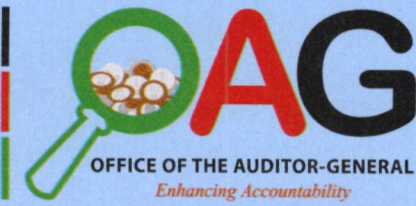


REPUBLIC OF KENYA



PARLIAMENT  
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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**KISII COUNTY EMERGENCY FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2025**

PAPERS LAID	
DATE	12.11.25.
TABLED BY	S.M.L
COMMITTEE	-
CLERK AT THE TABLE	Angela.



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**KISII COUNTY EMERGENCY FUND**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**JUNE 30, 2025**

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

**KISII COUNTY EMERGENCY FUND**  
**Annual Report and Financial Statements for the year ended 30 June 2025**

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**KISII COUNTY EMERGENCY FUND**  
**Annual Report and Financial Statements for the year ended 30 June 2025**

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**1. ACRONYMS AND DEFINITION OF KEY TERMS**

**a) Acronyms**

BOM	Board of Management
CECM	County Executive Committee Member
CIDP	County Integrated Development Plan
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
Kshs	Kenya Shillings
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
CO	Chief Officer
ADAS	Assistant Director Accounting Services

**a) Glossary of terms**

Fiduciary management	The key management who had financial responsibility
Financial Performance	Statement of revenues and expenses
Surplus	A situation in which revenues are more than expenses
Deficit	A situation in which expenses are more than revenues
Financial Position	Statement of assets and liabilities at a particular time
Asset	A resource with economic value and future benefits to an entity
Liability	an obligation that an entity owes to others, such as debts or taxes
Statement of Cash flow	The movement of cash into and out of an entity over a period of time
Net assets	The residual interest in the assets of an entity after deducting liabilities

## KISII COUNTY EMERGENCY FUND

### Annual Report and Financial Statements for the year ended 30 June 2025

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## 2. KEY ENTITY INFORMATION AND MANAGEMENT

### a) Background information

Kisii County Emergency Fund is established by and derives its authority and accountability from the Kisii County Emergency fund Act, 2015. The Fund is wholly owned by the County Executive of Kisii and is domiciled in Kenya.

The fund's objective is to make payments when an urgent and unforeseen need for expenditure for which there is no legislative authority arises.

### b) Principal Activities

The principal activity/mission/ mandate of the Fund is to help deal with unforeseen circumstances

### c) Fund Administration Committee

Ref	Position	Name
1	CEC Finance & Economic Planning	Mr. Kennedy Okemwa Abincha
2	Fund Administrator-CO Finance	Mr. Vincent Okioma Nyangwara
3	Fund Accountant	CPA John Nyalaji Nyandanyi

### d) Key Management Team

Ref	Position	Name
1	CEC Finance & Economic Planning	Mr. Kennedy Okemwa Abincha
2	Fund Administrator -CO Finance	Mr. Vincent Okioma Nyangwara
3	Fund Accountant	CPA John Nyalaji Nyandanyi

**KISII COUNTY EMERGENCY FUND**  
**Annual Report and Financial Statements for the year ended 30 June 2025**

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**Key Entity and Management (Continued)**

**e) Fiduciary Oversight Arrangements**

The key fiduciary oversight bodies at the County for the year ended 30<sup>th</sup> June 2025 were:

**i. County Assembly of Kisii County**

The responsibilities of the County Assembly of Kisii were as follows:

- To vet and approve nominees for appointment to county public offices as may be provided for in the relevant laws;
- To perform the roles set out under Article 185 of the Constitution;
- To approve the budget and expenditure of the county government in accordance with Article 207 of the Constitution, and the legislation contemplated in Article 220(2) of the Constitution, guided by Articles 201 and 203 of the Constitution;
- To approve the borrowing by the county government in accordance with Article 212 of the Constitution;
- To approve county development planning; and
- To perform any other role as may be set out under the Constitution or legislation

**ii. Audit Committee**

The functions and responsibilities of the audit committee were as follows:

- To obtain assurance from management that all financial and non-financial internal control and risk management functions are operating effectively and reliably.
- To provide an independent review of the County Executive's reporting functions to ensure the integrity of financial reports.
- To monitor the effectiveness of the County Executive's performance management and performance information.
- To provide strong and effective oversight of County Executive's internal audit function.
- To provide effective liaison and facilitate communication between management and external audit.
- To provide oversight of the implementation of accepted audit recommendations.
- To ensure that the County Executive effectively monitors compliance with legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour.

**iii. Public Accounts and Investment Committee of the Senate**

The main function of the Senate Public Accounts and Investment Committee is to invite the Governor to appear before it to adduce evidence on the reports of the Auditor-General.

**iv. Budget and Appropriations Committee**

Budget and Appropriations Committee approves expenditure budget of the County Executive

**KISII COUNTY EMERGENCY FUND**  
**Annual Report and Financial Statements for the year ended 30 June 2025**

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for the execution of governance.

**v. Development Partners**

Development partners monitor implementation of development projects funded by them to ensure that they achieve the intended objectives.

**f) Registered Offices**

P.O. Box 4550-40200  
Municipal Building  
Kisii-Keroka RD  
Kisii, KENYA

**g) Fund Contacts**

Telephone: (254) 582030005  
E-mail: [info@kisii.go.ke](mailto:info@kisii.go.ke)  
Website: [www.kisii.go.ke](http://www.kisii.go.ke)

**h) Fund Bankers**

Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya

Family Bank  
Zonic Building, Hospital Rd, Kisii.  
Kisii branch  
Telephone: +254 703095000  
Kisii

Diamond Trust Bank  
Moi Highway  
Telephone 0111189370  
Kisii, Kenya

**KISII COUNTY EMERGENCY FUND**

**Annual Report and Financial Statements for the year ended 30 June 2025**

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**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

**k) County Attorney**



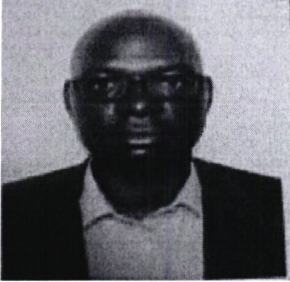
County Attorney  
County Legal Office  
P.O. Box 4550-40200  
Kisii

**KISII COUNTY EMERGENCY FUND**

**Annual Report and Financial Statements for the year ended 30 June 2025**

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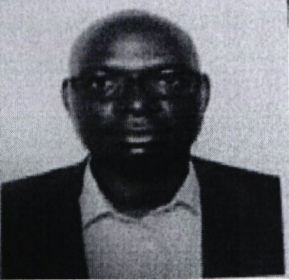
**3. FUND ADMINISTRATION COMMITTEE**

<b>Name</b>	<b>Details of qualifications and experience</b>
 <p>Mr. Kennedy O. Abincha <b>Chairperson.</b></p>	<p>Mr. Kennedy Okemwa Abincha was born on 10<sup>th</sup> of April, 1967. He is CEC Finance and Economic Planning. He holds a Master’s Degree in Business Administration –Strategic Management option and Bachelor’s degree – Insurance Option from The University Nairobi.</p> <p>Mr. Abincha is a chartered insurer and prior to his appointment, he had worked with Ventar Insurance Investigators as a Technical Manager and Ag. Chief Executive Officer /Principal Officer at INVESCO Assurance Co Ltd. He is the chairperson for the Emergency fund</p>
 <p>Mr. Vincent O. Nyangwara <b>Fund Administrator</b></p>	<p>Mr. Nyangwara was born on 17<sup>th</sup> of July, 1990. He is the Chief Officer of Finance and Accounting services. Prior to this appointment, he served as the chief officer Infrastructure, Roads &amp; Public works in Kisii County Government. He also worked at the Parliamentary Service commission as a constituency manager for Dagoretti North Constituency. He Holds a Bachelors of Arts in International Relations from the Kenya Methodist University.</p> <p>Has a vast of skills in administration,community mobilization,Budget and financial management as well as Project management. He is the and Fund administrator for the Kisii Emergency Fund.</p>
 <p>CPA John N. Nyandanyi</p>	<p>Mr. Nyandanyi was born on 10<sup>th</sup> day of November, 1974.holds a Bachelor of Commerce degree in Finance from University of Nairobi. Further, he is a holder of CPA (K) and CPS (K). He has over 25 years working experience in Treasury Accounts department. He is currently the Head of accounting Services and fund accountant.</p>

## KISII COUNTY EMERGENCY FUND

### Annual Report and Financial Statements for the year ended 30 June 2025

#### 4. KEY MANAGEMENT TEAM

Name	Details of qualifications and experience
 <p data-bbox="213 860 555 927">Mr. Kennedy O. Abincha – <b>Chairperson.</b></p>	<p data-bbox="671 528 1431 723">Mr. Kennedy Okemwa Abincha was born on 10<sup>th</sup> of April, 1967 – CEC Finance and Economic Planning. He holds a Master’s Degree in Business Administration –Strategic Management option and Bachelor’s degree – Insurance Option from The University Nairobi.</p> <p data-bbox="671 730 1431 846">Mr. Abincha is a chartered insurer and prior to his appointment, he had worked with Ventar Insurance Investigators as a Technical Manager</p> <p data-bbox="671 853 1337 958">And Ag. Chief Executive Officer /Principal Officer at INVESCO Assurance Co Ltd. He is the chairman to the Emergency fund</p>
 <p data-bbox="213 1352 555 1417">Mr. Vincent O. Nyangwara <b>Fund Administrator</b></p>	<p data-bbox="671 965 1431 1238">Mr. Mr. Nyangwara was born on 17<sup>th</sup> of July, 1990. He is the Chief Officer of Finance and Accounting services. Prior to this appointment, he served as the chief officer Infrastructure, Roads &amp; Public works in Kisii County Government. He also worked at the Parliamentary Service commission as a constituency manager for Dagoretti North Constituency. He Holds a Bachelors of Arts in International Relations from the Kenya Methodist University.</p> <p data-bbox="671 1245 1431 1384">Has a vast of skills in administration,community mobilization,Budget and financial management as well as Project management. He is the and Fund administrator for the Kisii Emergency Fund.</p>
 <p data-bbox="213 1742 523 1769">CPA John N. Nyandanyi</p>	<p data-bbox="671 1424 1431 1630">Mr. Nyandanyi was born on 10<sup>th</sup> November, 1974. He holds a Bachelor of Commerce degree in Finance. Further, he is a holder of CPA (K) and CPS (K). He has over 25 years working experience in Treasury Accounts department. He is currently the Head of accounting Services and fund accountant</p>

**KISII COUNTY EMERGENCY FUND**

**Annual Report and Financial Statements for the year ended 30 June 2025**

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**5. REPORT OF THE CHAIRMAN OF THE FUND**

The Kisii County Emergency Fund, as of the financial year ended June 30, 2025, serves as a critical financial instrument for disaster response and recovery within the county. Initially approved with a budget of KShs 20,000,000, the fund's vital role in addressing unforeseen exigencies necessitated a substantial revision. This led to a supplementary budget increasing the allocation to KShs 85,834,503, with the corresponding funds duly transferred into the fund's account to bolster its operational capacity.

Since its inception, the Emergency Fund has demonstrated significant achievements, primarily in its swift and effective provision of relief and assistance. A key area of intervention has been supporting individuals and communities afflicted by fire incidents, floods, landslides and any unforeseen events. This includes direct aid to those who have suffered personal losses, such as damage to homes or businesses, and crucially, assistance for the reconstruction of vital community infrastructure, notably market structures that were tragically destroyed by fire. The fund's ability to act rapidly in such crises underscores its indispensable value in mitigating the immediate and long-term impacts of disasters.

The Kisii County Emergency Fund has consistently demonstrated prudent financial management and delivered demonstrable value for money. By providing essential items at critical junctures, it has ensured that resources are deployed efficiently to address urgent needs. The provision of both food and non-food items has been instrumental in enabling affected individuals to commence the arduous process of rebuilding their lives in the aftermath of fire-induced devastation. This targeted and timely support not only alleviates immediate suffering but also contributes significantly to the resilience and recovery of the affected population. The efficacy of the fund lies in its direct impact on the ground, delivering tangible relief when and where it is most needed.

Looking ahead, the management of the Kisii County Emergency Fund is committed to enhancing its operational framework to become more proactive and responsive. This strategic shift involves integrating emergency preparedness into the core budgeting process. The objective is to identify and plan for potential emergency needs in advance, thereby ensuring the securement of adequate resources during the annual budgetary cycles. This forward-looking approach will enable the fund to respond with greater efficacy and robustness whenever emergencies arise, minimizing delays and maximizing the impact of its interventions. By embedding emergency planning within the routine financial foresight, the Kisii County Emergency Fund aims to fortify its capacity to protect lives, livelihoods, and critical infrastructure, thereby strengthening the overall resilience of the county in the face of future unforeseen events.

Name: Mr. Richard M. Atandi Signature  Date: 23/09/2025

**CECM Finance & Economic Planning- Chairperson of the Fund**

## KISII COUNTY EMERGENCY FUND

### Annual Report and Financial Statements for the year ended 30 June 2025

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#### 6. REPORT OF THE FUND ADMINISTRATOR

In the Current year, the Kisii County Emergency Fund had an approved budget of Kshs 20,000,000 which was later revised upward to Kshs. 85,834,503 by a supplementary.

Since the establishment of the Emergency Fund, a lot has been achieved. Key among them is the relief or assistance to people who have suffered loss as a result of landslides, fire and floods where the fund has been able to provide both food and non-food items to enable the cope with life.

The fund achieved value for money from the Emergency Fund by providing items which are very necessary at a time an emergency has struck. The provision of food and non-food items was necessary for restarting life after the loss suffered.

The major challenges that the Emergency Fund suffered were the late disbursement of funds and the increased cases of people who wanted assistance.

Name: Mr. Vincent O Nyangwara

Signature.....



Date.....

23/09/2025.....

**Fund Administrator**

**KISII COUNTY EMERGENCY FUND****Annual Report and Financial Statements for the year ended 30 June 2025****7. STATEMENT OF PERFORMANCE AGAINST THE FUND'S PREDETERMINED OBJECTIVES****Introduction**

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

The key/Principal activity/mission/ mandate or objective of the Kisii County Emergency Fund is to help deal with unforeseen circumstances. These include but not limited to:

- (a) loss of human life,
- (b) human illness or injury,
- (c) homelessness,
- (d) damage to property, disruption of a supply of money, food, water, energy or fuel
- (e) disruption of carriage and transportation in a significant manner,

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

Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Floods/Landslides	To support residents of the County affected by floods and landslide to cope with life	Increased number of residents who copes with life after an emergency	% of residents who cope with life after emergencies	The objectives were not achieved as there not disbursements made into the fund by the county treasury
Food and household items	To support residents of the County affected by floods and landslide to buy food and household items such as beddings	Increased number of residents who copes with life after an emergency	% of residents who cope with life after emergencies	The objectives were not achieved as there not disbursements made into the fund by the county treasury
Construction of better footpaths and bridges	Support residents of the County achieve maximum protection from collapsed bridges and footpaths during	Construct better footpaths and bridges	% of residents who were accepting and coping with the new norm	The objectives were not achieved as there not disbursements made into the fund by the county treasury

**KISII COUNTY EMERGENCY FUND**

**Annual Report and Financial Statements for the year ended 30 June 2025**

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<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
	the rainy season			

## **KISII COUNTY EMERGENCY FUND**

### **Annual Report and Financial Statements for the year ended 30 June 2025**

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#### **8. STATEMENT OF CORPORATE GOVERNANCE**

Kisii County Emergency Fund is established by and derives its authority and accountability from the Kisii County Emergency Fund Act, 2015. The Fund is wholly owned by the County Executive of Kisii and is domiciled in Kenya.

The fund's objective is to make payments when an urgent and unforeseen need for expenditure for which there is no legislative authority arises.

The roles and functions of the administrator are set out Kisii County Emergency fund Act, 2015 Section 5(4) and they include:

- a) Oversee day to day operations of the fund
- b) Ensure that money held in the fund is spent only for the purposes for which the fund is established
- c) Work with county treasury to prepare annual financial statements to the emergency fund account
- d) Work with the County Treasury to submit to the auditor General the annual financial statement not later than three months after the end of the financial year
- e) Prepare and present the emergency fund financial statements to the county assembly
- f) Ensure that accounts for the fund and the annual financial statements relating to the emergency fund accounts for the fund and the annual financial statements relating to the published by the accounting standards board from time to time
- g) Initiate proposal for amending the emergency fund act
- h) Shall where circumstances so requires wind up the emergency fund wit approval of the county Assembly
- i) Shall on the winding up of the fund pay any amount remaining in the fund into the county exchequer account
- j) Perform any other responsibility relating to the emergency.

The role of the administration committee falls under The County Executive Committee Member for finance as guided by the Section 5(1) of The Kisii County Emergency Fund Act,2015 which states; The County Executive Committee Member for finance shall be responsible for administering Establishment of Emergency Fund (2) The County Executive Committee Member shall administer the Fund in accordance with the framework and criteria approved by the County Assembly.

## KISII COUNTY EMERGENCY FUND

### Annual Report and Financial Statements for the year ended 30 June 2025

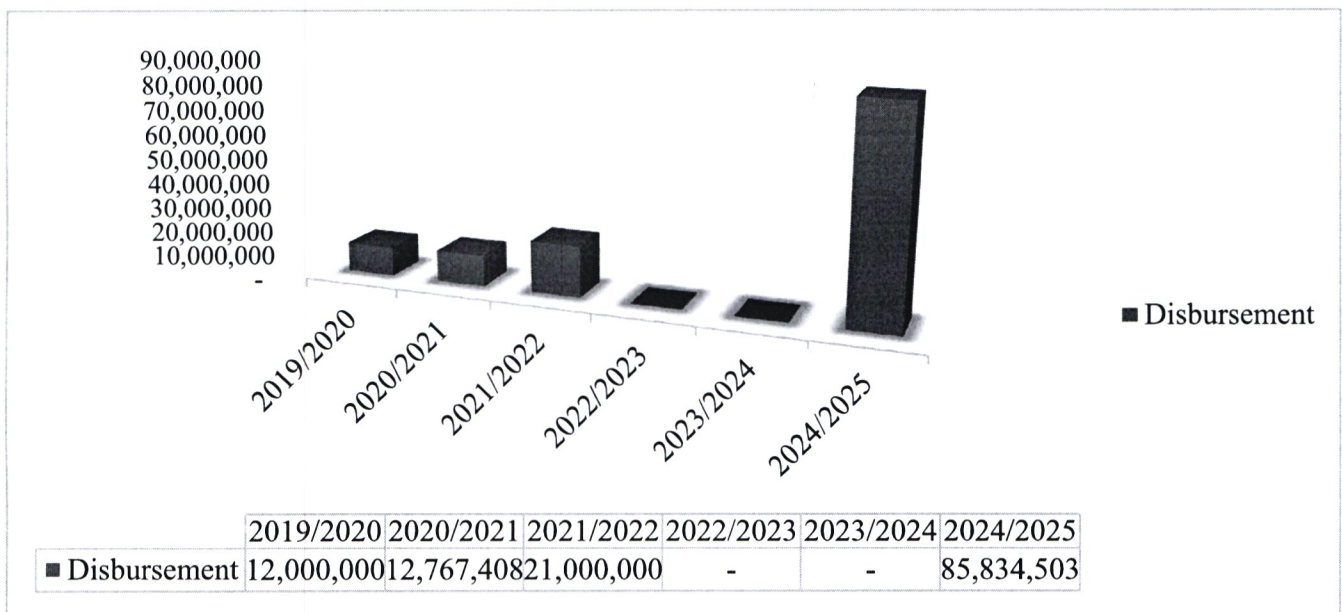
#### 9. MANAGEMENT DISCUSSION AND ANALYSIS

In the Current year, the Kisii County Emergency fund had an approved budget of Kshs 20,000,000 which was later revised to Kshs 85,834,503 through Supplementary budget.

Since the establishment of the Emergency fund, a lot has been achieved. Key among them is the relief or assistance to people who have suffered loss as a result of landslides, fire and floods where the fund has been able to provide both food and non-food items to enable the cope with life.

The Kisii County Emergency fund prepares and submits the financial statements yearly to the statutory bodies on time. The reports are audited by the office of the auditor- General

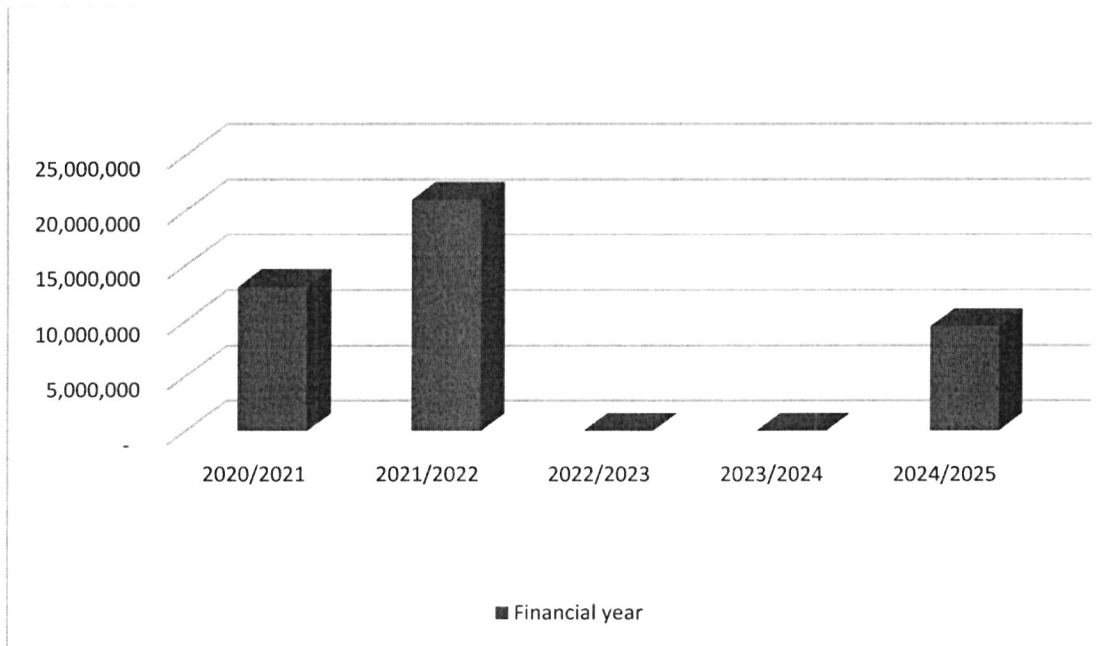
This section provides an over view of the fund’s disbursements thought the financial years.



**KISII COUNTY EMERGENCY FUND**  
**Annual Report and Financial Statements for the year ended 30 June 2025**

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The expenditure over the years as show below:



The management intend to make the fund more active in the future to ensure that emergencies are planned for earlier and included in the budget so that enough resources are available as and when required.

**10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

**1. Sustainability strategy and profile -**

The County has also engaged in capacity building of its human resource to ensure that they remain competitive and relevant in a competitive market

Socially the county has built the people's park to ensure that the people enjoy improved and quality life by experiencing nature and engaging in physical activities enabling them to relax.

**2. Environmental performance**

The county government passed legislation in the County Assembly for the cutting of eucalyptus trees which have adversely affected the water table. The county has also encouraged the replacement of eucalyptus trees which have no effect to water table.

Through the ministry of environment water and natural resources, the county has initiated spring protection works and rehabilitation of water schemes.

It has also embarked on recovery of riparian land by partnering with other government agencies such as NEMA

**3. Employee welfare**

The County Government of Kisii provides equal employment opportunities to the citizen through advertisement of vacancies on its website and local media for easy access of the applicants. It also strives to attain the gender balance in the recruitment process.

The County Government of Kisii has consistently increased capacity building of its employees in equipping them on their career development. This involves necessary skills to enable them discharge their duties and responsibilities in an ever changing working environment.

It also takes care of employee's welfare through provision of comprehensive medical insurance scheme.

**4. Marketplace practices**

The county has installed high mast solar streetlights in all major markets to enable a 24-hour economy. In empowering its citizens, the County through the department of trade, tourism and industrialization has constructed market stalls and shades to make business possible.

The county has also constructed a banana and avocado processing plant to enable the locals' access easy market of their locally grown produce

**5. CORPORATE SOCIAL RESPONSIBILITY / COMMUNITY ENGAGEMENTS**

The county has engaged in the construction of peoples' recreational park whose objective is to offers an opportunity for social groups as well as individuals of all ages to meet and interact.

The park also offers an opportunity for reduction of crime and juvenile delinquency. It has also provided an opportunity for people to experience nature and engage in physical activities and relax.

**KISII COUNTY EMERGENCY FUND**  
**Annual Report and Financial Statements for the year ended 30 June 2025**

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**11. REPORT OF THE COMMITTEE**

The Kisii County Emergency Fund administrator prepares and submits the financial statements report for the Financial Year 2024-2025 together with the audited financial statements for the year ended June 30, 2025 which show the state of the Fund affairs.

**Principal activities**

The principal activities of the Fund are to deal with unforeseen circumstances in the County of Kisii.

**Results**

The results of the Fund for the year ended June 30, 2025 are set out on page 1 to 23.

**Committee**

The Fund Committee Members who served during the year are shown on page vii.

**Auditors**

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to audit the Kisii County Emergency Fund for the year ended 30<sup>th</sup> June 2025.

By Order of the Board



.....  
Mr. Richard M. Atandi

**CECM Finance & Economic Planning**

**Chairman of the Fund Administration Committee**

**KISII COUNTY EMERGENCY FUND**

**Annual Report and Financial Statements for the year ended 30 June 2025**

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**12. STATEMENT OF MANAGEMENT’S RESPONSIBILITIES**

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

The Administrator of the 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 year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the Emergency Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and The Kisii County Emergency Fund Act, 2015. The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2025, and of the Fund’s financial position as at that date. The Administrator further confirms the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the Emergency Fund has assessed the Fund’s ability to continue as a going concern and disclosed as applicable. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Fund’s financial statements were approved by the Committee on 30/06/2025 2025 and signed on its behalf by:



.....  
**Mr. Vincent Okioma Nyangwara**

**Fund Administrator**

# 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 KISII COUNTY EMERGENCY FUND FOR THE YEAR ENDED 30 JUNE, 2025**

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### PREAMBLE

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

- A. Report on 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 the 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

## REPORT ON THE FINANCIAL STATEMENTS

### **Opinion**

I have audited the accompanying financial statements of Kisii County Emergency Fund set out on pages 1 to 27, which comprise of the statement of financial position as at 30 June, 2025 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 summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kisii County Emergency Fund as at 30 June, 2025 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 Kisii County Emergency Fund Act, 2015 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

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

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects a final receipt budget and actual amount on comparable basis of Kshs.85,834,503 and Kshs.85,834,503 respectively. Similarly, Management spent an amount of Kshs.9,500,000 from the actual receipts amounting to Kshs.85,834,503 resulting in an under expenditure of Kshs.76,334,503 or 89% of the actual receipts.

The under-utilization of the actual receipts affected the planned activities and may have impacted negatively on delivery of services to the public.

My opinion is not modified in respect of this matter.

## Key Audit Matters

Key audit matters are those matters that, in my professional judgement, 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

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in the Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Fund in 2024/2025 revealed that the following matters remained unresolved:

S/No.	Financial Year	Audit Issue
1	2023/2024	Budgetary Control and Performance
2	2023/2024	Long Outstanding Payables
3	2023/2024	Payment for Supply of Assorted Emergency Items for Covid-19

## Other Information

The Management is responsible for the Other Information set out on page iii to xix which comprise Key Entity Information and Management, Fund Administration Committee, Key Management Team, Report of the Chairman of the Fund, Report of the Fund Administrator, Statement of Performance Against Predetermined Objectives, Statement of Corporate Governance, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Committee and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I

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*Report of the Auditor-General on Kisii County Emergency Fund for the year ended 30 June, 2025*

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. Long Outstanding Trade and Other Payables**

As previously reported, the statement of financial position as disclosed in Note 11 to the financial statements reflects trade and other payables balances of Kshs.14,953,327 that had been outstanding for more than three(3) years. This was contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015 which require debt service payments to be a first charge on the County Revenue Fund and the Accounting Officer to ensure this is done to the extent possible that the County Government does not default on debt obligations.

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

### **2. Irregularities in the Reconstruction of the Kisii Marikiti Market**

The statement of financial performance and, as disclosed in Note 8 to the financial statements, reflects emergency expenses amounting to Kshs.9,500,000 for the reconstruction of Kisii Marikiti Market, which was destroyed by fire on 29 June, 2025. However, the physical verification conducted on 26 August, 2025, revealed that the timber used for the construction did not match the specifications in the budget. In addition, there was no physical evidence that the cement and sand ballast were used at the market site and it was not possible to confirm whether the reconstruction works were executed in accordance with the required standards.

In the circumstances, the value for money on the expenditure of Kshs.9,500,000 could not be confirmed.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply 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 effects of 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 governance were not effective.

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*Report of the Auditor-General on Kisii County Emergency Fund for the year ended 30 June, 2025*

## **Basis for Conclusion**

### **Irregular Administration of the Fund**

Review of the governance structure of the Fund, as reflected in the key entity information and management in the financial statements, indicated that the Fund Administrator was the Chief Officer of Finance and Accounting Services. This was contrary to Section 5(1) of the Kisii County Emergency Fund Act, 2015, which designates the County Executive Committee Member for Finance as the responsible officer for administering the Emergency Fund. Further, the Fund's management had not developed operational guidelines and regulations to enable the Committee Member to adequately satisfy that an urgent and unforeseen need for expenditure had arisen, as required under Section 6(1) of the Kisii County Emergency Fund Act, 2015.

In the circumstances, the effectiveness of the governance structure Fund's operations could not be ascertained.

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

### **Responsibilities of the 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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Kisii County Emergency Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**28 October, 2025**

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*Report of the Auditor-General on Kisii County Emergency Fund for the year ended 30 June, 2025*

**KISII COUNTY EMERGENCY FUND**

**Annual Report and Financial Statements for the year ended 30 June 2025**


**14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2025**

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
Transfers From the County Government	6	85,834,503	-
Public Contributions and Donations	7	-	2,171,180
		<b>85,834,503</b>	<b>2,171,180</b>
<b>Revenue From Exchange Transactions</b>			
Finance Income	-	-	-
		-	-
<b>Total Revenue</b>		<b>85,834,503</b>	<b>2,171,180</b>
<b>Expenses</b>			
Emergency Expenses	8	9,500,000	-
Use of goods and services	9	-	600
<b>Total Expenses</b>		<b>9,500,000</b>	<b>600</b>
<b>Surplus/(Deficit) for the Year</b>		<b>76,334,503</b>	<b>2,170,580</b>



.....  
Name: Mr. Vincent O Nyangwara  
Fund Administrator

Date 28/09/2025



.....  
Name: CPA John N. Nyandanyi  
Fund Accountant

ICPAK Member Number:13733

Date 28/09/2025

**KISII COUNTY EMERGENCY FUND**  
**Annual Report and Financial Statements for the year ended 30 June 2025**

**15. STATEMENT OF FINANCIAL POSITION AS AT 30<sup>th</sup> JUNE 2025**

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	10	76,373,450	38,947
<b>Total current assets</b>		<b>76,373,450</b>	<b>38,947</b>
<b>Total Assets (A)</b>		<b>76,373,450</b>	<b>38,947</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	11	14,953,327	14,953,327
<b>Total current liabilities</b>		<b>14,953,327</b>	<b>14,953,327</b>
<b>Total Liabilities (B)</b>		<b>14,953,327</b>	<b>14,953,327</b>
<b>Net Assets (A-B)</b>		<b>61,420,123</b>	<b>(14,914,380)</b>
<b>Represented By:</b>			
Accumulated Surplus		61,420,123	(14,914,380)
<b>Net Assets</b>		<b>61,420,123</b>	<b>(14,914,380)</b>



.....  
**Name: Mr. Vincent O. Nyangwara**  
**Fund Administrator**  
**Date: 23/09/2025**



.....  
**Name: CPA John N. Nyandanyi**  
**Fund Accountant**  
**ICPAK Member Number:13733**  
**Date: 23/09/2025**

**KISII COUNTY EMERGENCY FUND**

**Annual Report and Financial Statements for the year ended 30 June 2025**

**16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025**

Description	Accumulated surplus/Deficit
	Kshs
<b>Balance As At 1 July 2023</b>	(17,084,960)
Surplus/(Deficit) For the Year	2,170,580
<b>Balance As At 30 June 2024</b>	<b>(14,914,380)</b>
<b>Balance As At 1 July 2024</b>	<b>(14,914,380)</b>
Surplus/(Deficit) For the Year	76,334,503
<b>Balance As At 30 June 2025</b>	<b>61,420,123</b>

**KISII COUNTY EMERGENCY FUND**  
**Annual Report and Financial Statements for the year ended 30 June 2025**

**17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2025**

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts From the County Government		85,834,503	-
Public Contributions and Donations		-	2,171,180
Interest received		-	-
<b>Total receipts</b>		<b>85,834,503</b>	<b>-</b>
<b>Payments</b>			
Emergency Expenses		9,500,000	-
Use of goods and services		-	600
<b>Total Payments</b>		<b>9,500,000</b>	<b>600</b>
<b>Net cash flows from operating activities</b>	12	<b>76,334,503</b>	<b>(600)</b>
<b>Cash flows from investing activities</b>			
<b>Net cash flows used in investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		<b>76,334,503</b>	<b>(600)</b>
Cash and cash equivalents at 1 July	10	38,947	39,547
<b>Cash and cash equivalents at 30 June</b>		<b>76,373,450</b>	<b>38,947</b>

**KISII COUNTY EMERGENCY FUND****Annual Report and Financial Statements for the year ended June 30, 2025****18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
<b>Opening Budget Carry overs</b>	-	-	-	-	-	-
<b>Receipts</b>						-
Transfers From County Govt.	20,000,000	65,834,503	85,834,503	85,834,503	-	100
Public Contributions and Donations	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-
<b>Total Receipts</b>	<b>20,000,000</b>	<b>65,834,503</b>	<b>85,834,503</b>	<b>85,834,503</b>	-	<b>100</b>
<b>Payments</b>						-
Emergency Expenses	20,000,000	65,834,503	85,834,503	9,500,000	76,334,503	11
Use of goods and services	-	-	-	-	-	-
<b>Total Payments</b>	<b>20,000,000</b>	<b>65,834,503</b>	<b>85,834,503</b>	<b>9,500,000</b>	<b>76,334,503</b>	<b>11</b>
<b>Surplus For the Period</b>	-	-	-	<b>76,334,503</b>	<b>(76,334,503)</b>	-

**Notes:**

The under-utilization of funds was as a result of few exigencies that required the fund's intervention.

**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	<b>76,334,503</b>
1	Reason for differences (opening balance in the bank which was to be closed during the year)	38,947
	Closing Cash and Cash Equivalent as per the statement of Cash flows	<b>76,373,450</b>

**KISII COUNTY EMERGENCY FUND**  
**Annual Report and Financial Statements for the year ended 30 June 2025**

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**19. NOTES TO THE FINANCIAL STATEMENTS**

**1. General Information**

The Emergency Fund is established by and derives its authority and accountability from the Kisii County Emergency Fund Act, 2015. The fund is wholly owned by the Kisii County Government and is domiciled in Kenya. The fund's principal activity is to make payments when an urgent and unforeseen need for expenditure for which there is no legislative authority arises.

**2. Statement of compliance and basis of preparation**

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The financial statements are prepared on accrual basis while the cash flow statement is prepared using the direct method.

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

**(i) New and amended standards and interpretations in issue effective in the year ended 30 June 2025**

There are no new standards effective in the financial year ended 30<sup>th</sup> June 2025;

**(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025**

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43 Leases	<b>Applicable 1<sup>st</sup> January 2025</b> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.

**KISII COUNTY EMERGENCY FUND**  
**Annual Report and Financial Statements for the year ended 30 June 2025**

Standard	Effective date and impact:
	The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<b>Applicable 1<sup>st</sup> January 2025</b> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45- Property Plant and Equipment	<b>Applicable 1<sup>st</sup> January 2025</b> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognized as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	<b>Applicable 1<sup>st</sup> January 2025</b> The objective of this standard was to improve measurement guidance across IPSAS by: <ul style="list-style-type: none"> <li data-bbox="507 1809 1386 1944">i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li data-bbox="507 1966 1386 2000">ii. Clarifying transaction costs guidance to enhance consistency</li> </ul>

**KISII COUNTY EMERGENCY FUND**  
**Annual Report and Financial Statements for the year ended 30 June 2025**

Standard	Effective date and impact:
	<p>across IPSAS;</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

**KISII COUNTY EMERGENCY FUND**  
**Annual Report and Financial Statements for the year ended 30 June 2025**

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**(iii) Early adoption of standards**

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

**4. Significant Accounting Policies**

**a) Revenue recognition**

**i. Revenue from non-exchange transactions**

**Revenue Transfers**

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

**ii. Revenue from exchange**

**transactions Interest income**

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

**b) Budget information**

The original budget for FY 2024/2025 was approved by the County Assembly on 30<sup>th</sup> June 2024. 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 recorded an additional appropriations on the FY 2024/25 budget following the governing body's approval.

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 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.

**KISHI COUNTY EMERGENCY FUND**  
**Annual Report and Financial Statements for the year ended 30 June 2025**

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**c) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**Financial assets**

**Classification of financial assets**

The Fund classifies its financial assets as subsequently measured at amortized cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the fund's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

**Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**KISII COUNTY EMERGENCY FUND**  
**Annual Report and Financial Statements for the year ended 30 June 2025**

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**Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

**Impairment**

The Fund assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

**Financial liabilities**

**Classification**

The Fund classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

**KISII COUNTY EMERGENCY FUND**  
**Annual Report and Financial Statements for the year ended 30 June 2025**

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**d) Contingent liabilities**

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

**e) Contingent assets**

The Fund does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the 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.

**f) Nature and purpose of reserves**

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

**g) Changes in accounting policies and estimates**

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

**h) 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.

**i) Related parties**

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

**j) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

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**k) Comparative figures**

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

**l) Events after the reporting period**

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

**m) Currency**

The financial statements are presented in Kenya Shillings (Kshs) are rounded off to the nearest shilling.

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

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

State all judgments, estimates and assumptions made

**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:

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

**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.

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**6. Transfers from the County Government**

Description	2024-2025	2023-2024
	Kshs	Kshs
Transfers From Kisii County Executive	85,834,503	-
<b>Total</b>	<b>85,834,503</b>	<b>-</b>

**7. Public Contributions and Donations**

Description	2024-2025	2023-2024
	Kshs	Kshs
Cash Donation from Development Partners	-	-
Cash Contributions from the Public	-	2,171,180
In kind Donation from Development Partners	-	-
In kind Contributions from the Public	-	-
<b>Total</b>	<b>-</b>	<b>2,171,180</b>

**8. Emergency Expenses**

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Drought related expenses	-	-
Fire related expenses	9,500,000	-
Flood related expenses	-	-
<b>Total</b>	<b>9,500,000</b>	<b>-</b>

**9. Use of Goods and Services**

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Bank Charges	-	600
<b>Total</b>	<b>-</b>	<b>600</b>

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**10. Cash and Cash Equivalent**

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Account	76,334,503	38,947
Others	38,947	-
<b>Total Cash and Cash Equivalents</b>	<b>76,373,450</b>	<b>38,947</b>

Detailed analysis of cash and cash equivalent is as follows:

Financial Institution	Account number	2024-2025	2023-2024
<b>a) Current Account</b>			
Family Bank	027000077772	76,334,503	0
DTB Bank	0617137001	38,947	38947
<b>Sub- Total</b>		<b>76,373,450</b>	<b>38,947</b>
<b>Grand Total</b>		<b>76,373,450</b>	<b>38,947</b>

**11. Trade and other payables**

Description	2024-2025			2023-2024
	Kshs			FY
Trade Payables	14,953,327			14,953,327
<b>Total Trade and Other Payables</b>	<b>14,953,327</b>			<b>14,953,327</b>
Ageing analysis (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	-	0	0
1-2 years	-	-	0	%
2-3 years	-	-	0	%
Over 3 years	14,953,327	100	14,953,327	100
<b>Total (tie to above total)</b>	<b>14,953,327</b>	<b>100</b>	<b>14,953,327</b>	<b>100</b>

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**12. Cash generated from operations.**

Description	2024-2025	2023-2024
	Kshs	Kshs
<b>Surplus/ (Deficit) For the Year Before Tax</b>	<b>76,334,503</b>	<b>2,170,580</b>
<b>Adjusted For:</b>		
<b>Working Capital Adjustments</b>		
Increase In Receivables	-	-
Changes In Payables	-	(2,171,180)
<b>Net Cash Flow From Operating Activities</b>	<b>76,334,503</b>	<b>(600)</b>

**13. Related Party Transactions**

Description	2024-2025	2023-2024
	Kshs	Kshs
Transfers From Related Parties'	85,834,503	2,171,180
Transfers To Related Parties	-	-

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**14. Related party balances**

**a) Nature of related party relationships**

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

- a) The County Government.
- b) Fund Administration Committee
- c) Key management.

**b) Related party transactions**

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Transfer/Donations from related parties	-	2,171,180
Transfers To Related Parties	-	-
<b>Total</b>	<b>-</b>	<b>2,171,180</b>

**15. 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 minimize 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 counter-party will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with

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banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

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<b>Description</b>	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 June 2024</b>				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2025</b>				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
<b>Total</b>	-	-	-	-

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 recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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

**b) Liquidity risk management**

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

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

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**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 optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

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

**i. Foreign currency risk**

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

**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.

**ii. Interest rate risk**

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

**Management of interest rate risk**

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

**Sensitivity analysis**

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

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**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:

Description	2024-2025	2023-2024
	Kshs	Kshs
Accumulated surplus	61,420,123	38,947
<b>Total funds</b>	<b>85,834,503</b>	<b>38,947</b>
Less: cash and bank balances	(76,373,450)	(38,947)
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	-	-

**16. Events after the reporting period**

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

**17. Currency**

The financial statements are presented in Kenya Shillings (Kshs)

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**21. ANNEXES**

**Annex I: Progress on Follow Up of Prior Year Auditor’s Recommendations**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe:
	<p><b>Unresolved prior year Matters</b> Accounting the audit report of the previous year, issues were raised. However, the management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Standards Board templates and the National Treasury and Planning Circular reference No.AG.4/16/3Vol.1(9) dated 24 June ,2020</p>	<p>The management commits to address unresolved prior year matters</p>	<p>Not resolved</p>	<p>3 months</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	<p><b>1.Long outstanding payables</b>  As previously reported, the statement of financial position and as disclosed under note 9 to the financial statements reflects long outstanding payables balance of Kshs. 14,953,327 which had been outstanding since the financial year 2019/2020. This was contrary to the provisions of Section 58(8) of the procurement and Asset Disposal Act ,2015 which stipulates that sufficient funds to meet the obligations of the resulting contract are reflected in its approved budget estimates.</p>	<p>The management has allocated enough budget and committed to settling long outstanding payables</p>	<p>Not Resolved</p>	<p>6 months</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2..	<p><b>2.Payment for supply of assorted emergency items for Covid-19</b>            The statement of financial position and as disclosed in Note 11 to the financial statements reflects Kshs.2,171,180 relating to payment by county treasury in respect of trade payables. Examination of records revealed that payment was in respect to supply assorted emergency items for COVID-19 pandemic which was incurred on 25 May,2020.However,the management did not provide an approval by the County Assembly after provisions of Section 8(1) of The Kisii County Emergency Fund Act,2015 which stipulates that the executive Committee Member shall seek the approval of the County Assembly within two</p>	<p>The management has allocated and transferred sufficient resources to the fund; therefore, no payments will be made outside the fund account.</p>	Resolved	6 Months.

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	months after payment is made from emergency Fund under section 6. In addition, no procurement documents in respect of the supply were provide by management for audit verification			
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**Fund Administrator**

**Date** 28/06/2025 .....