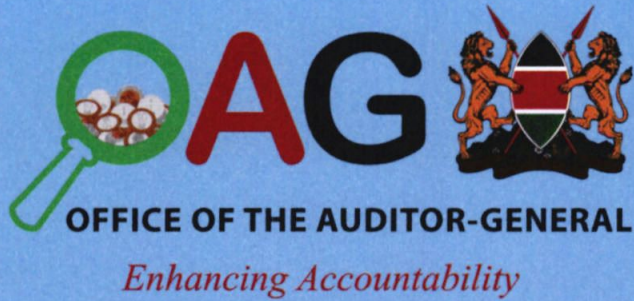
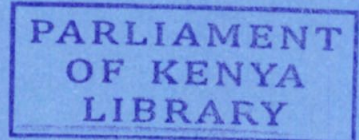


REPUBLIC OF KENYA



REPORT



OF

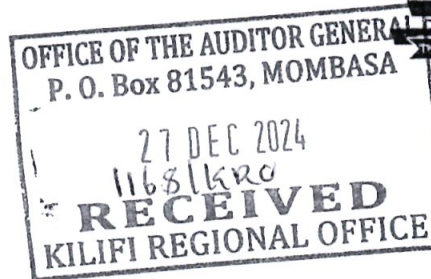
THE AUDITOR-GENERAL

ON

**COUNTY GOVERNMENT OF TANA RIVER
DISASTER RISK MANAGEMENT FUND**

**FOR THE YEAR ENDED
30 JUNE, 2024**

PAPERS LAID	
DATE	6/13/2025
TABLED BY	Dep Mas Whip
COMMITTEE	
CLERK AT THE TABLE	Maalim



TANA RIVER COUNTY DISASTER RISK MANAGEMENT FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2024**

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

County Government of Tana River Disaster Risk Management Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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1. Acronyms and Glossary of Terms

a) Acronym

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
DRM	Disaster Risk Management

b) Glossary of Terms

Fiduciary Management The key management personnel who had financial responsibility

Provide a list of Acronyms and Key terms used in the financial report as per above example. The list to be exhaustive)

2. Key Entity Information and Management

a) Background information

Tana River Disaster Risk Management Fund is established by and derives its authority and accountability from The Tana River County Disaster Risk Management Act, 2020 which was enacted on 30th October 2020. The Fund is wholly owned by the County Government of Tana River and is domiciled in Kenya.

The fund shall be utilised towards meeting the expenses for disaster prevention, preparedness, mitigation, risk reduction, response, relief, rehabilitation and reconstruction in the County.

The Fund's principal activity is to;

- Fund programmes and initiatives towards provision of emergency relief to the most vulnerable including persons living with disabilities, the elderly, women and children.
- Stimulate and support sustainable alternative livelihoods
- Fund the purchase of essential supplies for disaster response
- Facilitate development of capacity and technical expertise in disaster risk management in the County
- Establish programmes, activities and projects for disaster risk resilience; and
- Fund the control of any other emerging disaster

During the year 2023/2024 the Tana River Disaster Risk Management Fund received kshs. 140,004,154 and Previous Years Balance of ksh. 57,872,332 amounting to ksh 197,876,485

The DRM fund has 4 functional areas these include

1. Resilience building
2. Disaster response
3. Recovery/ mitigation
4. Administration

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to

**County Government of Tana River Disaster Risk Management Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

- Examine the vulnerability of different parts of the County to different disasters and identify specific prevention, reduction or mitigation measures.
- Lay down guidelines to be followed for preparation of disaster and emergency management plan by the County departments
- Implement the national government’s policy on disaster and emergency response
- Co-ordinate response in the event of disaster or emergency.

Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	H.E Dr. Dhadho Godhana	Governor/ Fund Chairman
2	David Koskei	County Commissioner
3	Makuru Salima Omara	County Chief Officer/ Fund Administrator
4	Abubakar Roba	Kenya Red Cross Society of Kenya
5	CPA Brenda Mokaya	CECM Finance and Economic Planning
6	Adam Kheir	CDC NDMA

c) Key Management Steam

Ref	Name	Position
1	H.E Dhadho Godhana	Governor/ Fund Chairman
2	Makuru Salima Omara	County Chief Officer/ Fund Administrator
3	CPA Brenda Mokaya	CECM Finance and Economic Planning
4	Jillo M. Komora	Fund Accountant
5	Halubva Anna Gwiyo	Secretariat
6	Lulutya Mavuwe Sokorote	Secretariat

Key Entity and Management (Continued)

d) Fiduciary Oversight Arrangements

SN	Position	Name
----	----------	------

County Government of Tana River Disaster Risk Management Fund
Annual Report and Financial Statements for the year ended June 30, 2024

1	Directorate Internal Audit	Charles Njuguna

e) Registered Offices

P.O. Box 29,70101
Tana River County Government
Headquarter
Hola, KENYA

f) Fund Contacts

Telephone: (254) 798973312
E-mail: tanarivercounty.go.ke
Website: www.tanarivercounty.go.ke

g) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank
P.O. Box 100-70101
Hola ,Kenya

Key Entity and Management (Continued)

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


j) County Attorney

The County Attorney
County Government of Tana River
P.O.Box 29 70101
Hola, Kenya




3. Board of Trustees/ Fund Administration Committee

Name	Details of qualifications and experience
<p>1. HE Major retired Dhadho</p>  <p>Godhana</p>	<p>HE Major retired Dhadho Godhana holds a doctorate in public administration. He is currently the Governor of Tana River County. Dhadho Godhana is the Chairperson to the Board</p>
<p>2. CPA Brenda Mokaya</p> 	<p>Holds MBA Finance, CPA finalist and a member of ICPAK</p> <p>Currently serving as the CECM Finance and Economic Planning</p>
<p>3. Salima Makuru Omara</p> 	<p>Makuru Salima Omara holds a Masters in leadership and Management. She also holds a bachelor's degree in Education and Counselling. She is currently the Chief Officer Cohesion and special programs and office of the Governor. Makuru Salima is also the Secretary to the Board</p>
<p>4. Abubakar Roba</p>	<p>Works for the Kenya Red Cross as the head of operations in all disaster related matters. Initially he used to work in a world bank funded project, in Arid Lands within Tana River. He also worked as the Kenya</p>




County Government of Tana River Disaster Risk Management Fund
Annual Report and Financial Statements for the year ended June 30, 2024

	red cross coordinator coast region. Member to the Board

4. Management Team

Name	Details of qualifications and experience
<p>1. HE Major retired Dhadho Godhana</p> 	<p>HE Major retired Dhadho Godhana holds a doctorate in public administration. He is currently the Governor of Tana River County.</p>
<p>2. CPA Brenda Mokaya</p> 	<p>Holds MBA Finance, CPA finalist and a member of ICPAK Currently serving as the CECM Finance and Economic Planning</p>
<p>3. Salim Makuru Omara</p> 	<p>Makuru Salima Omara holds a masters in leadership and Management. She also holds a bachelor's degree in Education and Counselling. She is currently the Chief Officer Cohesion and special programs and office of the Governor</p>
<p>4. Jillo M Komora</p>	<p>Was born on 25/05/1987. Hold MBA(Finance), CPA finalist and an ICPAK member number 24131 Currently serving as the Fund Accountant of the</p>

County Government of Tana River Disaster Risk Management Fund
Annual Report and Financial Statements for the year ended June 30, 2024

	<p>Disaster Risk Management Fund</p>
<p>5. Halubwa Anna Gwivo</p> 	<p>Halubva Anna Gwiyo is the Program Officer, Cohesion and Special Programs. Anna Gwiyo Holds a Bachelor Degree in Community Development and sociology</p>
<p>6. Lulutya Mavuwe Sokorote</p> 	<p>Lulutya Mavuwe Sokorote is currently the Data Officer in Special Programs, He holds a degree in Project Management. He also holds a diploma certificate in Community Development and counselling among other courses</p>

5. Board/Fund Chairperson's Report

Tana River County is rated as one of the poorest Counties in Kenya with 62% of total population living in absolute poverty due to different factors such as historical and political marginalization, recurrent inter-ethnic conflicts, poor quality and access to social services, poor infrastructure, recurrent drought, climate change, insecurity and low literacy levels. This coupled with reducing food production experienced progressively, has led to food insecurity, malnutrition, poor health and high mortality rates of people during drought. Recovery from drought is a significant challenge because the impact of drought leaves household assets critically depleted. Therefore, the DRM Fund was for drought management to increase the resilience levels of communities in the target areas and to promote early response to drought and floods in order to minimize the losses of household assets.

Overview on Performance

Throughout the year the fund had had received kes. 140,004,154 shillings of which 137,602,243 being the 2% of County budget and the remaining received from well-wishers to supports the victims of Elnino <IDPs> where the money was to be spent on four major areas

1. Resilience building, 4,697,100
2. Response activities. 185,762,010
3. Mitigation and recovery. 4,280,200
4. Administration 2,437,757.

Within the four thematic areas, the DRM unit embarked mostly on response activities where the County Government through the Department of Special Program had incurred a Liability of shillings **55,320,000 <Fifty five million, three hundred and twenty thousand only>** This had occurred because the people have been greatly displaced, lives lost, properties swept away by the flooding and County had to put in place rescue and evacuation measures to minimise more deaths. The County have to ensure IDPs is mandated to support to its people by providing health care support, shelter and food security mostly IDPs. This is where now County Government had to involve other stakeholders and wellwishers for support of its people. The County Government had further involved in borrowing for relief food since it had no further funding and it was end of the year. The County Government therefore came up in

consensus that its people need urgent support due to the effects of Elnino where we involved one of our Foodstuff Suppliers to support with relief food worth **58,540,000/** and CG could manage to pay **3,220,000/** and pay the debt in the Financial Year 2024/2025.

Appreciation

We continue to enjoy incredible support and goodwill from diverse stakeholders and development partners. I would like to appreciate and most sincerely thank the Fund Committee for their selfless services. I also wish to note with appreciation the support extended to us by the National Drought Management Authority, Tana Water and Sanitation Company, WFP, Office of the County Commissioner, the Kenya Red Cross society of Kenya, UNDP, World Vision and all partners working around DRM issues especially this difficult year surrounded with indescribable calamities like the elnino where people lost lives, properties and many valuables.

At the same time not forgetting to mention the effort made by the 15 DRM Committees working at the community level. Through them a number of issues has been settled.

We greatly value and appreciate this support and trust that we can continue to count on it in the future.

We look forward with the conviction that Tana River County will remain not just a place but a good place to be.

Name Hon. Dhadho
Graddae Gadhiana.....Signature.....Date 30-09-2024
Chairperson of the Board/Fund

County Government of Tana River Disaster Risk Management Fund
Annual Report and Financial Statements for the year ended June 30, 2024

6. Report of The Fund Administrator

I am delighted to present the report showing the performance of the Disaster Risk Management Fund for the year 2023/24.

During the FY 2023/2024 the department through the DRM Fund spent most of its money on the activities as listed

1. Transportation of relief food to various parts of the County.
2. Capacity building on its staff and other drm personnels
3. Opening of Kisichi Brook
4. Divers launch Elnino preparedness
5. Elnino preparedness trainings across the County
6. Purchase of fuel preparedness of elnino
7. Provision of catering services during elnino preparedness trainings
8. Purchase of relief food and NFIs for the IDPs
9. Payment of allowances to officers during elnino rescue and response exercise
10. Purchase of relief food for IDPs
11. Transportation of relief food to the IDPs

Within the four thematic areas, the DRM unit embarked mostly on response activities where the County Government through the Department of Special Program had incurred a Liability of shillings **55,320,000** <Fifty five million, three hundred and twenty thousand only> This had occurred because the people have been greatly displaced, lives lost, properties swept away by the flooding and County had to put in place rescue and evacuation measures to minimise more deaths. The County have to ensure IDPs is mandated to support to its people by providing health care support, shelter and food security mostly IDPs. This is where now County Government had to involve other stakeholders and wellwishers for support of its people. The County Government had further involved in borrowing for relief food since it had no further funding and it was end of the year. The County Government therefore came up in

County Government of Tana River Disaster Risk Management Fund
Annual Report and Financial Statements for the year ended June 30, 2024

consensus that its people need urgent support due to the effects of Elnino where we involved one of our Foodstuff Suppliers to support with relief food worth **58,540,000/** and CG could manage to pay **3,220,000/** and pay the debt in the Financial Year 2024/2025.

Challenges in implementation of the fund

- a. Untimely disbursement of funds that hinders operations.
- b. Too much political interference
- c. Increased Emerging needs the future of the Fund seems excellent assuming that the operating environment is improved. Due to the increased needs within the community, there is need to increase the funding.

The key areas to focus on include; Capacity building, Mainstreaming DRM at the community, Water trucking programmes, increase storage by constructing mega

7. Statement of Performance Against the County Fund’s Predetermined Objectives

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

The key development objectives of the Fund as per the strategic plan for FY 2023/2024 are to:

Prevent disasters occurrences, Prepare and stockpiling for the preparations towards disasters; mitigate the effects of disasters and Timely response to disaster

Progress on the attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Disaster prevention	Safeguard and make available vital materials, supplies and equipment to ensure the safety and recovery of records from predictable disasters failures	Increased efficient transportation of people, goods and services	% Of motorable and passable roads within the city	100%
Preparedness	Reduce the risk of disasters caused by	Prepositioning, planning and resource mobilization	No of prepositioned materials, resources	100%

**County Government of Tana River Disaster Risk Management Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

	human error, deliberate destruction, and building or equipment		mobilized and planning meetings.	
Mitigation	Be better prepared to recover from a major natural catastrophe	Increase resilience and reduce vulnerability	Number of Implemented long term disaster risk management projects across the County	100%
Response	To avoid deaths and sufferings			100%

9. Corporate Governance Statement

Tana River County is prone to a myriad disaster risks and hazards such as droughts, floods, conflicts, human and Livestock disease epidemics among others. The most common hazards experienced in the county are associated with geographical and climatic conditions, which include Drought and Floods. Floods occur seasonally while droughts are periodic and cyclic in nature. The occurrence of Conflict on the other hand has been largely associated with competition over scarce and diminishing resources. Other hazards such as fires and mass casualty accidents are rare events but potentially highly destructive when they occur. The occurrence of disasters leads to disruption of the communities' livelihoods, loss of human and animal lives, and destruction of infrastructures and diversion of planned use of resources at the county for use to respond to these disasters.

Insufficient funding for disaster risk management and lack of proper planning has led to far reaching economic and social consequences, which in turn has affected economic growth of the county of Tana River and negated the gains achieved as well as the efforts by the County Government to eradicate poverty and better the lives of the County residents.

The County Government plays a key role in the strategic planning and management of disaster risk and response management. To this end, it is imperative for the County to develop an effective and efficient policy framework for disaster management which focuses on suitable preparedness and response to disasters as part of county planning mechanism and to facilitate effective and timely response to disasters.

This policy recognizes the existing infrastructures for disaster management at the County and provides an inclusive and harmonized system for disaster risk management at the County. The policy outlines elaborate strategies, institutions and funding mechanisms for various interventions for reducing disasters risk through enhanced participation of all stakeholders. It also lays the foundation for effective and better coordination of the stakeholders involved in managing disaster risks at the County. Further the policy sets out standardized functions of various County agencies on disasters and provides linkages with various state and non-state actors in disaster risk management.

The implementation of this policy will assist in establishing a seamless and well-coordinated disaster risk management systems and process that will ensure timely and efficient planning and response to disasters and help in saving lives, protecting livelihoods, infrastructures and the environment and build resilient communities and institutions.

Appointment of members of the Tana River County Disaster Risk Management Fund Committee took place within the period.

The Committee held a number of meetings on different places including Malindi and at the Governor's residence

County Government of Tana River Disaster Risk Management Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Tana River County is prone to a myriad disaster risks and hazards such as droughts, floods, conflicts, human and Livestock disease epidemics among others. The most common hazards experienced in the county are associated with geographical and climatic conditions, which include Drought and Floods. Floods occur seasonally while droughts are periodic and cyclic in nature. The occurrence of Conflict on the other hand has been largely associated with competition over scarce and diminishing resources. Other hazards such as fires and mass casualty accidents are rare events but potentially highly destructive when they occur. The occurrence of disasters leads to disruption of the communities' livelihoods, loss of human and animal lives, and destruction of infrastructures and diversion of planned use of resources at the county for use to respond to these disasters.

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The implementation of this policy will assist in establishing a seamless and well-coordinated disaster risk management systems and process that will ensure timely and efficient planning and response to disasters and help in saving lives, protecting livelihoods, infrastructures and the environment and build resilient communities and institutions.

10. Management Discussion and Analysis

After a long discussion with the committee members, the committee agreed to undertake the following projects as a way of mitigating the ongoing droughts and repositioning of items for floods affected people.

- Transportation of relief food to various parts of the County.
- Capacity building on drought need assessment
- Opening of Kisichi Brook
- Divers launch Elnino preparedness
- Elnino preparedness trainings across the County
- Purchase of fuel preparedness of elnino
- Provision of catering services during elnino preparedness trainings
- Purchase of relief food and NFIs for the IDPs
- Payment of allowances to officers during elnino rescue and response exercise
- Purchase of relief food for IDPs
- Transportation of relief food to the IDPs

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County Government of Tana River Disaster Risk Management Fund
Annual Report and Financial Statements for the year ended June 30, 2024

one of our Foodstuff Suppliers to support with relief food worth **58,540,000/** and CG could manage to pay **3,220,000/** and pay the debt in the Financial Year 2024/2025.

11. Environmental and Sustainability Reporting

To protect and improve the environment and natural resources for the people Tana River County and Kenya, through environmental awareness, execution of laws and regulations, social contribution and strengthening initiatives for sustainable environmental and natural resources management.

1. Sustainability strategy and profile

Tana River County Government through its mission statement aims to ensure effective and accountable leadership, promote just, democratic and secure environment and establish strong governance institutions to empower citizens, for the achievement of socio-economic development. It aims to realise a democratic political system founded on issue-based politics, respect to the rule of law and protection of the rights and freedoms of every individual espousing principle of good governance by advocating for integrity, transparency, accountability, devolution of power and sustainability in implementation of all development programmes and projects.

2. Environmental performance

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

The purpose of the Tana River County Climate Change Act is meant to address the growing environmental and mitigation of climate change. This will protect the environment for the current and future generations and progressively strive to meet the realization of the right to healthy and clean environment.

The key interventions the county will focus on are:

- Increasing forest cover
- Control of air, land and water pollution.
- Management and conservation of environment and natural resources
- Law enforcement on climate change mitigations
- Control of noise pollution
- Control and management of sand harvesting

The overriding policy goal is to entrench the rights to clean and healthy environment, which is sustainable and renewable. The policy goal is to enhance climate resilience through development, management, implementation, regulation and monitoring of adaptation and mitigation measures and actions.

3. Employee welfare

Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA.)

4. Market place practices

5. The county Government of Tana River has operationalized e-procurement through Integrated Financial Management Information System (IFMIS) to enhance transparency and accountability in procurement process from procurement planning, requisition, sourcing and payment, e-transparency, competitively and in a cost-effective manner. IFMIS e-procurement module is linked to an n item master, which has indicative prices for all commonly used items to ensure that there are no price inflations by procuring entities thus enhancing value for money.
6. Further e-procurement has inbuilt approvals at all levels of the procurement process to enhance checks, controls and accountability.
7. Apart from increasing efficiency in service delivery due to competition, transparency and lower transaction costs-procurement system is designed to enable the government increase and monitor government procurement opportunities to the preference groups, including women, youth and differently abled persons.

8. Corporate Social Responsibility / Community Engagements

Under corporate social responsibility, the department has been doing community engagements and public participations at all levels.

The DRM Committees formed across all the fifteen wards do community awareness programs especially in Disasters related matters.

12. Report of The Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are;

- Capacity builds the staff and the community members in matters Disasters
- Promote preparedness and initiate response to deal with disasters as they occur
- Evacuate, rescue and give relief to the victims of any hazard
- Avert danger, threat, risk, hazard or menace of any disaster
- Offer rehabilitative and reconstruction services to return to normalcy
- Mitigate, lessen, alleviate or reduce risk of any disaster or severity or consequences

Results

The results of the Fund for the year ended June 30, 2024 are presented on this statement

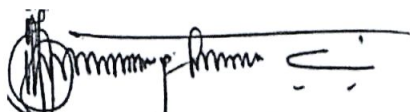
Trustees

The members of the Board of Trustees who served during the year are shown on pages provided in the report

Auditors

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

By Order of the Board



Chair of the Board/Fund Administration Committee

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by the Tana River County Climate Change Fund Act, 2021 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Tana River County Climate Change Fund Act, 2021. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2023, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

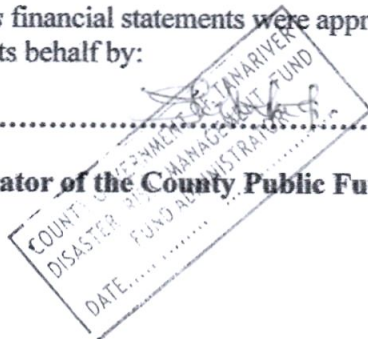
In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. OR

Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

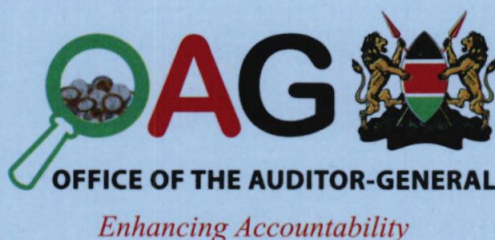
The Fund's financial statements were approved by the Board on 30-09- 2024 and signed on its behalf by:

.....
Administrator of the County Public Fund



REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON COUNTY GOVERNMENT OF TANA RIVER DISASTER RISK MANAGEMENT FUND FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

The three parts of the report 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 of the Auditor-General on County Government of Tana River Disaster Risk Management Fund for the year ended 30 June, 2024

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Government of Tana River Disaster Risk Management Fund set out on pages 1 to 27, which comprise the statement of financial position as at 30 June, 2024, the statement of financial performance, statement of changes in net assets, statement of cash flows, statement of comparison of budget and actual amounts for the year then ended, a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the 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 County Government of Tana River Disaster Risk Management Fund as at 30 June, 2024 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 Tana River County Disaster Risk Management Act, 2020 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Errors in Presentation and Disclosure of the Annual Report and Financial Statements

The name of the Fund is omitted in the financial statements' header from pages 6 to page 27 while the statement of performance indicates use of goods and services to be under Note 3 instead of Note 4 to the financial statements. In addition, the statement of financial position indicates cash and cash equivalent to be under Note 4 instead of Note 6 to the financial statements.

In the circumstances, the accuracy and completeness of the disclosure and presentation in the annual report and financial statements could not be confirmed.

2. Inaccurate Deficit Amount

The statement of financial performance reflects a deficit amount of Kshs.57,172,913 whereas the statement of changes in net assets reflects a deficit amount of Kshs.55,320,000 resulting to unreconciled variance of Kshs.1,852,913.

In the circumstances, the accuracy of the deficit of an amount of Kshs.57,172,913 could not be confirmed.

3. Unsupported Current Liabilities Balance

The statement of financial position reflects current liabilities amount of Kshs.55,320,000 in respect of trade and other payables as disclosed in Note 7 to the financial statements. However, the supporting schedules were not provided.

In the circumstances, the accuracy and completeness of the current liabilities balance of Kshs.55,320,000 could not be confirmed.

4. Inaccurate Accumulated Surplus Balance

The statement of financial position reflects accumulated surplus balance of Kshs.54,620,582 while the statement of changes in net assets reflects a Nil balance in respect of the corresponding accumulated surplus resulting to unexplained variance of Kshs.54,620,582.

In the circumstances, the accuracy and completeness of the accumulated surplus balance of Kshs.54,620,582 could not be confirmed.

5. Unaccounted for Collapsible Water Tanks

The statements of financial performance reflects expenditure on use of goods and services totalling Kshs.197,177,067. The expenditure includes Kshs.20,000,000 incurred on purchase of collapsible water tanks out of which Kshs.16,600,000 was not supported with a distribution list indicating details of the beneficiaries' names, identity cards numbers, date and specific venue where the tanks were distributed.

In the circumstances, the accuracy, completeness and propriety of expenditure on water tanks totalling Kshs.20,000,000 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects budgeted revenue and actual on comparable amounts of Kshs.140,004,154. Similarly, the Fund spent an amount of Kshs.197,177,067 against actual receipts of Kshs.140,004,154 resulting to an over-utilization of Kshs.57,172,913.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in

the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Audit Matters

In the audit of the previous year, several issues were raised under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, even though Management has indicated the issues as resolved, the process of resolution has not been supported.

Other Information

The Management is responsible for the other information set out on page iii to xxv which comprise of Key Fund Information and Management, Board/Fund Chairperson Report, Report of the Fund Administrator, Statement of Performance Against the Fund's Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Trustees and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

The statements of financial performance reflects expenditure on use of goods and services totalling Kshs.197,177,067. Review of records revealed the following:

i. Irregular Expenditure on Food Stuffs

Included in the expenditure on use of goods and services is expenditure totalling Kshs.135,093,180 paid to various companies for supply and transportation of relief food. However, the criteria or matrix used to identify recipients was not provided. In addition, the expenditure was incurred without support of any gazetted emergency by the Governor of Tana River County contrary to Section 14 of Tana River Disaster Risk Management Act, 2020 which states that a disaster or emergency exists when the Governor declares, by notice in the Gazette, that disaster or emergency exists, a potential-disaster exists when the Governor declares by notice in the Gazette after receiving advice from the Committee that there is a substantial prospect that a disaster shall occur.

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

ii. Unaccounted for Consultancy Expenditure

Included in the expenditure on use of goods and services is expenditure totalling Kshs.4,985,750 spent in the provision of consultancy services. However, the competence and experience of the consultants, scope of work done, contract, payment schedule and conditions and the final report on assessment of extent of flood impact in the County was not provided.

In the circumstances, the lawfulness and effectiveness of expenditure on use of goods and services totalling Kshs.197,177,067 could not be confirmed and Management was in breach of the law.

2. Establishment of Two Funds with Similar Activities

The County Government of Tana River has established two (2) Funds which are serving similar purposes namely the Emergency Fund and the Disaster Risk Management Fund. The Disaster Risk Management Fund commenced operations on 30 October, 2020 and its principal activities are to:

- i. Examine the vulnerability of different parts of the County to different disasters and identify specific prevention, reduction or mitigation measures.
- ii. Lay down guidelines to be followed for preparation of disaster and emergency management plan by the County departments.
- iii. Implement the National Government's policy on disaster and emergency response.
- iv. Co-ordinate response in the event of disaster or emergency.

The Tana River Emergency Fund derives its authority and accountability from the Public Finance Management Act, 2012 with the principal activities including:

- i. Capacity building of the staff and community members in matters emergency.

- ii. Promoting preparedness and initiate response to deal with emerging issues.
- iii. Evacuation, rescue and giving relief to the victims of any hazard.
- iv. Averting danger, threat, risk, hazard or menace of any disaster.
- v. Offer rehabilitative and reconstruction services to return to normalcy.
- vi. Mitigate, lessen, alleviate or reduce risk of any disaster or severity or consequences.

The Disaster Risk Management Fund received revenue totalling Kshs.140,004,154 whereas the Emergency Fund received revenue totalling Kshs.137,746,663 during the year under review.

In the circumstances, the activities of the two (2) Funds are overlapping and their establishment is not justifiable.

3. Budgeted Deficit

The statement of comparison of budget and actual amounts reflects a budgeted revenue totalling Kshs.140,004,154 and budgeted expenditure totalling Kshs.197,177,067 resulting to budgeted deficit of Kshs.57,172,913 contrary to Regulation 31 of the Public Finance Management (County Governments) Regulations, 2015 which states that unless provided otherwise in the Act, these Regulations or any other guidelines developed in furtherance of the Act or these Regulations, at all times during budget formulation and approval all revenue and expenditure shall be entered into the County Government budget estimates, expenditure entered in County Government budget estimates shall be authorized for one (1) financial year only and that budget revenue and expenditure appropriations shall be balanced.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 effectiveness of internal controls, risk management and 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 and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48

of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Bathungu, CBS
AUDITOR-GENERAL

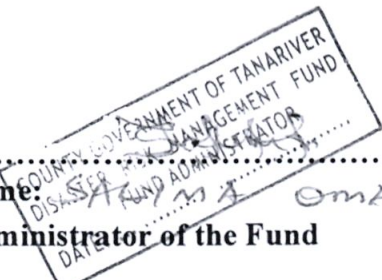
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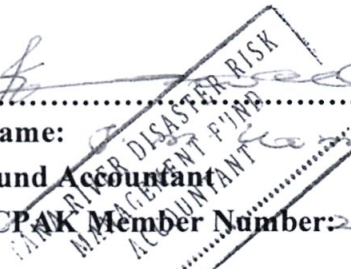
31 December, 2024

County Government of Tana River Risk Management Fund
Annual Report and Financial Statements for the year ended June 30, 2024

14. Statement of Financial Performance for the Year Ended 30th June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Donations	1	2,401,911	-
Transfers From the County Government	2	137,602,243	132,324,540
Total Revenue		140,004,154	132,324,540
Expenses			
Use of goods and services	3	197,177,067	104,039,434
Total Expenses		197,177,067	104,039,434
Gain/Loss on Disposal of Assets		-	-
Gain /Loss on fair value of investments			
Surplus/(Deficit) for the Period		(57,172,913)	28,285,106


 Name: Omara
 Administrator of the Fund


 Name: Omara
 Fund Accountant
 ICPAK Member Number: 29131
 Date:

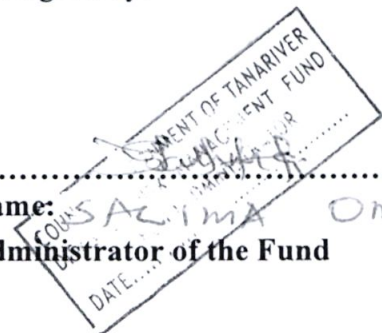
County Government of Tana River Disaster Risk Management Fund
Annual Report and Financial Statements for the year ended June 30, 2024

15. Statement of Financial Position As at 30 June 2024

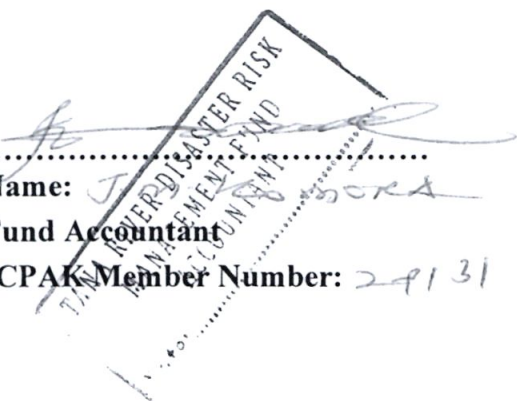
Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	4	699,418	28,285,106
Total current assets		699,418	28,285,106
Non-Current Assets			
Property, Plant and Equipment		-	-
Total non- current assets			
Total Assets		699,418	28,285,106
Liabilities			
Current Liabilities		55,320,000	
Total current liabilities		55,320,000	
Non-Current Liabilities			
Total Liabilities			
Accumulated Surplus		(54,620,582)	28,285,106
Total Net Assets and Liabilities		699,418	28,285,106

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30-09-2024 and signed by:

.....
Name: SACIMA OMARA
Administrator of the Fund



.....
Name: J. M. MUKUNDA
Fund Accountant
ICPAK Member Number: 29131



County Government of Tana River Risk Management Fund
Annual Report and Financial Statements for the year ended June 30, 2024

16. Statement of Changes in Net Assets for the year ended 30th June 2024

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2022	29,587,225	-	-	29,587,225
Surplus/(Deficit) For the Period	-	-	-	-
Funds Received During the Year	132,324,540	-		132,324,540
Transfers	(104,039,434)		-	(104,039,434)
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023	57,872,331	-	-	57,872,331
Balance As At 1 July 2023	57,872,331	-	-	57,872,331
Surplus/(Deficit) For the Period	(55,320,000)	-	-	(55,320,000)
Funds Received During the Year	140,004,154	-	-	140,004,154
Transfers	(197,177,067)		(-)	(197,177,067)
Revaluation Gain	-	-	-	-
Balance As At 30 June 2024	54,620,582	-	-	54,620,582

County Government of Tana River Disaster Risk Management Fund
Annual Report and Financial Statements for the year ended June 30, 2024

17. Statement of Cash Flows for The Year Ended 30 June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public Donation		2,401,911	-
Transfers from the county government		137,602,243	132,324,540
Receipts from other operating activities		-	-
Total receipts		140,004,154	132,324,540
Payments			
Use of goods and services		(197,177,067)	104,039,434
Other payments		-	-
		-	-
Net cash flows from operating activities		(57,172,913)	28,285,106
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		(57,172,913)	(-)
Cash and cash equivalents at 1 July 2023		57,872,331	-
Cash and cash equivalents at 30 June 2024		699,418	28,285,106

18. Statement Of Comparison Of Budget And Actual Amounts For The Period 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	B	C=(a+b)	D	e=(c-d)	f=d/c*100
Revenue						
Transfers From County Govt.	137,602,243		137,602,243	137,602,243	-	100%
Interest Income	-	-	-	-	(-)	
Other Income(Public Donations)	2,401,911	-	2,401,911	2,401,911	-	
Total Income	140,004,154	-	140,004,154	140,004,154		
Expenses						
Use of goods and services	197,177,067	-	197,177,067	197,177,067		
Finance Cost	-	(-)	-	-	(-)	
Total Expenditure	197,177,067	(-)	197,177,067	197,177,067		
Surplus For the Period	(57,172,913)	-	(57,172,913)	(57,172,913)	-	

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Tana River County Disaster Risk Management Fund entity is established by and derives its authority and accountability from Disaster Risk Management Act. The entity is wholly owned by the Tana River County Government and is domiciled in Kenya. The entity's principal activity is Disaster Management ranging from Resilience Building, Response activities, Mitigation and Recovery.

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) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024

There were no new and amended standards issued in the financial year.

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p>Applicable 1st January 2025 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. <i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 45- Property Plant and Equipment</p>	<p>Applicable 1st January 2025 The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. <i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 46 Measurement</p>	<p>Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by: <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value. <i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 47- Revenue</p>	<p>Applicable 1st January 2026 This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. <i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 48- Transfer Expenses</p>	<p>Applicable 1st January 2026 The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature,</p>

	<p>amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. <i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. <i>State the expected impact of the standard to the Entity if relevant</i></p>

(i) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity’s financial statements.)*

1. Summary of 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.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 2024/2025 was approved by the County Assembly on 2022. 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 xxxxx on the FY 2024/2025 budget following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

Summary of Significant Accounting Policies (Continued)

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 xxx of these financial statements.

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.

a) 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.

b) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an xx-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. (entity to amend appropriately)* Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Summary of Significant Accounting Policies (Continued)

c) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

d) 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.

e) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

f) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

Summary of Significant Accounting Policies (Continued)

g) Contingent liabilities

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

Contingent assets

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

h) Nature and purpose of reserves

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

i) Changes in accounting policies and estimates

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

j) Employee benefits – Retirement benefit plans

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

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.

Summary of Significant Accounting Policies (Continued)

k) Foreign currency transactions

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

l) Borrowing costs

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

m) Related parties

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

n) Cash and cash equivalents

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

o) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

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

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

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

6. Notes To The Financial Statements Continued

1. Public contributions and donations

Description	Insert Comparative FY	
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	2,401,911	-
Total	2,401,911	-

2. Transfers from County Government

Description	2023-2024	2022-2023
	Kshs	Kshs
Transfers From County Govt. –Operations	137,602,243	132,324,540
	-	-
Payments By County on Behalf of The Entity	-	-
Total	137,602,243	132,324,540

Notes to the Financial Statements Continued

3. Employee Costs

Description	2023/2024	2022/2023
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other (<i>Specify</i>)	-	-
Total	-	-

4. Use of Goods and Services

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Loan Processing Costs	-	-
Administration fees	2,437,757	1,551,445
Professional Services Costs	-	-
Committee allowance	-	-
Rental of Produced assets	-	-
Electricity& water expenses	-	2,000,000.00
Fuel And Oil Costs	6,500,000	6,000,000
Bank charges	15,456	9093
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other Expenses	188,223,854.00	94,478,896
Total	197,177,067.00	104,039,434

5. Depreciation and Amortization Expense

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

6. Cash and cash equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
Tana River Disaster Risk Management Fund Account	699,418	57,872,331
Others	-	-
Total Cash and Cash Equivalents	699,418	57,872,331

Notes to the Financial Statements Continued

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

		2023-2024	2022-2023
Financial Institution	Account number	Kshs	Kshs
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			
Kenya Commercial Bank Ltd	1290396809	699,418	57,872,331
Bank B		-	-
Sub Total		699,418	57,872,331
d) Others (Specify)		-	-
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		<u>699,418</u>	<u>57,872,331</u>

Notes To The Financial Statements (Continued)

7. Trade and other payables from exchange transactions

Description	2023-2024		2022-2023	
	Kshs		Kshs	
Trade Payables	55,320,0000		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
Total Trade and Other Payables	55,320,000		-	
Ageing analysis (Trade and other payables)	2023/2024	% of the Total	2022/2023	% of the Total
Under one year		%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-		-	

(NB: Amount under deposits and retentions should tie to cash held in deposit account)

Notes To The Financial Statements (Continued)

8. Financial risk management

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

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

a) Credit risk

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
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	-	-	-	-

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

Notes To The Financial Statements (Continued)

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

The entity has significant concentration of credit risk on amounts due from xxxx

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.

Notes To The Financial Statements (Continued)

b) Market risk

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

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

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

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

Notes To The Financial Statements (Continued)

i. 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 Kshs xxx (2022: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (2021 – Kshs xxx).

Notes To The Financial Statements (Continued)

e) Capital risk management.

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

Description	Current FY	Comparative FY
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	(-)	(-)
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-%	-%

9. Events after the reporting period

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

10. Ultimate and Holding Entity

The entity is a County Public Fund established by PFM Act (*state the legislation establishing the Fund*) under the Ministry of xxx. Its ultimate parent is the County Government of Tana River.

11. Currency

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

20. Annexes

Annexes I

Annex I: Progress on Follow Up Of Prior Year Auditor's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Unsupported expenditure on use of goods and service		Resolved	Resolved
2	Incomplete board composition		Resolved	Resolved
3	Late submission of financial statements		Resolved	Resolved
4	Establishment of two funds with similar activities		Resolved	Resolved
5	Irregular award of transportation of relief food		Resolved	Resolved

Fund Manager/Accounting Officer Tana River County Disaster Risk Management Fund

Date.....30-09-2024.....

Annex II: Inter-Fund Confirmation Letter



County Government of Tana River Disaster Risk Management

[P.O.Box 29-70101

Hola]

The County Government of Tana River Disaster Risk Management Fund wishes to confirm the amounts disbursed to you as at 30th June 2024 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Tana River County Government Disaster Risk Management Fund] as at 30 th June 2024							
Reference Number	Date Disbursed	Amounts Disbursed by [Tana River County Government] (Kshs) as at 30 th June 2024				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 2024 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
		140,004,154	-	-	140,004,154	140,004,154	-
Total		140,004,154			140,004,154	140,004,154	
In confirm that the amounts shown above are correct as of the date indicated.							

County Government of Tana River Disaster Risk Management Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Head of Accountants department of beneficiary Fund:

Name J. M. Komora Sign [Signature] Date 30-09-2024

TANA RIVER DISASTER RISK
MANAGEMENT FUND
ACCOUNTANT
Date:

Annex IV: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
DRM	Administration			Administration	2,437,757	
DRM	Resilience	Drought		Resilience	4,697,100	
DRM	Response	Floods		Response	185,762,010	
DRM	Recovery	Floods		Recovery	4,280,200	