

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

PARLIAMENT
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PAPERS LAID	
DATE	23.03.2022
TABLED BY	Majority Leader
COMMITTEE	—
CLERK AT THE TABLE	Abdirahman Noalim

THE AUDITOR-GENERAL

ON

NYANDARUA COUNTY
EMERGENCY FUND

FOR THE YEAR ENDED
30 JUNE, 2022



NYANDARUA COUNTY EMERGENCY FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2022

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



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

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Nyandarua County Emergency Fund
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1. Key Entity Information and Management

a) Background information

Emergency Fund was established by and derives its authority and accountability from Public Finance Management Act 2012, which states that a County Executive Committee Member for finance may establish other public funds with the approval of the County Executive Committee and the County Assembly. The emergency fund regulations 2015 were enacted on 23rd March 2015. The Fund is wholly owned by the County Government of Nyandarua and is domiciled in Kenya.

The fund's objective is to enable payments to be made in respect of the county when an urgent and unforeseen need for expenditure for which there is no specific legislative authority arises.

The Fund's principal activity is to meet unforeseen events, which threatens or damages human life or welfare or threatens damage to the environment.

b) Principal Activities

The principal mission of the Fund is to meet unforeseen events, which threatens or damages human life or welfare or threatens damage to the environment.

c) Fund Administration Committee

Ref	Name
	 Hon .Stephen M. Njoroge, H.S.C. C.E.C.M-Finance and Economic Development. Hon. Njoroge was born in 1958 around Njabini area. He went to St. Christopher Primary School and later in 1974 joined Nyahururu High School for his 'O' Level studies. He joined Njiri's High School in Murang'a County in 1978 for his 'A' Level studies and later Kenyatta University College, then a constituent college of the University of Nairobi, from where he graduated in 1984 with a Bachelor of Education (Science) second upper class Honors degree. Hon. Njoroge joined the University of Nairobi for a Master of Education degree, specializing in Education, Administration and Planning, graduating in 2004. He again registered for an Executive Master of Business Administration (EMBA) at Jomo Kenyatta University of Agriculture and Technology (JKUAT).graduating in 2010

	 Juvenalis Gitau Thiong'o Chief Officer –Finance He hold Master's Degree in Business Administration (Finance option),CPA(K) and Bachelor of commerce (Accounting option) .He has worked on private sectors as Head of Finance, Finance and Operation Manager, Ware house manager and Branch manager. He has 20 years work experience. He was born on 14th December 1977.
3	 Mr. Joseph Wahome He is a holder of Master degree in Business Administration, CPA (K) and Bachelor degree BBA (Finance & Accounting). He has 7 years working experience in government as a deputy director finance. He has over 17 years' experience as a senior accountant. He was born on 02/01/1974
4	 Ms. Phoebe Mbiyu - CPA Head of Treasury She holds a Master's of Science degree in Finance from the University of Nairobi alongside a Bachelor's degree in Business Administration from St. Pauls university. She acquired further training in CPA. She has previously served in both local and International NGOs continuously for over 10 years. Her outstanding Finance Administration qualities have led her to serving as Ag. Director for Treasury in the Department of Finance and Economic Development, County Government of Nyandarua. She was born on 18th Sep, 1979

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

5	 Virginia W. Karanja Member, She is CPA(K), with over 10 years experience, joined county in 2015 as a Deputy Director Budget, She was born on 20th November, 1972
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d) Key Management

Ref	Name
1	 Hon .Stephen M. Njoroge, H.S.C. C.E.C.M-Finance and Economic Development. Hon. Njoroge was born in 1958 around Njabini area. He went to St. Christopher Primary School and later in 1974 joined Nyahururu High School for his 'O' Level studies. He joined Njiri's High School in Murang'a County in 1978 for his 'A' Level studies and later Kenyatta University College, then a constituent college of the University of Nairobi, from where he graduated in 1984 with a Bachelor of Education (Science) second upper class Honors degree. Hon. Njoroge joined the University of Nairobi for a Master of Education degree, specializing in Education, Administration and Planning, graduating in 2004. He again registered for an Executive Master of Business Administration (EMBA) at Jomo Kenyatta University of Agriculture and Technology (JKUAT).graduating in 2010
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Nyandarua County Emergency Fund

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

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

6	A portrait of Margaret Gachomo, a woman with dark hair, smiling, wearing a patterned top. The portrait is framed by a green and blue geometric design. Margaret Gachomo Fund Accountant, she is CPA(K), Bachelor of commerce (Accounting option) .She worked with the local authority before devolution as an accountant and commercial manager of water company on secondment. She has 25 years' work experience. She was born on 27th December 1975.
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Nyandarua County Emergency Fund

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

e) Registered Offices

Headquarter Building

P.O. Box 701-20303

Ol'Kalou Kenya

f) Fund Contacts

Telephone: (254) 20266859

E-mail: info@nyandarua.go.ke

Website: www.nyandarua.go.ke

g) Fund Bankers

1. Equity Bank Kenya Ltd

P.O. Box 215-20303

Ol'Kalou, Branch.

h) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

i) Principal Legal Adviser

The County Attorney

Nyandarua County Headquarters

Harambee Avenue

P.O. Box 701-20303

Olkalou, Kenya

2. The Board of Trustees (or any other governing body for the Fund)

Name	
1.	 Hon .Stephen M. Njoroge, H.S.C. C.E.C.M-Finance and Economic Development. Hon. Njoroge was born in 1958 around Njabini area. He went to St. Christop Primary School and later in 1974 joined Nyahururu High School for his 'O' L studies. He joined Njiri's High School in Murang'a County in 1978 for his 'A' L studies and later Kenyatta University College, then a constituent college of University of Nairobi, from where he graduated in 1984 with a Bachelor of Educa (Science) second upper class Honors degree. Hon. Njoroge joined the Universit Nairobi for a Master of Education degree, specializing in Education, Administration Planning, graduating in 2004. He again registered for an Executive Master of Busi Administration (EMBA) at Jomo Kenyatta University of Agriculture and Techno (JKUAT).graduating in 2010
2.	Trustee 2
	 Juvenalis Gitau Thiong'o Chief Officer –Finance He hold Master's Degree in Business Administration (Finance option),CPA(K) Bachelor of commerce (Accounting option) .He has worked on private sectors as H of Finance, Finance and Operation Manager, Ware house manager and Branch mana He has 20 years work experience. He was born on 14th December 1977.
3.	Trustee 3
	 Mr. Joseph Wahome He is a holder of Master degree in Business Administration, CPA (K) and Bac degree BBA (Finance & Accounting). He has 7 years working experienc government as a deputy director finance. He has over 17 years' experience as a s accountant. He was born on 02/01/1974

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

4. Trustee 4



Ms. Phoebe Mbiyu - CPA Head of Treasury

She holds a Master's of Science degree in Finance from the University of Nairobi alongside a Bachelor's degree in Business Administration from St. Pauls university. She acquired further training in CPA.

She has previously served in both local and International NGOs continuously for over 10 years. Her outstanding Finance Administration qualities have led her to serving as Ag. Director for Treasury in the Department of Finance and Economic Development, County Government of Nyandarua. She was born on 18th Sep, 1979

5. Trustee



Virginia W. Karanja
Member,

She is CPA(K), with over 10 years experience, joined county in 2015 as a Deputy Director Budget, She was born on 20th November, 1972

3. Management Team

Name	
1.	 Hon. Stephen M. Njoroge, H.S.C. C.E.C.M-Finance and Economic Development. Hon. Njoroge was born in 1958 around Njabini area. He went to St. Christop Primary School and later in 1974 joined Nyahururu High School for his 'O' L studies. He joined Njiri's High School in Murang'a County in 1978 for his 'A' L studies and later Kenyatta University College, then a constituent college of University of Nairobi, from where he graduated in 1984 with a Bachelor of Educa (Science) second upper class Honors degree. Hon. Njoroge joined the Universit Nairobi for a Master of Education degree, specializing in Education, Administration Planning, graduating in 2004. He again registered for an Executive Master of Busi Administration (EMBA) at Jomo Kenyatta University of Agriculture and Techno (JKUAT).graduating in 2010
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Nyandarua County Emergency Fund
Annual Report and Financial Statements for the year ended June 30, 2022

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Virginia W. Karanja
Member,

She is CPA(K), with over 10 years experience, joined county in 2015 as a Deputy Director Budget, She was born on 20th November, 1972

5.



Margaret Gachomo
Fund Accountant,

she is CPA(K), Bachelor of commerce (Accounting option) .She worked with the authority before devolution as an accountant and commercial manager of w company on secondment. She has 25 years' work experience. She was born on December 1975.

6.

4.Fund Chairperson's Report

The COVID-19 pandemic has illustrated the need to have increased funding for emergency cases. The payments made out of the fund account for the year ended 30th June 2022 was Ksh. 48,643,542.00 and were incurred in respect of general expenses. The main activities under the general expenses in the year were emergency responses to fire disasters response, road accidents support, food donations, emergency road maintenance and meeting unforeseen hospitalization expenditure for the less fortunate citizens within Nyandarua County.

The Fund has been instrumental in addressing unforeseen and unappropriated payments thus alleviating immediate suffering of the County citizenry, more so the less fortunate. Its usage and application have been in line with the funds Regulations. However, the scope of its application widened with the advent of the novel COVID-19 pandemic in the 2020 and parts of 2021. Section 113 of the Public Finance Management Act 2012 provides that the County executive Committee member for Finance may not during a financial year make a payment from the emergency fund under section 112 not exceeding 2% of the total county government revenues as shown in the County Government audited Financial Statements for the previous financial year except for the first year.

In the year under review, the total fund budget was Ksh. 40,000,000.00. The fund had a balance brought forward of Ksh 6,500,000 from the previous year. The fund allocation fell below the threshold of 2%.

In the fourth coming budgets, the fund management will lobby for more allocation of the fund in order to cater for the unforeseen events which have increased over the years.

Nyandarua County Emergency Fund

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

In conclusion, Fund management was in line with the requirements of the County Emergency Regulations of 2015 and all other applicable laws. I would like to thank the County Executive Committee, the County Assembly and the Fund Management for the continued support in actualizing the Socio-Economic Transformative Agenda of the County. As has been intimated, the Fund has been instrumental in addressing the unforeseen events in the county.

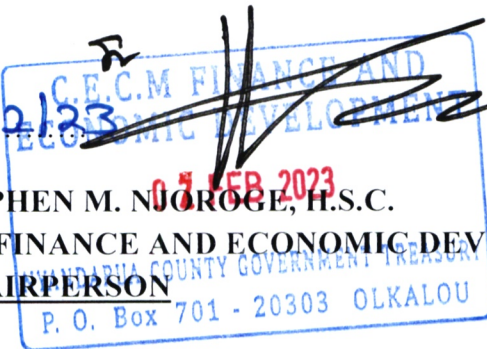
Date.....

21/2/23

HON. STEPHEN M. NUGROGE, H.S.C.

C.E.C.M. - FINANCE AND ECONOMIC DEVELOPMENT

FUND CHAIRPERSON

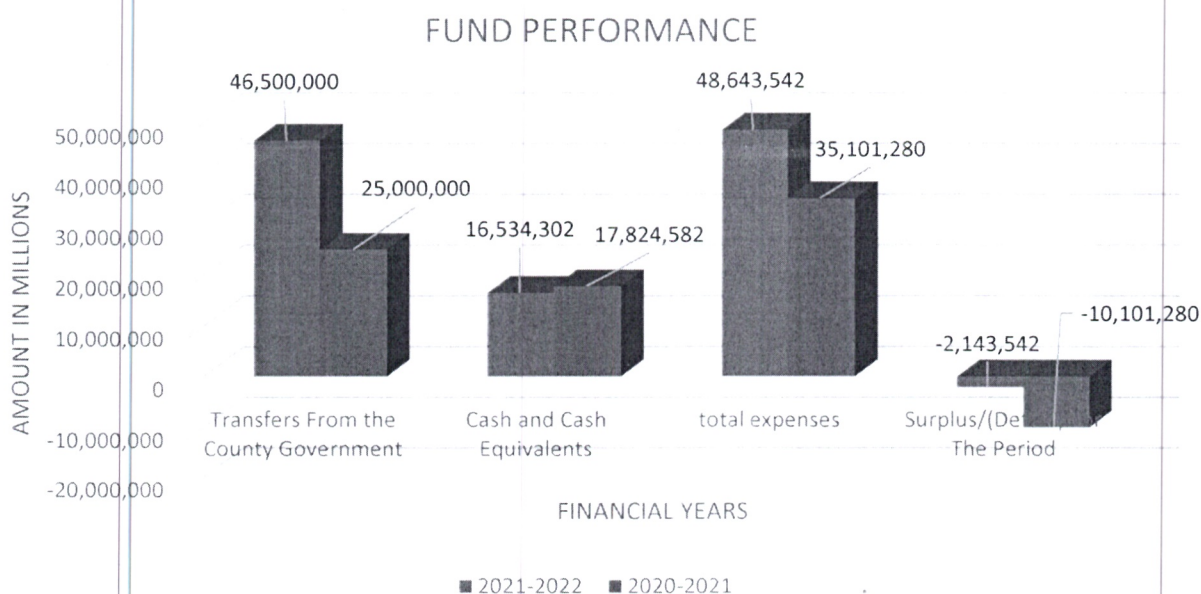


Nyandarua County Emergency Fund
Annual Report and Financial Statements for the year ended June 30, 2022

4. Report of The Fund Administrator

Nyandarua County Emergency Fund is established under section 116 (1) of the Public Finance Management Act 2012, which states that a County Executive Committee Member for Finance may establish other Public Funds with the approval of the County Executive Committee and County Assembly. The Fund Regulation 2015 was enacted on 23rd March 2015.

During the financial year ended 30th June 2022, the Fund made total receipt of Kes. 46,500,000 against Kes. 25,000,000 reported in the Financial Year 2020/2021 resulting in an increase of Kes.21,500,000. The cash and cash equivalents during the year amounted to 16,534,302 as compared Ks. 17,824,582 reported in the financial year 2020/2021. The deficit for the year was Kes. (-2,143,542) as compared to the deficit of Kes. (10,101,280) reported in the previous Financial Year.



This fund performance during the year is as summarized in the chart below;

Signed: **CHIEF OFFICER FINANCE AND ECONOMIC DEVELOPMENT**
JUVENALIS GITAU THIONG'O
FUND ADMINISTRATOR
 Date: **21/2/23**
NYANDARUA COUNTY GOVERNMENT TREASURY
20303, OLKALOU

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

5. Statement of Performance Against the County 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 Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

In FY 2021/22, the Nyandarua County Emergency Fund has an appropriation of Kes.. 40 Million.

The key development objectives of the Nyandarua County Emergency Fund for the Medium Term 2018-2022 plan are to:

- a) Improved response to Emergencies; and
- b) To enable payments to be made when there is an urgent and unforeseen need for expenditure arises for which there is no specific legislative authority and appropriation for funds.

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Emergency Fund	To enable payments to be made when there is an urgent and unforeseen need for expenditure arises for which there is no specific legislative authority and appropriation for funds.	Seamless implementation of the Budget	No. of payments amount paid from the Emergency Fund	The fund incurred a total of Kes.. 48,643,542 in the period ending 30 th June 2022.

6. Corporate Governance Statement

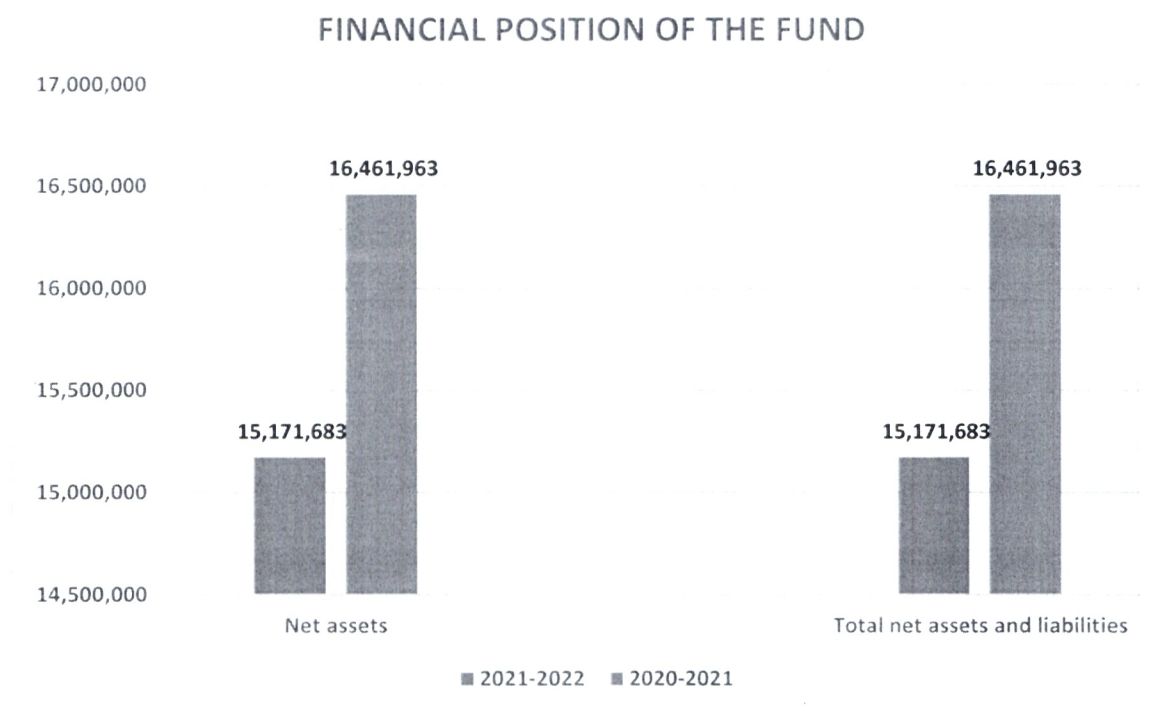
The fund operations during the financial year ended 30th June 2022 were carried out in accordance with the fund's regulations 2015. The Fund is managed by the Fund administrator together with the management committee. The County Executive Committee approve all emergency cases before payment by the fund administrator. Upon payment of emergency cases, the fund administrator submits a report to the county assembly through the CECM for Finance within 2 months for approval of the payments made out of the fund.

The CECM Finance appoints the Management Team and facilitates for their induction and training with monitoring and evaluation of member performance. The Members are expected to adhere to the Public Service Code of Conduct and Ethics, 2016.

7. Management Discussion and Analysis

The County Treasury prepared the first supplementary budget for 2021/22 in accordance with section 135 of the Public Finance Management Act and later submitted to the County Assembly on 29th June, 2021 for considerations and approval. During the approval process of the supplementary budget, 40 million was appropriated to this fund and an additional 6.5 million from previous year.

During the financial year, the emergency funds net Asset was Ksh. 14,318,422 compared to Ksh. 16,318,422 previous Year 2020-2021. This is equivalent to total assets and liability. The Fund reflect a going concern. This is illustrated on below diagram;



Compliance with the statutory requirement

The Management team of the Fund have exercised prudent financial management within the years and adhered to the existing legislative authorities in place.

Major Risks to the Fund

Nyandarua County Emergency Fund

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

The Fund is predisposed to several risks such as:

- (i.) Risk of inadequate funding due to County budgetary constraints;
- (ii.) Capacity to handle all emergency cases that may occur in a given Financial year; and
- (iii.) Error of judgement in prioritization of emergency cases to be addressed through the Emergency Fund.

8. Environmental and Sustainability Reporting

In the administration and management of the Fund, the County Government has integrated social and environmental concerns in its operations and interactions with the County citizenry. It addresses events/issues that are directly affecting the people.

The Fund exists to address payments that address unforeseen events that have not been appropriated in the Financial Year. This enhances the implementation of the year's appropriations as provided for in the PFM Act, 2012 and Regulations. With the occurrence of unforeseen events, the County is able to address the situation and where possible allow minimal disturbances to the victim or affected persons or community. Below is a brief highlight of the achievements across the various spheres of Socio-economic Development:

1. Disasters

The Nyandarua County Emergency Fund addressed the COVID-19 Pandemic. Also, accidents that took place in the County that could either be fire or road accidents were addressed by the Fund.

Mitigation of the Locust invasion and COVID-19 was essential to address the socio-economic sustainability of households' livelihoods and reduce the invasion and spread. Environmental conservation further necessitated the control of the locust invasion that affected the flora and fauna.

Accidents and other calamities befalling the County citizens have been addressed on occurrence and urgency basis. On receipt of reports and verification, the emergencies are prioritized and submitted to the County Executive Committee for approval.

2. Health Care

Health care is paramount for the socio-economic welfare of an individual. Emergencies relating to health and touching on the vulnerable or less disadvantaged person in the County are prioritized. Residents will mainly arrange for fund drives to alleviate challenges facing community members such as medical bills and morgue fees. To alleviate suffering in such cases, the Fund comes in handy. Such cases are handled after verification of needy cases.

3. Community Engagements

The County Government has a responsibility to its citizens as per the Fourth Schedule of the Constitution of Kenya. To this end, grants and subsidies in support of communal projects are undertaken by the Emergency Fund when deemed necessary.

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

9. Report of The Trustees

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

Principal activities

The principal activities of the Fund are to meet unforeseen events which threaten or damage human life or welfare or threaten damage to the environment.

Results

The performance of the Fund for the year ended June 30, 2021, are set out on page 1.

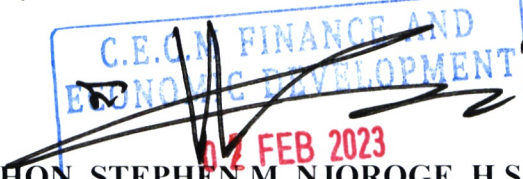
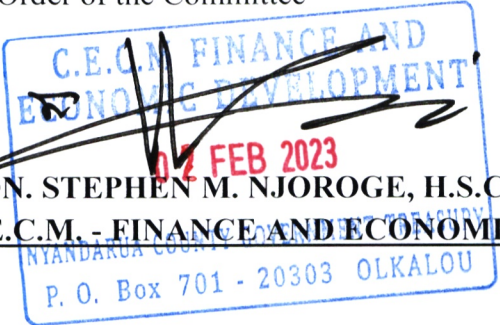
Administrative committee

The members of the Administration Committee who served during the year are shown on page (iii)

Auditors

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

By Order of the Committee


HON. STEPHEN M. NJOROGE, H.S.C.
C.E.C.M. - FINANCE AND ECONOMIC DEVELOPMENT


Date: 21/2/23

10. Statement of Management's Responsibilities

The Public Finance Management Act, 2012 Section 167 prescribes that, at the end of each financial year, the Administrator of a County Public Fund shall prepare Financial Statements for the Fund following the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's Financial Statement which should 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, 2022. These responsibilities include: maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; 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; safeguarding the assets of the Fund; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) and in the manner required by the PFM Act, 2012 and Nyandarua County Emergency Fund Regulation 2015.

The Administrator of the Fund is of the opinion that the Fund's Financial Statement gives a true and fair view of the state of Fund's transactions during the Financial Year ended June 30, 2022 and of the Fund's financial position as at that date. The Administrator further confirms the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's Financial Statement as well as the adequacy of the systems of internal financial control.

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

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

of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

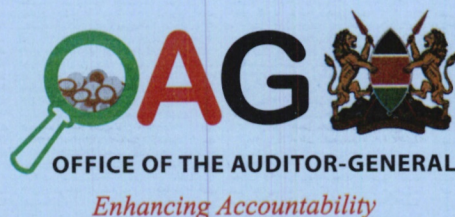
The Fund's financial statements were approved by the Board on 21 2/ 2023 and signed on its behalf by:

CHIEF OFFICER FINANCE
AND ECONOMIC DEVELOPMENT

02 FEB 2023
.....
JUVENALIS GITAU THIONG'O
ADMINISTRATOR OF THE FUND
NYANDARUA COUNTY GOVERNMENT TREASURY
P.O. BOX 701 - 20303, OLKALOU

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NYANDARUA COUNTY EMERGENCY FUND FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for 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 Nyandarua County Emergency Fund set out on pages 26 to 62, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of

significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Nyandarua County Emergency Fund as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Nyandarua County Emergency Fund Regulations, 2015.

Basis for Qualified Opinion

1. Un-supported Use of Goods and Services

Note 7 to the financial statements reflects Kshs.48,643,542 in respect of use of goods and services, out of which Kshs 43,087,927 had no supporting documentation as shown below.

Particulars	Note	Amount (Kshs)
Grant and Subsidies	7	8,981,903
Medical and Burial assistance	7	16,107,955
Repair and Maintenance	7	16,408,069
Locust Eradication	7	1,590,000
Total		43,087,927

Further, the use of goods and services balance excludes an expenditure of Kshs.23,654,400 for transactions which were not disclosed contrary to Regulation 107(1) of the Public Finance Management (County Governments) Regulations 2015, which provides that all transactions relating to clearance and suspense accounts shall be supported by authentic and verifiable source documents clearly indicating approved allocation.

In the circumstances, the validity, accuracy and completeness of use of goods and services amount of Kshs.43,087,927 for the year ended 30 June, 2022 could not be confirmed. In addition, Management was in breach of the law.

2. Variances on Transfers from the County Government to Emergency Fund

The statement of financial performance reflects transfers from the County Government of Kshs.46,500,000 for the year ended 30 June, 2022. However, the amount differs with actual receipts by the Fund of Kshs.63,300,000 resulting to variance of Kshs.16,800,000 that has not been explained or reconciled.

In the circumstances, authenticity, accuracy and completeness of transfers from the County Government amount of Kshs.46,500,000 for the year ended 30 June, 2022 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Un-resolved Prior Year Audit Issues

The audit report for the year ended 30 June, 2021 highlighted several unsatisfactory matters. The Management has not provided any disclosure on progress made in resolving these issues and no information was provided to indicating if the issues were resolved or not as at 30 June, 2022. This is contrary to Section 149 (2) (I) of the Public Finance Management Act, 2012, which requires that in carrying out a responsibility imposed by subsection (1), an accounting officer shall, in respect of the entity concerned try to resolve any issues resulting from an audit that remain outstanding.

In the circumstances, the audit issues remained unresolved.

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-Emergency Expenditure

1.1 Transfers to Equity IDEAS

Records provided for audit revealed that Nyandarua County Emergency Fund transferred Kshs.14,300,000 to Equity IDEAS without approvals and justification that

the transfers were emergency in nature contrary to the Section 110(2) of the Public Finance Management Act, 2012, which states that the purpose of an Emergency Fund is to enable payments to be made in respect of a County when an urgent and unforeseen need for expenditure for which there is no specific legislative authority arises.

1.2 Non-Approved Expenditure

Records provided for audit revealed that Nyandarua County Emergency Fund had twelve (12) bank transactions amounting to Kshs.5,037,101 without approvals and justification that the expenditure was of emergency in nature contrary to the Section 110(2) Public Finance Management Act 2012, which states that the purpose of an Emergency Fund is to enable payments to be made in respect of a county when an urgent and unforeseen need for expenditure for which there is no specific legislative authority arises.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 Management and the Fund Administration Committee

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 Fund's effectiveness of internal controls, risk management and overall governance.

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

Management is also responsible for the submission of the Fund's 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 Fund's financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit

Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls 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 noncompliance. 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 controls.
- 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 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 controls 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

23 February, 2023

12. Statement of Financial Performance For The Year Ended 30th June 2022

	Note	2021-2022	2020-2021
		Kes.	Kes.
Revenue from Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers from the County Government	2	46,500,000	25,000,000
Fines, Penalties and Other Levies	3	-	-
		46,500,000	25,000,000
Revenue from Exchange Transactions			
Interest Income	4	-	-
Other Income	5	-	-
		-	-
Total Revenue		46,500,000	25,000,000
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	48,643,542	35,101,280
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
Total Expenses		48,643,542	35,101,280
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Surplus/(Deficit) For the Period		(2,143,542)	(10,101,280)

CHIEF OFFICER FINANCE
AND ECONOMIC DEVELOPMENT

.....
Name:
JUVENALIS GITAU THIONG'O
Administrator of the Fund
ICPAK Member Number: 6358

Date:

.....
Name:
MARGARET GACHOMO
Fund Accountant
ICPAK Member Number: 14009

Date: 21/2/23

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

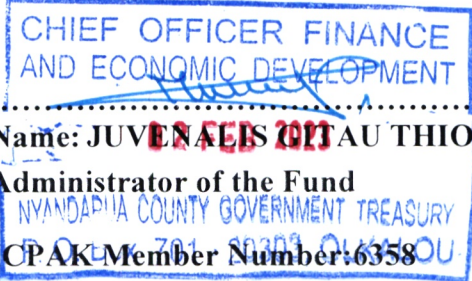
13. Statement of Financial Position As At 30 June 2022

	Note	2021-2022	2020-2021
		Kes.	Kes.
Assets			
Current Assets			
Cash and Cash Equivalents	11	16,534,302	17,824,582
Current Portion of Long- Term Receivables From Exchange Transactions	12	-	-
Prepayments	13	-	-
Inventories	14	-	-
Total current Assets		16,534,302	17,824,582
Non-Current Assets			
Property, Plant and Equipment	15	-	-
Intangible Assets	16	-	-
Long Term Receivables from Exchange Transactions	12	-	-
Total Current non-current Asset		-	-
Total Assets		16,534,302	17,824,582
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	17	2,215,880	1,362,619
Provisions	18	-	-
Current Portion of Borrowings	19	-	-
Employee Benefit Obligations	20	-	-
Total current Liabilities		2,215,880	1,362,619
Non-Current Liabilities			
Non-Current Employee Benefit Obligation	20	-	-
Long Term Portion of Borrowings	19	-	-
Total Non-current liabilities		-	-
Total Liabilities		2,215,880	1,362,619
Net Assets		14,318,422	16,461,963
Revolving Fund		-	-
Reserves		16,461,963	26,563,243
Accumulated Surplus		(2,143,542)	(10,101,280)
Total Net Assets and Liabilities		14,318,422	16,461,963

Nyandarua County Emergency Fund

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

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 21/2/2023 and signed by:


Name: JUVENALIS AU THIONG'O
Administrator of the Fund
ICPAK Member Number: 6358


Name: MARGARET GACHOMO
Fund Accountant
ICPAK Member Number: 14009

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

14. Statement Of Changes in Net Assets for the year ended 30th June 2022

	Revolving Fund	Revaluation Reserve	Accumulate d surplus	Total
		Kes.	Kes.	Kes.
Balance As At 1 July 2020	-	-	26,563,243	26,563,243
Surplus/(Deficit) For the Period	-	-	-10,101,280	-10,101,280
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2021	-	-	16,461,963	16,461,963
Balance As At 1 July 2021	-	-	16,461,963	16,461,963
Surplus/(Deficit) For the Period	-	-	-2,143,542	-2,143,542
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2022			14,318,422	14,318,422

CHIEF OFFICER FINANCE
AND ECONOMIC DEVELOPMENT
Name: Juvenalis Gitau Thiong'o
Administrator of the Fund
ICPAK Member Number: 6358
NYANDARUA COUNTY GOVERNMENT TREASURY
P. O. Box 701 - 20303, OLKALOU

Date.....

.....
Name: Margaret Wangari Gachomo
Fund Accountant
ICPAK Member Number: 14009

Date..... 21/2/23

15. Statement of Cash Flows for The Year Ended 30 June 2022

	Note	2021-2022	2020-2021
		Kes.	Kes.
Cash flows from operating activities			
Receipts			
Public contributions and donations	1		
Transfers from the county government	2	46,500,000	25,000,000
Interest received	4		
Receipts from other operating activities			
Total receipts		46,500,000	25,000,000
Payments			
Fund administration expenses	6	-	-
General expenses/use of goods	7	48,643,542	35,101,280
Finance cost			
Other payments			
		48,643,542	35,101,280
Increase/Decrease in Trade Payables		853,261	590,193
Net cash flows from operating activities	21	(1,290,281)	-9,511,087
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		(-)	(-)
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		(-)	(-)
Net cash flows used in investing activities		(-)	(-)
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		(-)	(-)
Net cash flows used in financing activities		(-)	
Net increase/(decrease) in cash & cash Equivalents	21	(1,290,281)	(9,511,087)
Opening Cash and cash equivalents at 1 July	11	17,824,582	27,335,669

Nyandarua County Emergency Fund

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

Closing Cash and cash equivalents at 30 June 2022	11	16,534,302	17,824,582
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.....
Name: Juvenalis Gitau Thiong'o
Administrator of the Fund
ICPAK Member Number: 6358

Date: NYANDARUA COUNTY GOVERNMENT TREASURY
P. O. Box 701 - 20303, OLKALOU

.....
Name: Margaret Wangari Gachomo
Fund Accountant
ICPAK Member Number: 14009

Date: 21/2/23

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

16. Statement Of Comparison Of Budget And Actual Amounts For The Year Ended 30 June 2022

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	2022	2022	2022	2022	2022	2022
Revenue	Kes.	Kes.	Kes.	Kes.	Kes.	
Public Contributions And Donations	-	-	-	-	-	
Transfers From County Govt.	40,000,000	6,500,000	46,500,000	46,500,000	-	100%
Interest Income	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
Total Income	40,000,000	6,500,000	46,500,000	46,500,000	-	100%
Expenses						
Fund Administration Expenses	-	-	-	-	-	-
General Expenses/Use of Goods	40,000,000	6,500,000	46,500,000	48,643,542	(2,143,542)	105%
Finance Cost	-	-	-	-	-	
Total Expenditure	40,000,000	6,500,000	46,500,000	48,643,543	(2,143,542)	105%
Surplus For The Period	-	-	-	(2,143,542)	-	

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

17. Notes to the Financial Statements

1. General Information

Emergency Fund is established by and derives its authority and accountability from Public Finance Management Act 2012. The entity is wholly owned by the County Government of Nyandarua and is domiciled in Kenya. The principal activity of the Fund is to meet unforeseen events, which threatens or damages human life or welfare or threatens damage to the environment.

2. Statement of compliance and basis of preparation

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

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

3. Adoption of new and revised standards

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

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

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: 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

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

Standard	Effective date and impact:
	assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	Applicable: 1st January 2023 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: (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.

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

Standard	Effective date and impact:
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023: a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. 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.
Other improvements to IPSAS	Applicable 1st January 2023 • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.
IPSAS 43	Applicable 1st January 2025 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

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

Standard	Effective date and impact:
	faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> 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.

(iii) Early adoption of standards

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

1. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2021-2022 was approved by the County Assembly on 30th June 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of 6,500,000 on the FY 2021-2022 budget following the governing body's approval.

The Emergency 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.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 16 of these financial statements.

Summary Of Significant Accounting Policies (Continued)

c) Property, plant and equipment

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

d) Intangible Assets

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

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

a) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by considering 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.

Summary Of Significant Accounting Policies (Continued)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

Summary Of Significant Accounting Policies (Continued)

b) Inventories

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

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

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

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

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

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

c) Provisions

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

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

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

Contingent liabilities

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

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

Summary Of Significant Accounting Policies (Continued)

Contingent assets

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

d) Nature and purpose of reserves

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

e) Changes in accounting policies and estimates

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

f) Employee benefits – Retirement benefit plans

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

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

g) Foreign currency transactions

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

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

Summary Of Significant Accounting Policies (Continued)

h) Borrowing costs

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

i) Related parties

The Emergency 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

k) Comparative figures

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

l) Events after the reporting period

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

m) Ultimate and Holding Entity

The Emergency Fund is a County Public Fund established by PFM Act 116 (1) and d The Nyandarua county Emergency Fund Regulation 2015 was enacted on 25th March 2015 under the Department of Finance. Its ultimate parent is the County Government of Nyandarua.

n) Currency

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

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 Emergency Fund based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Emergency Fund. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 18.

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.

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

6. Notes To The Financial Statements

1. Public contributions and donations

Description	2021-2022	2020-2021
	Kes.	Kes.
Donation from Development Partners	-	-
Contributions from The Public	-	-
Total	-	-

2. Transfers from County Government

Description	2021-2022	2020-2021
	Kes.	Kes.
Transfers from County Govt. –Operations	46,500,000	25,000,000
Payments by County on Behalf Of The Entity	-	-
Total	46,500,000	25,000,000

3. Fines, penalties and other levies

Description	2021-2022	2020-2021
	Kes.	Kes.
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	2021-2022	2020-2021
	Kes.	Kes.
Interest Income from Mortgage Loans	-	-
Interest Income from Car Loans	-	-
Interest Income from Investments	-	-
Interest Income on Bank Deposits	-	-
Total Interest Income	-	-

Notes to the Financial Statements Continued

5. Other income

Description	2021-2022	2020-2021
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Nyandarua County Emergency Fund
Annual Report and Financial Statements for the year ended June 30, 2022

	Kes.	Kes.
Insurance Recoveries	-	-
Income from Sale Of Tender Documents	-	-
Miscellaneous Income		
Total Other Income	-	-

6. Employee Costs

Description	2021-2022	2020-2021
	Kes.	Kes.
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other (Specify)	-	-
Total	-	-

7. Use of Goods and Services

Description	2021/22	2020/21
	Kes..	Kes..
Covid 19 Responses	-	1,998,281
Fire Tragedy	4,161,859	1,200,000
Grant and Subsidies	8,981,903	5,013,945
Professional Services Costs	-	-
Administration Fees	1,372,116	-
Retention Money		110,728
Bank Charges	21,640	19,690
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Medical and Burial Assistance	16,107,955	5,469,998
Printing And Stationery	-	-
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Repair and Maintenance	16,408,069	21,288,638

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

Locust Eradication	1,590,000	-
Provision For Doubtful Debts	-	-
Other (<i>Specify</i>)	-	-
Total	48,643,542	35,101,280

8. Depreciation and Amortization Expense

Description	2021/22	2020/21
	Kes..	Kes..
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

9. Finance costs

Description	2021-2022	2020-2021
	Kes.	Kes.
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

10. Gain/(loss) on disposal of assets

Description	2021-2022	2020-2021
	Kes.	Kes.
Property, Plant And Equipment	-	-
Intangible Assets	-	-
Total	-	-

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

Notes to the Financial Statements Continued

11. Cash and cash equivalents

Description	2021-2022	2020-2021
	Kes.	Kes.
Car Loan Account	-	-
County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	16,534,302	17,824,582
Others	-	-
Total Cash And Cash Equivalents	16,534,302	17,824,582

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

Financial Institution	Account number	2021-2022	2020-2021
		Kes.	Kes.
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
		-	-
b) On - Call Deposits		-	-
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) Current Account			
Family Bank	037000083031	--	223,828
Equity Bank	0620276530508	16,534,302	17,600,754
Sub- Total		16,534,302	17,824,582
d) Others(Specify)		-	-
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		16,534,302	17,824,582

Nyandarua County Emergency Fund
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12. Receivables from exchange transactions

Description	2021-2022	2020-2021
	Kes.	Kes.
Current Receivables		
Interest Receivable	-	-
Current Loan Repayments Due	-	-
Other Exchange Debtors	-	-
Less: Impairment Allowance	(-)	(-)
Total Current Receivables		
Non-Current Receivables		
Long Term Loan Repayments Due	-	-
Total Non- Current Receivables	-	-
Total Receivables From Exchange Transactions	-	-

Additional disclosure on interest receivable

Description	2021-2022	2020-2021
	Kes.	Kes.
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

13. Prepayments

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

Nyandarua County Emergency Fund
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14. Inventories

Description	2021-2022	2020-2021
	Kes.	Kes.
Consumable Stores	-	-
Spare Parts and Meters	-	-
Catering	-	-
Other Inventories (Specify)	-	-
Total Inventories At The Lower Of Cost And Net Realizable Value	-	-

Nyandarua County Emergency Fund
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Notes To The Financial Statements (Continued)

15. Property, plant and equipment

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

Nyandarua County Emergency Fund

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	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kes.	Kes.	Kes.	Kes.	Kes.
Transfer/Adjustment	-	(-)	(-)	-	-
At 30th June 2022	-	-	-	-	-
Net Book Values					
At 30th June 2021	-	-	-	-	-
At 30th June 2022	-	-	-	-	-

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

Notes To The Financial Statements (Continued)

16. Intangible assets

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

17. Trade and other payables from exchange transactions

Description	2021-2022	2020-2021
	Kes.	Kes.
Trade Payables	2,215,880	1,362,619
Refundable Deposits	-	-
Accrued Expenses	-	-
Other Payables	-	-
Total Trade and Other Payables	2,215,880	1,362,619

18. Provisions

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

Nyandarua County Emergency Fund**Annual Report and Financial Statements for the year ended June 30, 2022****Notes To The Financial Statements (Continued)****19. Borrowings**

Description	2021-2022	2020-2021
	Kes.	Kes.
Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments Of External Borrowings During the Period	(-)	(-)
Repayments Of Domestic Borrowings During the Period	(-)	(-)
Balance At End of The Period	-	-

The table below shows the classification of borrowings into external and domestic borrowings:

	2021-2022	2020-2021
	Kes.	Kes.
External Borrowings		
Dollar Denominated Loan From 'Organization'	-	-
Sterling Pound Denominated Loan From 'Organization'	-	-
Euro Denominated Loan from Z Organization'	-	-
Domestic Borrowings		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End Of The Year	-	-

Description	2021-2022	2020-2021
	Kes.	Kes.
Short Term Borrowings(Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

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

Notes To The Financial Statements (Continued)

20. Employee benefit obligations

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

21. Cash generated from operations

	2021-2022	2020-2021
	Kes.	Kes.
Surplus/ (Deficit) For the Year Before Tax	-2,143,542	-10,101,280
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	(-)	(-)
Interest Income	(-)	(-)
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	(-)	(-)
Increase In Receivables	(-)	(-)
Increase In Payables	853,261	590,193
Net Cash Flow From Operating Activities	(1,290,281)	(9,511,087)

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

Other Disclosures

22. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

	2021-2022	2020-2021
	Kes.	Kes.
Transfers From Related Parties'	46,500,000	25,000,000
Transfers To Related Parties	-	-

c) Key management remuneration

	2021-2022	2020-2021
	Kes.	Kes.
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

	2021-2022	2020-2021
	Kes.	Kes.
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

Nyandarua County Emergency Fund**Annual Report and Financial Statements for the year ended June 30, 2022****Other Disclosures Continued****e) Due to related parties**

	2021-2022	2020-2021
	Kes.	Kes.
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

23. Contingent assets and contingent liabilities

Contingent Liabilities	2021-2022	2020-2021
	Kes.	Kes.
Court Case Against The Fund	-	-
Bank Guarantees	-	-
Total	-	-

Nyandarua County Emergency Fund

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

Other Disclosures Continued

24. Financial risk management

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

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

a) Credit risk

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

Management assesses the credit quality of each customer, considering 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 Emergency Fund's management based on prior experience and their assessment of the current economic environment.

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

	Total amount Kes.	Fully performi ng Kes.	Past due Kes.	Impaire d Kes.
At 30 June 2022				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
At 30 June 2021				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-

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

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

The Emergency Fund has no significant concentration of credit risk.

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 Emergency Fund's short, medium and long-term funding and liquidity management requirements. The Emergency Fund manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kes.	Kes.	Kes.	Kes.
At 30 June 2022				
Trade Payables	2,215,880	-	-	2,215,880
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	2,215,880	-	-	2,215,880
At 30 June 2021				
Trade Payables	1,362,619	-	-	1,362,619
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	1,362,619	-	-	1,362,619

c) Market risk

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

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.

i. Foreign currency risk

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

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

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

Foreign currency sensitivity analysis

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

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

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

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kes. 0 (2022: Kes. 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kes. xxx (2021 – Kes. 0)

d) Capital risk management

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

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	2021-2022	2020-2021
	Kes.	Kes.
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	(2,142,542)	(10,101,280)
Total funds	(2,143,542)	(10,101,280)
Total borrowings	-	-
Less: cash and bank balances	19,432,611	17,824,582
Net debt/(excess cash and cash equivalents)	-	-
Gearing	%	%

Nyandarua County Emergency Fund

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

18. Progress On Follow Up Of Prior Year Auditor's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Unsupported General Expenses As disclosed in Note 7 to the financial statements, the statement of financial performance reflects general expenses amount of Kshs.35,101,280. Included in this amount are grants and subsidies totalling to Kshs.5,013,945 out of which an amount of Kshs.1,031,339 incurred on electricity bills for various boreholes and water projects was not supported with the paid bills. Further, the grants and subsidies amount of Kshs.5,013,945 includes Kshs.1,359,580 paid to NHIF under the Health Care program that was not been supported with the beneficiaries list, rate paid for each member and confirmation of the receipts from NHIF. In the circumstances, the propriety, accuracy and validity of the general expenses totaling to Kshs.2,390,919 for the year ended 30 June, 2021 could not be confirmed.			

Nyandarua County Emergency Fund

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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)
2.0	Incomplete Financial Statements The financial statements prepared and submitted for audit omitted the statement of changes in net assets contrary to the requirements of the International Public Sector Accounting Standards No.1 on presentation of financial statements and as prescribed by the Public Sector Accounting Standard Board (PSASB). In the circumstances, the annual report and the financial statements as prepared and presented for the year ended 30 June, 2021 do not conform to the prescribed reporting format under IPSAS Accrual Basis.			