retirement benefits for employees and directors. Defined contribution plans are post-employment benefit plans under which Entity pays fixed contributions into a separate 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 Period 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.

Tharaka Nithi County Emergency Fund has not employed staff entitled to retirement benefit and thus does not contribute any funds.

k) 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.

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Summary of Significant Accounting Policies (Continued)

l) 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.

m) Related Parties

The Tharaka Nithi County Emergency Development Fund 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 Tharaka Nithi County Emergency Fund, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

n) 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 Period. 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 Period.

o) Comparative figures

Where necessary comparative figures for the previous financial Period have been amended or reconfigured to conform to the required changes in presentation. The Period under review was the first reporting Period and hence no comparative figures provided.

p) Events after the reporting period

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

q) Ultimate and Holding Tharaka Nithi County Emergency Fund

The Tharaka Nithi County Emergency Fund is a County Public Fund established by Tharaka Nithi County Emergency Fund Act, 2016 under the Finance, Trade and Economic Planning. Its ultimate parent is the County Government of Tharaka Nithi.

r) Currency

The financial statements are presented in Kenya Shilling (Ksh.).

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made: No estimates were made during the Period

a) Estimates and assumptions

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

b) Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Tharaka Nithi County Emergency Fund
- 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

c) Provisions

Provisions were raised and management determined an estimate based on the information available.

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

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18. NOTES TO THE FINANCIAL STATEMENT

1. TRANSFERS FROM COUNTY GOVERNMENT

Description	2021/2022	2020/2021
	Ksh.	Ksh.
Transfers from County Govt.	-	-
Total	-	-

2. RELIEF AND EMERGENCIES

Description	2021/2022	2020/2021
	Ksh.	Ksh.
Medical Fees	-	419,052
Total	-	419,052

3. USE OF GOODS AND SERVICE

Description	2021/2022	2020/2021
	Ksh.	Ksh.
Bank Charges	1,200	8,664
Total	1,200	8,664

4. CASH AND CASH EQUIVALENTS

Description	2021/2022	2020/2021
	Ksh.	Ksh.
Bank Account	5,739,534	5,740,734
Total cash and cash equivalents	5,739,534	5,740,734

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NOTES TO THE FINANCIAL STATEMENT (Continued)

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

		2021/2022	2020/2021
Financial institution	Account number	Ksh.	Ksh.
a) On - call deposits			
Family Bank	054000007495	5,739,534	5,740,734
Grand total		5,739,534	5,740,734

5. CASH GENERATED FROM OPERATIONS

	2021/2022	2020/2021
	Ksh.	Ksh.
Surplus/ (deficit) for the Period before Tax	(1,200)	(427,716)
Adjusted for:		
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Interest income	-	-
Finance cost	-	-
Working Capital Adjustments	-	-
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
Net cash flow from Operating Activities	(1,200)	(427,716)

**Tharaka Nithi County Emergency Fund
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19. OTHER DISCLOSURES

1. 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 Government;
- (ii) The Parent County Government Ministry;
- (iii) Key management;
- (iv) Board of Trustees;

b) Related party transactions

	2021-2022	2020-2021
	Ksh	Ksh
Transfers from Related Parties'	-	-
Transfers to Related Parties	-	-

c) Key management remuneration

	2021-2022	2020-2021
	Ksh	Ksh
Board of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

	2021-2022	2020-2021
	Ksh	Ksh
Due from County Government	-	-
Total	-	-

**Tharaka Nithi County Emergency Fund
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OTHER DISCLOSURES (CONTINUED)

2. 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 Tharaka Nithi County Emergency Fund'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 Tharaka Nithi County Emergency Fund's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Ksh.	Fully performing Ksh.	Past due Ksh.	Impaired Ksh.
At 30th June 2021				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	5,740,734	5,740,734	-	-
Total	5,740,734	5,740,734		
At 30th June 2022				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	5,739,534	5,739,534	-	-
Total	5,739,534	5,739,534	-	-

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OTHER DISCLOSURES (CONTINUED)

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 Tharaka Nithi County Emergency Fund has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The Tharaka Nithi County Emergency Fund has no significant concentration of credit risk.

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the Tharaka Nithi County Emergency Fund's short, medium and long-term funding and liquidity management requirements. The Tharaka Nithi County Emergency Fund 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
	Ksh.	Ksh.	Ksh.	Ksh.
At 30th June 2021				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30th June 2022				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

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OTHER DISCLOSURES (CONTINUED)

c) Market risk

The Management has put in place an internal audit function to assist it in assessing the risk faced by the Tharaka Nithi County Emergency Fund 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 Tharaka Nithi County Emergency Fund'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 Tharaka Nithi County Emergency Fund's exposure to market risks or the manner in which it manages and measures the risk.

d) Foreign currency risk

Tharaka Nithi County Emergency Fund did not have foreign 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.

Tharaka Nithi County Emergency Fund did not have foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period:

		Other currencies	Total
	Ksh.	Ksh.	Ksh.
At 30th June 2022			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables			
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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OTHER DISCLOSURES (CONTINUED)

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.

	Change in currency rate	Effect on surplus/ deficit	Effect on Equity
	Ksh.	Ksh.	Ksh.
2021			
Euro	10%	-	-
USD	10%	-	-
2022			
Euro	10%	-	-
USD	10%	-	-

e) Interest rate risk

Interest rate risk is the risk that the Fund's financial condition may be adversely affected as a result of changes in interest rate levels. The Fund'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 Period.

The end of the Period figures, the sensitivity analysis has no impact on the statement of comprehensive income.

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OTHER DISCLOSURES (CONTINUED)

f) 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 Tharaka Nithi County Emergency Fund capital structure comprises of the following funds:

	2021/ 2022	2020/2021
	Ksh.	Ksh.
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	5,739,534	5,740,734
Total funds	5,739,534	5,740,734
Total borrowings	-	-
Less: cash and bank balances	5,739,534	5,740,734
Net debt (excess cash and cash equivalents)	(5,739,534)	(5,740,734)
Gearing	0%	0%

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20. 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 as per the Draft Report FY 2020/2021

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0 Budgetary Control and Performance 1.1 Income Analysis	The statement of comparison of budget and actual amounts for the year ended 30 June 2021 reflects an approved revenue budget of Ksh. 26,168,450 and actual revenue of Ksh. 6,168,450. The Fund therefore did not receive Ksh. 20,000,000 as budgeted which indicates that the management was not well prepared to handle unforeseen emergencies during the year	The Management takes note of the audit finding regarding under funding of the Fund which was occasioned by delayed disbursement of exchequer funds. The Management will ensure the funds allocated by the County Executive to the Fund are released to enable the Fund be in position to deal with cases of emergency as envisaged in the Tharaka Nithi County Emergency Fund Act, 2016	Dorothy I.K. Naivasha Fund Administrator	Resolved	30 th June 2022

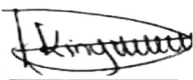
**Tharaka Nithi County Emergency Fund
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (<i>Name and designation</i>)	Status: (<i>Resolved / Not Resolved</i>)	Timeframe: (<i>Put a date when you expect the issue to be resolved</i>)
1.2 Expenditure Analysis	The statement of comparison of budget and actual amounts for the year ended 30 June 2021 reflects an approved budgeted expenditure of Ksh. 26,168,450 and actual expenditure of Ksh. 427,716 resulting to a net under expenditure of Ksh. 25,740,734. The fund underspent Ksh. 25,740,734 of the total budget projections which translated to equivalent services denied to the people of Tharaka Nithi County. There is need for management to adopt a realistic budget to avoid instances of excess or under budgeting for efficient and effective delivery of goods and services to university stakeholders.	<p>We wish to state that, in accordance to Tharaka Nithi County Emergency Fund Act, 2016 Section 4, which provides the objective of the Fund as to enable payment be made in respect of a County when an urgent and unforeseen need for expenditure arises for which there is no specific legislative authority.</p> <p>During the year under review, there were no other reported cases of emergency that required the utilization of the emergency funds apart from hospitalization of County health officer who was injured in line of duty and hence there was urgent need to cater for his hospital bill. The Fund ensured prudence and frugality on spending, hence the reported under expenditure.</p>	Dorothy I.K. Naivasha Fund Administrator	Resolved	30 th June 2022

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Guidance Notes:

- a) Use the same reference numbers as contained in the external audit report;*
- b) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;*
- c) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;*
- d) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to County Treasury.*

Sign: 

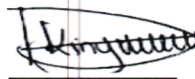
Tharaka Nithi Emergency Fund Administrator


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21. APPENDIX I: INTER – ENTITY TRANSFERS

ENTITY NAME:		COUNTY GOVERNMENT OF THARAKA NITHI		
Break down of Transfers from the County Executive of Tharaka Nithi County Government				
FY 2021/2022				
a.	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (Ksh)</u>	<u>Indicate the FY to which the amounts relate</u>
		Total	0.00	
b.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (Ksh)</u>	<u>Indicate the FY to which the amounts relate</u>
		Total	0.00	

The above amounts have been communicated to and reconciled with the County Government of Tharaka Nithi

Sign: 
Fund Administrator
Emergency Fund

Sign: 
Head of Accounting Unit
County Government of Tharaka Nithi