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**REPORT**

**OF**

PAPERS LAID	
DATE	15/11/2022
TABLED BY	Senate Majority Whip
COMMITTEE	-
CLERK AT THE TABLE	I. Mbaya

**THE AUDITOR-GENERAL**

**ON**

**BUNGOMA COUNTY DISASTER  
MANAGEMENT AND EMERGENCY FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2021**





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**COUNTY GOVERNMENT OF BUNGOMA  
BUNGOMA COUNTY DISASTER MANAGEMENT AND EMERGENCY  
FUND**

**REVISED ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE 2021**

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

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**1. KEY ENTITY INFORMATION AND MANAGEMENT**

**a) Background information**

The Bungoma County Disaster Management and Emergency Fund is established by the Bungoma Disaster Management Emergency Fund Regulations, 2014 of Kenya. The Fund is headed by a Chairman who is responsible for the general policy and strategic direction of the Fund. The day-to-day running of the Fund is by the Fund Administrator. The Fund is wholly owned by the County Government of Bungoma, is supervised by the Ministry of Finance and Economic Planning and is domiciled in Kenya.

**Objectives of the Fund**

- i. Establish an efficient structure for the management of the disaster and emergency by promoting awareness and cooperation amongst the agencies with a role of the disaster management and enhancing their capacities to maintain the provision of essential services during period of disaster and emergencies.
- ii. improve the effectiveness and efficiency of the disaster risk management system in the county, including measures for disaster preparedness, prevention, mitigation, response, reconstruction, recovery and relief;
- iii. facilitate resilience building, preparedness, early warning, contingency planning and timely response to disasters during its different stages in order to reduce and minimise the negative effects of disasters and addressing disaster impacts sustainably;
- iv. Provide counter measures for conducting risk assessment/analysis to inform decision making
- v. Prepare and implement a disaster risk management plan that contains measures to address complex emergencies and risks in consultation with the response agency in cooperation with other agencies in accordance with this Act.
- vi. Vest authority in persons and agencies to act during time of disaster and emergency in accordance with plans approved under this Act and to require the observance and implementation and the directive given and initiatives taken by person authorised under this Act.

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- vii. Enhance the capacity of the county government, relevant agencies and communities to effectively manage the impact of disaster and emergencies that threaten human life, property and environment.
- viii. Implement the mechanism to reduce risks and hazards that may cause, contribute to exacerbate disaster or emergency situation in the County, especially for vulnerable persons or groups.
- ix. Facilitate procedures aimed at implementing activities in the aftermath of disaster and emergencies.
- x. to receive financial resources from development partners who support government on disaster risk management interventions;
- xi. provide for—
  - a common basket emergency fund in order to facilitate faster, transparent, predictable, and accountable release of Funds for disaster risk management
  - funds for capacity and technical expertise development to improve on disaster risk management systems and contingency planning; and the establishment, management and coordination of programmes, projects or activities to further the foregoing objects and purposes

**b) Principal Activities**

The principal activity of the Fund as provided for under Sec. 110 of the Public Financial Management Act, 2012 is to enable payments to be made in respect of the County Government when an urgent and unforeseen need of expenditure arises for which there is no specific legislative authority

**c) Board of Trustees/Fund Administration Committee**

		Position
1	Richard Sabwami	Chairperson
2	Carol Buyela	Secretary
3	Festus Kelonye Beru	Member
4	Emmanuel Were Khaemba	Member
5	Amos Chuka	Member

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6	Khalid Mugeru Hassan	Member
7	Samuel Osodo	Member
8	Peter Wepukhulu	Member
9	Geoffrey Simiyu Wafula	Member
10	Patrick Gogo	Member
11	Loreen Orembo	Member
12	Bishop Johnston Kisawayi	Member

**d) Key Management**

Ref	Position	Name
1	Esther Wamalwa	CECM – Finance
2	Dinah Makokha	Chief Officer - Finance
3	Richard Sabwami	Chairperson
4	Geoffrey Wafula	Fund Administrator
5	Mafunga Mary	Accountant

**e) Fiduciary Oversight Arrangements**

Ref	Position
1	Controller of Budget
2	Auditor General
3	County Assembly Committees
4	County Internal Audit Office
5	Audit Committee

**f) Registered Offices**

County Government Bungoma  
Municipal Building, Bungoma Town  
P.O.B ox 437-50200  
BUNGOMA

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**g) Fund Contacts**

Telephone: (254) 055-30343

E-mail: [bungomacountygovernment@gmail.com](mailto:bungomacountygovernment@gmail.com)

Website: [www.go.ke](http://www.go.ke)

**h) Fund Bankers**

Kenya Commercial Bank

P.O Box 201-50200

Bungoma, Kenya

**i) Independent Auditors**

Auditor General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

**j) Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue




P.O. Box 40112

City Square 00200





Nairobi, Kenya

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**2. THE BOARD OF TRUSTEES/ FUND ADMINISTRATION COMMITTEE (or any other corporate governance body for the Fund)**

Name	Details of qualifications and experience
<p>1. Chairperson</p> 	<p><b>Mr. Richard Sabwami – CECM</b></p> <p>He was born on 17<sup>th</sup> September, 1965. He is a holder of Bachelor of Education (Arts) and has over twenty nine years of experience. He has previously been a secondary school principal, Chairperson of Secondary Schools’ Heads Association, chief examiner and an IEBC’s Deputy returning officer. He is currently the CECM – Public Service Management and Administration</p>
<p>2. Secretary</p> 	<p><b>Caro Buyela</b></p> <p>She was born on 20<sup>th</sup> October, 1981. She is a holder of Diploma in Business Management and Bachelor of Arts in Community Development. She has previously worked with Action Aid (2005- 2007). She is currently the Director of Special Programmes</p>
<p>3. Member</p> 	<p><b>Patrice Chenge(Kenya Chambers of commerce – CEO)</b></p> <p>He is a holder of a Diploma. He is currently the CEO Bungoma Chambers of Commerce and Industry, Kimilili Court Users Committee Member, Chair of Lukhome Baptist Development Secondary School, member of the Board of Governors of both Lukhome Baptist secondary and St.Josephs Primary School Kimilili Boys. He is a representative of the business community</p>
<p>4. Member</p>	<p><b>Peter Wepukhulu</b></p> <p>He was born on 22<sup>nd</sup> December, 1962. He is a holder of O level 2<sup>nd</sup> Division, A level (two subs).He has previously been a teacher, KNUT treasurer, PTA</p>

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	<p>Chairperson Butonge High School and a national examiner. He is currently a member of Bungoma CDMC. He is a community representative.</p>
<p>5. Member</p>	<p><b>Patrick Gogo</b>          He was born on 1<sup>st</sup> February, 1968. He is a holder of Bachelor of Arts(Criminology and Security Studies) and Diploma (Crime Management and Prevention). He is currently the Deputy Sub County Police Commander.</p>
	<p><b>Johnstone Kisawayi Kachenja</b>          He was born in 1960. He is a holder of Diploma in Administration. He is currently the Bishop of Agape Christian Liberation Ministries and Chairman of Five Fold Ministries in Bungoma County. He is a representative of the Faith Based Organizations</p>
<p>6. Member</p>	<p>Samuel Osodo</p>
	<p>Samuel Osodo</p>
<p>7. Member</p>	<p><b>Emmanuel Were</b>          He was born on 24<sup>th</sup> August, 1974. He has been working in the Civil Society from the year 2014 to date. He currently works as a Programs Officer - Community Development And Sustainability Organization, Regional</p>
	<p><b>Emmanuel Were</b>          He was born on 24<sup>th</sup> August, 1974. He has been working in the Civil Society from the year 2014 to date. He currently works as a Programs Officer - Community Development And Sustainability Organization, Regional</p>
<p>8. Member</p>	

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	<p>Human Rights Monitor with Independent Medical Legal Unit(IMLU), Chairperson of the Peace and Security Actors in Bungoma County and Secretary Bungoma Civil society Organizations. He is a representative of the Civil Society</p>
<p>9. Member</p> 	<p><b>Festus Beru Kelonye</b>          He was born on 29<sup>th</sup> May, 1959. He is a holder of Doctor of Philosophy and currently a lecturer at Kibabii University. He is an independent member of the Committee.</p>
<p>10.</p> 	<p><b>Loreen Orembo(Kenya redcross)</b>          She was born on 3<sup>rd</sup> June, 1994. She is a holder of Bachelor of Science in Community Development. She currently works as an assistant parent officer at Kwetu Home of Peace Rehabilitation Center for Street Kids. She is also a focal person- High Risk Pregnancy Project, Kenya Red Cross Society, Project officer - implemented the EU Covid - 19 response project at Kenya Red Cross Society and County Coordinator, Kenya Redcross Society -Bungoma Branch.</p>

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**3. 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 Fund Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government Fund's performance against predetermined objectives.

The nature of the setup of the Fund requires it to enable payments to be made in respect of the County Government when an urgent and unforeseen need of expenditure arises for which there is no specific legislative authority. Therefore, the Fund does not have its own development objectives, but facilitates the County Government to meet its key development objectives for activities that are generally urgent and unforeseen.

During the year under review, the Fund budgeted for KShs. 70,000,000 that was to be financed by the County Government. As at the closure of the year, KShs. 70,000,000 had been received by the Fund. Therefore, there was a performance by 100%. The budget was also financed by cash and cash equivalents brought forward of KShs. 22,015,940. The Fund spent KShs. 55,815,938 in the acquisition of various goods and services. This amount includes KShs. 8,450,980 that was utilised in the acquisition of food stuff for distribution to the families that suffered distress as a result of the Covid-19 effects.



The Fund has experienced various challenges, the key challenge of which was the delayed and or limited financing. This has largely been caused by Regulations that were considered faulty. The Management has since revised the Regulations and the challenge is not expected to affect our operations in the near future. The improved structure through the Revised Regulations is also expected to lead to increased absorption of the funds.






**CPA ESTHER WAMALWA**  
**CECM: FINANCE AND ECONOMIC PLANNING**  
**COUNTY GOVERNMENT OF BUNGOMA**

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**4. MANAGEMENT TEAM**

Name	Details
<p>1. </p>	<p>Ms. Wamalwa was appointed as the CEC, Finance and Economic Planning on December 21, 2017 she has since been in the same role and has been driving the Financial Management Agenda in the County.</p> <p>Before her appointment, she served as the Head of Finance at the Print Exchange Limited from 2008 to 2017. She has also worked at Sotik Tea Company as Senior Finance Officer. Ms. Wamalwa holds MSc. in Commerce (Finance and Economics option) from KCA University (Nairobi). She also holds Bachelor of Commerce (Finance Option) from KCA University. She is a CPA (K) and a member of ICPAK.</p>
<p>2. </p>	<p><b>Dinah Makokha</b></p> <p>Ms. Dinah was appointed as CO-Finance . Before her appointment, she served as the Director Finance and Director Budget in the County Government of Trans-nzoia. She has also worked as a Senior Accountant in the defunct Local Authorities of Kitale, Kakamega, Malaba, Busia and Bungoma. Madam Dinah holds a BCOM (Accounting) from the University of Nairobi and MBA (Finance &amp; Accounting) from Mt. Kenya University.</p>

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	<p><b>Mr. Richard Sabwami</b>  Degree in Education Arts  Overall strategic, leadership &amp; direction</p>
	<p><b>Geoffrey Wafula</b>  CPA 2  BCOM – Finance option  Budget implementation &amp; overall administration</p>
	<p><b>Mafunga Mary</b>  CPA(K)  BCOM - Finance option  MBA – Finance option  Preparation of fund reports</p>
<p><i>Note: The Fund Administrator will feature under both the 'Board' and 'Management'.</i></p>	

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**5. BOARD/FUND ADMINISTRATION COMMITTEE CHAIRPERSON'S REPORT**

It is my honour and privilege to present the Bungoma County Disaster Management and Emergency Fund's Annual Report and Financial Statements for the Year ended 30<sup>th</sup> June 2021. This is the second year that the Fund has used IPSAS Accrual Basis of Accounting having transitioned from the IPSAS Cash Basis of Accounting. The financial statements have been prepared in full compliance with International Public Sector Accounting Standards (IPSAS).

The Fund is playing a positive role towards helping the County Government to meet urgent and unforeseen needs of expenditure for which there is no specific legislative authority. The Fund covers all areas of operations that the County Government is obligated to undertake.

A Committee has since been appointed pursuant to Bungoma County Disaster Management and Emergency Fund Act, 2019. The Committee is expected to offer a firm foundation of management and oversight of the financial and operational activities of the Fund. The Fund's Regulations have since been revised. It is expected that these steps will help provide a clear strategic and operational direction that will enable the Fund to realise its objectives.

We are committed to improve the quality of engagement with all our stakeholders in disaster management and emergency funding.

In conclusion, the Committee remains fully focused in supporting the management to attract, deploy, develop and retain the right talent. The Committee is also fully committed to good governance, transparency and accountability.

I take this opportunity to sincerely express my gratitude and appreciation to all stakeholders, my fellow Committee members, staff and the County Government, for their continued support, which has contributed to our tremendous achievement.

Signed: \_\_\_\_\_

  
**Richard Sabwami**

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**6. REPORT OF THE FUND MANAGER/ ADMINISTRATOR**

The 2020/2021 Annual Report marks yet another milestone for Bungoma County Disaster Management and Emergency Fund. The Fund was formed pursuant to Disaster Management and Emergency Fund Regulations. The Fund endeavours to fulfil its mandate in providing advances so as to enable payments to be made in respect of the County Government when an urgent and unforeseen need of expenditure arises for which there is no specific legislative authority. The Fund shall also endeavour to build its reputation by embracing transparency and integrity. The Management commits to ensure that these endeavours are sustained in the long-run.

**Financial Performance**

As discussed in the Statement of Statement of Performance against the Fund's Predetermined Objectives, the Fund budgeted for Kshs. 70,000,000 that was to be financed by the County Government. As at the closure of the year, Kshs. 70,000,000 had been received by the Fund. Therefore, there was a funding by 100%. The budget was also financed by cash and cash equivalents brought forward of KShs. 25,595,943.25. The Fund spent Kshs. 55,815,938 in the acquisition of various goods and services. This amount includes KShs. 8,450,980 that was utilised in the acquisition of food stuffs for distribution to the families that suffered distress as a result of the Covid-19 effects.

**Major challenges**

The Fund has experienced various challenges, the key challenge of which was the delayed and or limited financing. This has largely been caused by Regulations that were considered faulty. The Management has since revised the Regulations and the challenge is not expected to affect our operations in the near future. The improved structure through the Revised Regulations is also expected to lead to increased absorption of the funds.

**Risk management**

Risk management is an essential corporate governance requirement because certain information about key programmes' cost and performance are often unknown until late in the implementation

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stage. The Fund has not fully entrenched risk management. However, the Fund has adopted the Approved Risk Management Policy Framework of the County Government. The management undertakes to establish a risk management committee whose mandate shall be to develop action plans to address major risks.

**Responsibility**

As the Fund Administrator, I am accountable for maintaining a sound system of internal controls aimed at ensuring the accomplishment of established objectives and goals of operations. The economical use of resources, the reliability and integrity of information, compliance with policies, plans, procedures, rules, and regulations and the safeguarding of the assets of the Fund. This is in accordance with the provisions of Public Finance Management Act, 2012, Public Finance Management (County Governments) Regulations, 2015 and Bungoma County Disaster Management and Emergency Fund Regulations.

**Internal Control and Financial Risk Management**

The primary objective of the Fund's internal control framework is to continuously put in place measures to attain accountability and the Fund's objectives while meeting stakeholders' expectations. The Fund administrator is accountable for maintaining a sound system of internal controls to ensure the accomplishment of established objectives and goals for operations; the economic use of resources; the reliability and integrity of information; compliance with policies, plans procedures, rules and regulations and the safeguarding of assets.

**Review of Effectiveness**

The Fund reviews its internal control using the COSO Internal Control – Integrated Framework, 2013. The Framework identifies five components of internal control, three of which have been discussed in detail hereunder. The review of the effectiveness of the system of internal controls is mainly informed by:

- a) Control Activities – Control activities are the policies and procedures that help ensure management directives are carried out. They help ensure that necessary actions are taken to address risks to achieve the Fund's objectives. Control activities occur throughout the Fund, at all levels and in all functions. They include arrange of activities as diverse as

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approvals, authorisations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties.

- b) Information and Communication – Pertinent information must be identified, captured, and communicated in a form and timeframe that enables people to carry out their responsibilities. Information systems produce reports related to operational, financial, and compliance information that is reliable on a timely basis for submission to key stakeholders and economic decision makers.
- c) Risk Management – The Fund undertake risk management roles as explained on Page 15.


**Appreciation**

I would like to extend my appreciation to the County Government, including The County Treasury and the County Ministry of Public Service Management and Administration for its continued support and insights. The County Government has offered critical support in terms of resources and the enabling legislations.

I would also wish to thank the Fund's Committee for their enormous support.

Finally, I extend my sincere thanks to all employees attached or seconded to the Fund in one way or another who have made it possible for the Fund to be where it is. Their skills, resources and commitments have enabled the Fund to deliver on its objectives.

Signed: \_\_\_\_\_

  
Fund Administrator

## **7. CORPORATE GOVERNANCE STATEMENT**

The Fund is guided by the public service core values of integrity, professionalism and team spirit. The Fund has at all times endeavoured in its functions to take cognizance of the need for compliance with the relevant legal principles and the highest ethical standards. The Committee recognizes its mandate to direct and be held accountable.

This Statement of Corporate Governance has been established by the Fund's Committee and is intended, in conjunction with the Fund's Act and other corporate governance documents and all applicable laws, to be a flexible framework within which the Committee may conduct its business.

### **The Committee**

With the approval of the County Government and the CECM for Finance, the Committee establishes broad corporate policies for the Fund and sets the strategic direction for the management with a focus on enhancing the interests of stakeholders. The Committee is also responsible for the corporate governance of the Fund.

### **Composition of the Committee**

The Board consists of nine (9) members led by the Governor of the county or a representative appointed in writing by the Governor who shall be the chairperson. Other members are; the County Commissioner or his/her representative, County Police Commander or his/her representative, the Executive Committee Member responsible for matters relating to disaster management in the county, a person nominated by the Kenya Red Cross Society, a representative of the private sector appointed in writing by the chairperson of an association representing the private sector, one representative from civil society that is active on disaster management in the county, two representative from faith based organizations and a representative from learning institution. The members of the committee are appointed on a three-year term subject to renewal by the CECM responsible for the Fund. The head of Disaster Management in the County is the Secretary to the Committee. The Committee members are specialists in different areas of operation.

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Regular meetings of the Committee are held at such times and places as determined by the Committee and special meetings are held at other times as the Committee may determine

**Committee Meeting Materials**

To the extent practicable, the Committee is provided with appropriate materials in advance of each meeting to permit prior review by the Members.

**Functions of Committee members**

The responsibilities of members of the Fund are clearly spelt out in Sec. 10 of the Bungoma County Disaster Management and Emergency Fund Regulations as follows;

- a. Set policies on disaster and emergency management
- b. Approve the Disaster and Emergency Management plan;
- c. Review, approve and endorse recommendations of the administrator in relation to disaster and emergency management
- d. Oversee the application of the county disaster management plan during any period of disaster emergency and give direction of the plan to be implemented;
- e. Oversee the implementation of risk reduction, preparedness, response, mitigation and recovery activities by all County government agencies and other cooperative agencies performing the roles related to disaster management,
- f. Implement county and national government policies on disaster and emergency response;
- g. Approve estimates of revenue and expenditure of the Fund for each financial year;
- h. Receive, review and approve statutory and management reports of the Fund before submission to third parties;
- i. Discharge any other responsibility or exercise any other powers provided by this Act or the County disaster management plan.
- j. Perform such other duties as may be considered necessary by the County Executive Committee Member responsible for matters relating to Finance from time to time for the proper administration and management of the Fund and such a duty shall be assigned in writing.

In accordance with the principles of good corporate governance, each Committee member undertakes at all times, to act in the best interest of the Fund and exercise his/her power in the execution of duties in good faith and act with care and prudence.

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Each committee member is fully aware that the Committee, in consultation with the CECM for finance, is responsible for determining the Fund's vision, mission and values, deciding its strategic objectives, ensuring effective control over the Fund and accounting to its stakeholders and the public.

**Members Access to Management**

The Committee receives operating and financial reports of the Fund and has access to senior management at Fund and the senior officers of the County Government and Committee Meetings.

**Ethical Standards**

The Committee and the Management recognise that a strong ethical culture is very important in our vision to provide world class services that delight our customers. The Code of Ethics is a public statement that clarifies our expectations and holds us accountable for our business conduct. The standards of professional conduct are provided in the various Code of Conducts, the Fund's Act and Regulations, Mwongozo Code of Governance, PFM Act and Regulations and the Constitution of Kenya. The standards of professional conduct deal with the following main areas:

- a) The Fund's assets and information:
  - The Fund's funds and property;
  - The Fund's records and accounting;
  - Confidential and proprietary information;
  - Legal disputes;
- b) Conflicts of interest;
- c) Dealings with others;
  - Government officials;
  - Business hospitality;
  - Prohibited payments;
- d) Other areas include:
  - Equal opportunity and unlawful harassment;
  - Safety of the workplace and environmental protection;

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- Relationships with stakeholders;
- Anti-bribery and anti-corruption;
- Improper benefit;
- financial records and public communications;
- Political activities and lobbying.

**Sub-Committees**

The Committee is in the process of operationalizing the sub-committees so as to support the functioning of the Fund. The Sub-committees had not been formed by the time of preparing the Annual Financial Statements and Reports.

**Remuneration**

The members of the committee are entitled to Committee sitting allowances at the rates prescribed by the Salaries and Remuneration Commission. The members are also entitled to other allowances as allowed by the Salaries and Remuneration Commission whenever they are on official duty. However, the members are not entitled to salaries and other remunerative allowances.

**Communication with Third Parties**

The Committee believes that it is, in general, the responsibility of Secretary to speak on behalf of the Fund to outside parties. The Committee should only engage in such communications at the request of or after consultation with Management.

**Members' Tenure and Retirement**

Subject to the provisions of Fund's Act, the Chairperson and Members of the Committee shall hold office for a term of three years and shall be eligible for re-appointment for one further and final term.

## **8. MANAGEMENT DISCUSSION AND ANALYSIS**

The fund has continued to grow over the years and the management has put measures in place to safeguard against risks.

The fund's activities are exposed to a variety of financial risks including credit and liquidity risks. The Fund's overall risk management programme focuses on unpredictability of changes in 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 emergency activities are funded.

The management has ensured compliance with statutory requirements relating to the functions of the fund and also makes sure that statutory deductions are remitted on time to avoid incurring penalties and interests for non-compliance.

### **PERFORMANCE**

#### **Revenue**

The fund has an annual budget of Kshs. 70,000,000 of which it received kshs. 70,000,000 translating to 100%. The fund did not receive any public contributions nor donations for the period under review.

#### **Cash flow**

The cash and cash equivalents increased from KShs. 25,595,943.25 as at 30 June 2020 to Kshs. 16,845,983 as at 30 June 2021. This was relatively significant.

#### **Operational Performance**

The fund's core operating activities is to respond to emergency situation as they arise within the county as identified within line ministries in consultation with the board committee. During the period under review the fund majorly responded to Covid 19 pandemic to mitigate otherwise adverse effects within the county.

#### **Conclusion**

We appreciate the unrelenting support from the board of trustees, management, staff, the county government, development partners and all the key stakeholders. We look forward to the continued partnerships and cooperation in areas of mutual interest in the FY 2021/2022.

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**9. REPORT OF THE TRUSTEES/ FUND ADMINISTRATION COMMITTEE**

The Committee Members submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of the Fund affairs.

**Principal activities**

The principal activity of the Fund is to cater for the unplanned disaster events in the county of Bungoma.

**Results**

The results of the Fund for the year ended June 30, 2021 are set out on page 26-30.

**Committee Members**

The members of the Committee who served during the year are shown on page 6. In accordance with Bungoma COUNTY DISASTER MANAGEMENT AND EMERGENCY FUND Regulation, 2014, members retire by rotation and, being eligible offer themselves for re-election.

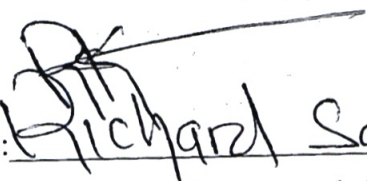
**Auditors**

The Auditor General is responsible for the statutory audit of the *Fund* in accordance with the Section 116 of the Public Finance Management (PFM) Act, 2012, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

By Order of the Board

Sign:

Name:

  
Richard Sabwami Keya.

Chair of the Board/ Fund Administration Committee

Date:

28/3/2022

## **10. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES**

The Fund Administrator for Bungoma County Disaster Management and 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 financial period ended on 30<sup>th</sup> June, 2021. This responsibility includes: (i) maintaining adequate financial management arrangement 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 statement, 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 Fund Administrator for Bungoma County Disaster Management and Emergency Fund accepts responsibility for the Fund's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Fund Administrator for Bungoma County Disaster Management and Emergency 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 period ended 30<sup>th</sup> June, 2021, and of the Fund's financial position as at that date. The Fund Administrator for Bungoma County Disaster Management and Emergency Fund further confirms the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund financial statements as well as the adequacy of the systems of internal financial control.

The Fund Administrator for Bungoma County Disaster Management and Emergency Fund confirms that the Fund has complied fully with applicable Government Regulations and the terms of external financing covenants, and that the funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

**Bungoma County Disaster Management and Emergency Fund**  
**Reports and Financial Statements**  
**For the period ended 30<sup>th</sup> June 2021**

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**Approval of the financial statements**

The Fund's financial statements were approved by the Board on Oct 2021 and signed on its behalf by:

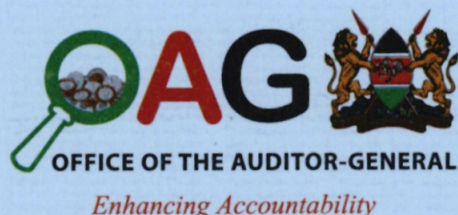
  
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Name: Geoffrey wafula

**Administrator of the County Public Fund**

# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
Email: 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 BUNGOMA COUNTY DISASTER MANAGEMENT AND EMERGENCY FUND FOR THE YEAR ENDED 30 JUNE, 2021**

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### 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 intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### **Qualified Opinion**

I have audited the accompanying financial statements of Bungoma County Disaster Management and Emergency Fund set out on pages 1 to 29, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, the statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a

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*Report of the Auditor-General on Bungoma County Disaster Management and Emergency Fund for the year ended 30 June, 2021*

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.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Bungoma County Disaster Management and Emergency Fund as at 30 June, 2021, 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 Bungoma County Disaster and Emergency Management Act, 2019.

## **Basis for Qualified Opinion**

### **1.0 Presentation and Inaccuracies of Financial Statements**

The statement of comparison of budget and actual amounts indicates that the Fund had a final capital expenses budget of Kshs.9,791,306 and actual expenditure on comparable basis of Kshs.26,313,207 leading to a performance difference of Kshs.26,313,207. However, the recomputed amount was Kshs.16,521,901 thereby resulting in an unexplained variance of Kshs.9,791,306. Further, the financial statements do not reflect pages 1 to 4 as well as pages 30 and 31.

In the circumstances, the accuracy and completeness of financial statements could not be confirmed.

### **2.0 Overstatement of Cash and Cash Equivalents**

The statement of financial position reflects cash and cash equivalents balance of Kshs.16,845,940 as disclosed in Note 3 to the financial statements. Included in the balance is an amount of Kshs.13,835,840 in respect of outstanding imprest and advances disclosed as part of cash and cash equivalents. However, Management did not explain why the imprests and advances were wrongly classified as part of cash.

Further, no explanation was provided for the failure to have the outstanding imprests surrendered or recovered from the respective officers, as required by Section 93(5) and (6) of the Public Finance Management (County Governments) Regulations, 2015, which provides that imprests be surrendered or accounted for within seven (7) working days after returning to duty station.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.16,845,940 could not be confirmed.

## **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 budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.70,000,000. Similarly, the Fund expended Kshs.55,815,938 against the approved budget resulting to an under-expenditure of Kshs.14,184,062 or 20% of the budget. The underperformance affected the planned activities and may have impacted negatively on service delivery to the public. Further, the statement indicates that the Fund had a final capital expenses budget of Kshs.9,791,306 but realized actual expenditure of Kshs.26,313,207. The over-expenditure of Kshs.16,521,901 was however not explained.

In the circumstances, the approved budget of the Fund was not realistic.

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1.0 Non-compliance with the Contractual Terms of Siuna-Kimalewa Culverts Project**

Note 4 to the financial statements reflects additions of roads and other civil works of Kshs.26,313,207. Included in the balance, was an amount of Kshs.13,845,876 incurred on construction of the Siuna-Kimalewa culverts project. The contract had been awarded to a local contractor at a contract sum of Kshs.139,865,671. However, the drawings and designs of the project were not provided for audit review.

In addition, the bills of quantity for the project provided for the inclusion of a pedestrian passage on both sides of the culverts. However, a site inspection of the project carried out in October, 2021 revealed that the pedestrian passages had not been constructed.

In the circumstances, the Fund did not obtain value for money on the expenditure of Kshs.13,845,876 incurred on the project.

#### **2.0 Lack of an Approved Budget**

During the audit, Management did not provide an approved budget for the year under review, as required by Section 33 of the Bungoma County Disaster and Emergency Management Act, 2019, which provides that the estimates are prepared, approved by the Committee and submitted to the Executive Committee Member for transmission to the County Assembly for approval.

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

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

#### **Lack of Internal Audit Reports**

During the audit, it was revealed that there were no internal audit reports. As a result, there was no review of governance structures, value for money and risk-based audits. There was also no verification of internal controls and assets.

This was in contravention of Section 155(1)(a) of the Public Finance Management Act, 2012, which states that a County Government entity shall ensure that it has appropriate arrangements for conducting internal audit according to the guidelines issued by the Accounting Standards Board.

#### **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 ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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**

**05 September, 2022**

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*Report of the Auditor-General on Bungoma County Disaster Management and Emergency Fund for the year ended 30 June, 2021*

**Bungoma County Disaster Management and Emergency Fund**  
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**For the period ended 30<sup>th</sup> June 2021**

**12. FINANCIAL STATEMENTS**

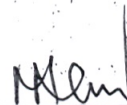
**12.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2021.**

Description	Note	FY2020/2021	FY2019/2020
		KShs	KShs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	1	70,000,000	50,000,000
Payments by County on behalf of the Fund (AIA)			5,000,000
<b>Total revenue</b>		<b>70,000,000</b>	<b>55,000,000</b>
<b>Expenses</b>			
General expenses	2	55,815,938	33,002,650
<b>Total expenses</b>		<b>55,815,938</b>	<b>33,002,650</b>
<b>Surplus/( deficit) for the period</b>		<b>14,184,062</b>	<b>21,997,350</b>



**Administrator of the Fund**

**Name: Geoffrey Wafula**



**Fund Accountant**

**Name: Mafunga Mary**

**ICPAKMemberNo:11779**

**Bungoma County Disaster Management and Emergency Fund**  
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**12.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021**

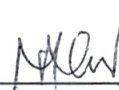
Description	Note	FY2020/2021	FY2019/2020
		KShs	KShs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	16,845,940	24,142,143
		<b>16,845,940</b>	<b>24,142,143</b>
<b>Non-current assets</b>			
Property, plant and equipment	4	129,484,477	113,552,464
<b>Total assets</b>		<b>146,330,417</b>	<b>137,694,607</b>
<b>Net assets</b>			
Accumulated surplus		146,330,418	137,694,607
<b>Total net assets and liabilities</b>		<b>146,330,418</b>	<b>137,694,607</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 28<sup>th</sup> March 2022 and signed by:



\_\_\_\_\_  
**Administrator of the Fund**

Name: Geoffrey Wafula



\_\_\_\_\_  
**Fund Accountant**

Name: Mafunga Mary

ICPAK Member No:11779

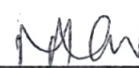
**Bungoma County Disaster Management and Emergency Fund**  
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**12.3 STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2021**

	Accumulated surplus	Total
	KShs	KShs
<b>Balance as at 1st July 2018</b>	34,547,086	34,547,086
Surplus/(Deficit) for the period	80,336,884	80,336,884
<b>Balance as at 30<sup>th</sup> June 2019</b>	<b>114,883,970</b>	<b>114,883,970</b>
<b>Balance as at 1<sup>st</sup> July 2019</b>	<b>114,883,970</b>	<b>114,883,970</b>
Prior year adjustment	813,287	813,287
Surplus/(Deficit) for the period	21,997,350	21,997,350
<b>Balance as at 30<sup>th</sup> June 2020</b>	<b>137,694,607</b>	<b>137,694,607</b>
<b>Balance as at 1<sup>st</sup> July 2020</b>	<b>137,694,607</b>	<b>137,694,607</b>
Prior year adjustment (Depreciation)	(5,548,252)	(5,548,252)
Surplus/(Deficit) for the period	14,184,062	14,184,062
<b>Balance as at 30<sup>th</sup> June 2021</b>	<b>146,330,417</b>	<b>146,330,417</b>



**Administrator of the Fund**  
**Name: Geoffrey Wafula**



**Fund Accountant**  
**Name: Mafunga Mary**  
**ICPAK Member No:11779**

**Bungoma County Disaster Management and Emergency Fund**  
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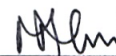
**12.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021**

	Note	FY2020/2021	FY2019/2020
		KShs	KShs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government	1	70,000,000	55,000,000
<b>Total Receipts</b>		<b>70,000,000</b>	<b>55,000,000</b>
<b>Payments</b>			
General expenses	2	56,005,942	33,002,650
Less Depreciation expenses (Non cash)		- 3,379,142	-
<b>Total Payments</b>		<b>52,626,800</b>	<b>33,002,650</b>
<b>Net cash flows from operating activities</b>		<b>17,373,200</b>	<b>21,997,350</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets	4	- 26,313,207	- 20,168,973
<b>Net cash flows used in investing activities</b>		<b>- 26,313,207</b>	<b>- 20,168,973</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>-8,750,003</b>	<b>1,828,337</b>
Cash and cash equivalents at 1 JULY		25,595,943	23,767,566.25
<b>Cash and cash equivalents at 30 JUNE</b>	3	<b>16,845,943</b>	<b>25,595,943.25</b>



**Administrator of the Fund**

**Name: Geoffrey Wafula**



**Fund Accountant**

**Name: Mafunga Mary**

**ICPAK Member No:11779**

**Bungoma County Disaster Management and Emergency Fund**  
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**12.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30<sup>th</sup> JUNE 2021.**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2021	2021	2021	2021	2021	2021
<b>Revenue</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	
Transfers from County Govt.	70,000,000.00	-	70,000,000.00	70,000,000.00	-	1.00
<b>Total income</b>	<b>70,000,000.00</b>	<b>-</b>	<b>70,000,000.00</b>	<b>70,000,000.00</b>	<b>-</b>	<b>1.00</b>
<b>Expenses</b>						
General expenses	70,000,000.00	-	70,000,000.00	55,815,937.78	14,184,062.23	79.737
<b>Total expenditure</b>	<b>70,000,000.00</b>	<b>-</b>	<b>70,000,000.00</b>	<b>55,815,937.78</b>	<b>14,184,062.23</b>	<b>79.737</b>
<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,184,062.23</b>	<b>(14,184,062.23)</b>	

<b>Capital Expenses</b>						
Capital Expenses	-	9,791,306.25	9,791,306.25	26,313,207.00	26,313,207.00	268.741
<b>Total expenditure</b>	<b>-</b>	<b>9,791,306.25</b>	<b>9,791,306.25</b>	<b>26,313,207.00</b>	<b>26,313,207.00</b>	<b>268.741</b>

**12.6 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 accounting policies have been consistently applied to all the years presented.

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

**Bungoma County Disaster Management and Emergency Fund**  
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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2021**

Standard/Amendment	Impact
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	There was no impact of the amendment to IPSAS 13 with respect to the current financial report
b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. 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	There was no impact of the amendment to IPSAS 13 and IPSAS 17 with respect to the current financial report as the entity did not apply any of the transitional provisions in the FY 2020/2021
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.	There was no impact of the amendment to IPSAS 21 and IPSAS 26 with respect to the current financial report as the entity does not have Non-Cash Generating Assets and neither did it have impaired cash generating assets.

**Bungoma County Disaster Management and Emergency Fund**  
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<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><i>Document the impact if the fund is reporting for the first time on accrual/ Otherwise indicate that there was no impact</i></p>
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**b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021**

<p><b>IPSAS 41: Financial Instruments</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2022:</b></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"> <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 to impairment testing; and</li> <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><i>(State the impact of the standard to the entity if relevant)</i></p>
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Standard	Effective date and impact
<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> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ul> <p><i>(State the impact of the standard to the entity if relevant)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2022:</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ul> <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>

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**c) Early adoption of standards**

The Fund adopted early – new or amended standards in year 2020.

**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. Budget information**

The original budget for FY 2020/2021 was approved by the County Assembly on 27<sup>th</sup> August 2020. 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 Fund upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund did not record any additional appropriations on the FY 2020/2021.

The Fund'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

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statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

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

#### **5. 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.

##### **i. 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.

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**ii. Financial instruments**

**a) 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.

**Impairment of financial assets**

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

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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)

**b) 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.

**6. 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.

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

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

**7. 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.

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**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.

**8. Nature and purpose of reserves**

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

**9. 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.

**10. Employee benefits – Retirement benefit plans**

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

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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.

**11. 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.

**12. 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.

**13. 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/Trustee, the Fund Managers and Fund Accountant.

**14. 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

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in value. Bank account balances include amounts held at the Central Bank of Kenya (*Remove if not applicable*) 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.

**15. Comparative figures**

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

**16. Events after the reporting period**

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

**17. Ultimate and Holding Entity**

The Fund is a County Public Fund established by PFM Act 2012, (*Bungoma county Disaster management Emergency Fund*) under the Ministry of Finance. Its ultimate parent is the County Government of Bungoma.

**18. Currency**

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

**19. 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.

State all judgements, estimates and assumptions made: e.g

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**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 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 changes or circumstances arising beyond the control of the Entity. 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:

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

**c) Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx. 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.

*(include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)*

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**20. Financial risk management**

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

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

**a) Credit risk**

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

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

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

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.

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**b) Liquidity risk management**

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

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

**c) Market risk**

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

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

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

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

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**d) Foreign currency risk**

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

**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.

**e) Interest rate risk**

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

**Management of interest rate risk**

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

**Sensitivity analysis**

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

**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 entity capital structure comprises of the following funds:

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**13. NOTES TO THE FINANCIAL STATEMENTS**

**1. Transfers from County Government**

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Transfers from County Govt. – operations	70,000,000	50,000,000
Payments by County on behalf of the Fund (AIA)		5,000,000
<b>Total</b>	<b>70,000,000</b>	<b>55,000,000</b>

**2. General expenses**

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Consumables/Inventories		
Electricity and water expenses		15,742,340
Fuel and oil costs	2,025,600	
Domestic travel and subsistence	5,876,500	9,802,500
Specialised materials and services	35,505,766	233,050
Security costs		
Telecommunication		
Bank Charges		
Miscellaneous expenditure (compensation to households)		
Hospitality	4,566,500	612,400
Depreciation and amortization costs	3,379,142	-
Routine maintenance - other assets	730,683	
Other expenses	3,731,747	6,612,360
<b>Total</b>	<b>55,815,938</b>	<b>33,002,650</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. Cash and cash equivalents**

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Current account	3,010,100	2,126,203
Imprests and advances	13,835,840	22,015,940
<b>Total cash and cash equivalents</b>	<b>16,845,940</b>	<b>24,142,143</b>

Detailed analysis of:

Cash and cash equivalents are as follows. .

Financial institution	Account number	FY2020/2021	FY2019/2020
		KShs	KShs
Kenya Commercial bank	117967462	3,010,100	2,126,203
<b>Total</b>		<b>3,010,100</b>	<b>2,126,203</b>

Imprests and advances are as follows.

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Imprests and advances	13,835,840	22,015,940
<b>Total Current receivables</b>	<b>13,835,840</b>	<b>22,015,940</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. Property, plant and equipment**

	Land	Roads and other Civil works	Totals
	Shs	Shs	Shs
<b>Cost</b>			
<b>As at 01 July 2020</b>	4,700,000	108,852,464	113,552,464
<b>Additions/(Disposals)</b>	-	26,313,207	26,313,207
<b>As at 30th June 2021</b>	<b>4,700,000</b>	<b>135,165,671</b>	<b>139,865,671</b>
<b>Depreciation rate</b>	2.5%	2.5%	
<b>Bal b/f 1st July 2020</b>	-	-	-
<b>Prior year Adjustment</b>		7,002,053	7,002,053
<b>Charge for the year</b>	-	3,379,142	3,379,142
<b>Acc dep as at 30th June 2021</b>	-	10,381,194	10,381,194
<b>NET BOOK VALUE</b>			-
<b>As at 30th June 2021(A-B)</b>	<b>4,700,000</b>	<b>124,784,477</b>	<b>129,484,477</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**5. Changes in Accounts Receivable**

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Account receivable as at 1 <sup>st</sup> July (A)	22,015,940	-
Account receivable issued during the year (B)	880,000	67,928,310
Account receivable settled during the Year (C)	- 10,513,900	45,912,370
<i>Prior year adjustment - understatement of 2018/2019 receivables</i>	1,453,800	
<b>Net changes in account receivables D= A+B-C</b>	<b>13,835,840</b>	<b>22,015,940</b>

**5. Cash generated from operations**

	FY2020/2021	FY2019/2020
Surplus for year before tax	14,184,062	21,997,350
Add. Depreciation	3,379,142	
Cashflows from operating activities	<b>17,563,204</b>	<b>21,997,350</b>

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	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)
<b>REPORT ON THE FINANCIAL STATEMENTS</b>					
<b>Other Matter</b>					
<b>1</b>	<p><b>Budgetary Control and Performance</b></p> <p>During the year under review, the Fund incurred total expenditure of Kshs.71,818,919 compared to total budget of Kshs.100,000,000, resulting into under-absorption of Kshs.28,181,081 or 28%:</p>	<p>The absorption is determined by a number of factors, mainly;</p> <p>a) The Fund does not finance activities that can be foreseen. It only finances activities that are unforeseen, hence unplanned. Therefore, the absorption level will depend on the requests that have been forwarded to the Fund</p> <p>The financing of activities is also dependent on the Exchequer Releases. The</p>	Geoffrey Wafula – Fund Administrator	Resolved	N/A

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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)
		Fund was not finance in full in the year 2017/2018			
2	<p><b>Under Funding of the Emergency Fund</b></p> <p>According to the Fund's Regulations of 2017, Section 4. (1), the initial capital of the Fund shall consist of at least two percent of total county budget for every financial year upon coming into effect of these regulations. (2) The Fund shall be financed through the annual appropriations by the County Assembly, private sector, donor support and global climate change and disaster risks financing facilities. In addition, the County Assembly may appropriate additional monies to the fund. Therefore, the fund ought to have received approximately Kshs.209,399,815 being 2% of the County Executive's budget for the year under review. However, only Kshs.50,000,000 was transferred to the Fund account, resulting into a budget deficit of Kshs.159,399,815</p>	<p>Sec. 113 of the County Government's PFM Regulations, 2015 provides that the CECM for Finance may not spend more than 2% of the county government's of the most recent audited financial statements. The most recent audited financial statements in the year 2017/2018 were the statements of the year 2015/2016 for which the reported revenue was KShs. 7,999,091,818.</p> <p>Hence, the allocation due to the Emergency Fund should not have exceeded KShs. 159,981,836.</p> <p>The Management was within the law when it provided an allocation of 100 million which is not more than 2% to the Emergency Fund.</p>	Geoffrey Wafula – Fund Administrator	Not resolved	30 June 2021

**Bungoma County Disaster Management and Emergency Fund**  
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**For the period ended 30<sup>th</sup> June 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)
3	<p><b>Over Expenditure in the Administration of the Fund</b></p> <p>According to the Fund's Regulations of 2017, Section 42. (1) The administration costs for running the Fund shall not be more than five per centum (5%) of the total budgetary provision for the Fund. Further, Despite the provisions under paragraph (1), the costs of running the Secretariat of the Fund and the County Disaster and Emergency Committee expenditure shall not be more than three per centum (3%). However, it was noted that contrary to the Regulations cited above, the Fund spent a total of Kshs.9,230,888 against allowable expenditure limit of Kshs.4,000,000 resulting to an excess expenditure of Kshs.5,230.888</p>	<p>The ceiling was marginally exceeded because of the underprovision for the Emergency Fund as highlighted in issue Number 2 above. However, the Management is currently streamlining the administrative costs to ensure that they do not exceed 3% of the Emergency Fund's Budget.</p>	Geoffrey Wafula – Fund Administrator	Not resolved	30 June 2021
<b>REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE</b>					
<b>Basis for Conclusion</b>					
	<p>Section 18 of the Bungoma COUNTY DISASTER MANAGEMENT AND EMERGENCY FUND Regulations, 2017 provides for establishing a County Disaster Management and Emergency Steering Committees to perform the following functions:</p> <p>(a) Provide policy direction on disaster and emergency response interventions;</p> <p>(b) Provide leadership and oversight on disaster and emergency response interventions</p>	No comment	Geoffrey Wafula – Fund Administrator	Not resolved	30 June 2021

**Bungoma County Disaster Management and Emergency Fund**  
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**For the period ended 30<sup>th</sup> June 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)
	(c) Receive, consider and make decisions based on reports from the inter-Governmental Technical Committee; and (d) Mobilize resources for disaster response interventions during alarm and emergency stages.				

**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.

