

REPUBLIC OF KENYA



Enhancing Accountability

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REPORT

OF

THE AUDITOR-GENERAL

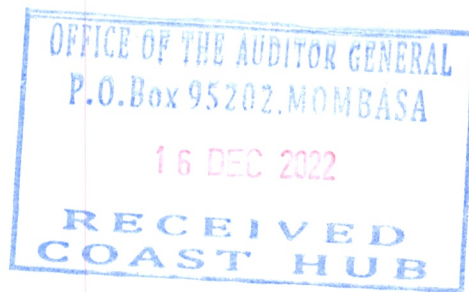
ON

KILIFI COUNTY EMERGENCY FUND

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

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KILIFI COUNTY EMERGENCY FUND

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

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

Kilifi County Emergency Fund
Annual Report and Financial Statements
For the year ended June 30, 2022.

Kilifi County Emergency Fund
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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

The Kilifi County Emergency Fund is established by and derives its authority and accountability from the Public Finance Management Act, 2012 and the Kilifi County Emergency Fund Act, 2020. The Fund is wholly owned by the County Government of Kilifi and is domiciled in Kenya.

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

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to consider emergency funding requests from county departments/entities and provide funding for emergency interventions which meet the criteria set out in law.

c) Fund Administration Committee

Ref	Name	Position
1.	Hon. Maureen Mnyazi Mwangovya	Ag. County Executive Committee Member for Finance/Fund Administrator
2.	Kennedy Chilibasi	Chief Officer for Finance
3.	Wilberforce Mwinga Katumo	Director, Budget Management
4.	Bonaventure F.M. Mwakio	Director, Accounting Services
5.	Keziah Wangui Mugambi	Director, Internal Audit Services
6.	Matano Riziki Choga	Director, Supply Chain Management Services

d) Key Management

Ref	Position	Name
1	Fund Manager/ Administrator	Hon. Maureen M. Mwangovya

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2	Fund Accountant	Jacob Kalama Mwango
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e) Fiduciary Oversight Arrangements

Ref	Position	Name
1	Directorate Internal Audit	Keziah Wangui
2	Chief Finance Officer	Kennedy Chilibasi
3	Directorate of Budget	Willberforce Mwinga

Registered Offices

The County Treasury,
Bofa Road
Kilifi, Kenya

Fund Contacts

P.O. Box 519 – 80108
Kilifi, Kenya.
Email: cecmfinance@kilifi.go.ke

Fund Bankers

Kenya Commercial Bank
Kilifi Branch

Independent Auditors


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

Principal Legal Adviser



The County Attorney,
Office of the Governor,
Kilifi, Head Quarters



2. MANAGEMENT TEAM

In the 2021/2022 financial year, the day-to-day management of the Kilifi County Emergency Fund was under the following officers;

Name	Details of qualifications and experience
<p>1. Hon. Maureen M Mwangovya</p> 	<p>Fund Administrator/Ag. CEC Member for Finance and Economic Planning</p> <p>Hon. Maureen M. Mwangovya was appointed as the Acting CEC Member for Finance & Economic Planning on 8th February, 2022. She became the Fund Administrator pursuant to Section 111 of the Public Finance Management Act, 2012, after the resignation of the former CECM</p> <p>Prior to her appointment as the Acting CEC Member for Finance, Hon. Mwangovya is also serving as the CEC Member for the department of Lands, Energy, Housing, and Planning & Urban Development. She is a programme Specialist with over 15 years professional experience in programmes management, policy advocacy, partnership and networking of programmes that focus on health, Education, water & sanitation, livelihood, gender & child rights and capacity building of communities aimed at achieving sustainable development. Prior to her appointment, Hon. Mwangovya worked with International and National Non – Governmental Organization especially in Coast region. She holds a bachelor of Arts degree in Economics/ Government and a Masters Degree in project planning and management and is currently admitted for a Directorate degree in project planning.</p>
<p>2. Kennedy Chilibasi</p>	<p>Chief Officer for Finance</p> <p>With Over 20 years working experience in the Accounting and Finance Sector, Mr. Chilibasi is currently the Chief Officer For Finance – County Government of Kilifi. He heads the Secretariat of the County Emergency Fund.</p>

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Name	Details of qualifications and experience
	He is a member of Institute Of Certified Public Accountants of Kenya (ICPAK).
<p>3. Wilberforce Mwinga Katumo</p> 	<p>Director Budget Management & Economic Planning</p> <p>Mr. Wilberforce Mwinga Katumo was appointed the Director Budget & Economic Planning for the County Government of Kilifi in 2014. He serves as a member of the County Emergency Fund Secretariat where he advises on optimal allocation of financial resources in line with policy goals and strategic priorities.</p> <p>Mr. Mwinga previously served in the Office of the Controller of Budget. He has also worked in the Ministry of Immigration and Registration of Persons as a Senior Immigration Officer. He holds a Master of Arts in International Studies and a Bachelor of Arts in Economics both from the University of Nairobi. He is also a member of the Institute of Economic Affairs Kenya</p>
<p>4. Bonaventure F.M. Mwakio</p> 	<p>Director Accounting Services</p> <p>CPA Bonaventure F.M. Mwakio was appointed acting Director Accounting Services on 11th June 2018. He serves as a member of the County Emergency Fund Secretariat and plays the role of coordinating the payments and preparation of the financial reports.</p> <p>Before his appointment, he served as the Chief Officer of Finance at the County Government of Taita Taveta. Currently he sits in the County Audit Committee as a nominee member of the County Treasury. CPA Bonaventure Mwakio holds an MBA from Jomo Kenyatta University of Agriculture and Technology (JKUAT) and a Bachelor in Business Management (Finance) from Moi University. He is also a member of the Institute of Certified Public Accountants of Kenya.</p>
<p>5. Keziah Wangui Mugambi</p>	<p>Director Internal Audit Services</p>

Name	Details of qualifications and experience
	<p>CPA Keziah Wangui Mugambi has served in the County Government of Kilifi as Director Internal Audit Services since 2014. She serves as a member of the County Emergency Fund Secretariat where she advises on internal controls and ways to strengthen and improve efficiency on financial operations and management.</p> <p>She previously served as an accountant with the County government of Kilifi and the defunct Town council of Kilifi. CPA Keziah holds an MBA in Finance from Jomo Kenyatta University of Agriculture & Technology and bachelor's degree in Business and management (Accounting) from Egerton University. She is also a CPA finalist and member of Institute of Public Accountants of Kenya.</p>
<p>6. Matano Riziki Choga</p> 	<p>Director, Supply Chain Management Services</p> <p>Matano R. Choga has been serving as the Head of Supply Chain Management Services since 1June, 2014. He also serves as a member of the County Emergency Fund Secretariat and plays the role of coordinating the purchasing function.</p> <p>He is an experienced procurement professional and a member in good standing of Kenya Institute of Supplies Management (KISM).</p> <p>He previously served as the Head of Supply Chain Management for the defunct Town Council of Kilifi. Mr. Choga holds a Master of Science in Supply Chain Management from the University of Agriculture and Technology (JKUAT) and a Bachelor's Degree in Purchasing and Supplies Management from the same University.</p>

3. REPORT OF THE FUND ADMINISTRATOR

Introduction

The Kilifi County Emergency Fund was established by the Kilifi County Emergency Fund Act, 2020, a law that was enacted by the County Assembly of Kilifi in April 2020. The County Emergency Fund enables payments to be made when an urgent and unforeseen need for expenditure arises for which there is no specific legislative authority and is domiciled in the County Department of Finance and Economic Planning.

The County Emergency Fund was established during the COVID-19 pandemic to enable county departments/entities to access funding for various interventions to mitigate against the pandemic. This explains why most of the funding from the County Emergency Fund was channelled to public health interventions undertaken by the County Department of Health Services.

In order to operationalize the County Emergency Fund, the County Treasury developed guidelines for administering the Fund, guidelines which included the process to be followed in accessing financing the emergency Fund. The guidelines were approved by the County Executive committee.

The guidelines provide for the following aspects inter alia:

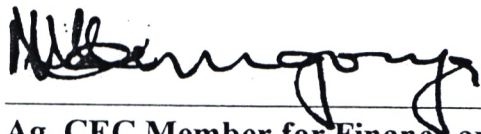
- (i) Sources of funds
- (ii) Administration of the fund
- (iii) Process of applying for financing from the fund
- (iv) Procurement of goods, services and works under the fund
- (v) Payment from the fund.

The approved allocation to the County Emergency Fund in the Kilifi Appropriation Bill, 2021 (for the FY 2021/2022) was Kshs. 200,000,000. However, the Fund had a cash balance of Kshs. 204,802 brought forward from the FY 2020/2021. At the beginning of the FY 2021/2022, the Fund had payables totaling to Kshs. 2,586. All the payables were paid during the FY 2021/2022.

The Fund's expenditure for the FY 2021/2022 was targeted towards COVID-19 mitigations during what was referred to as the 4th and 5th wave of COVID infections as well as drought.

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A significant amount of the fund was utilized to fund requests by the county department of Health Services for the procurement of personal protective equipment (PPEs), Non-pharceuticals and other public health-related consumables. Other amount was utilized to buy food stuff due to famine.



**Ag. CEC Member for Finance and Economic Planning/
Administrator of the County Emergency Fund**

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

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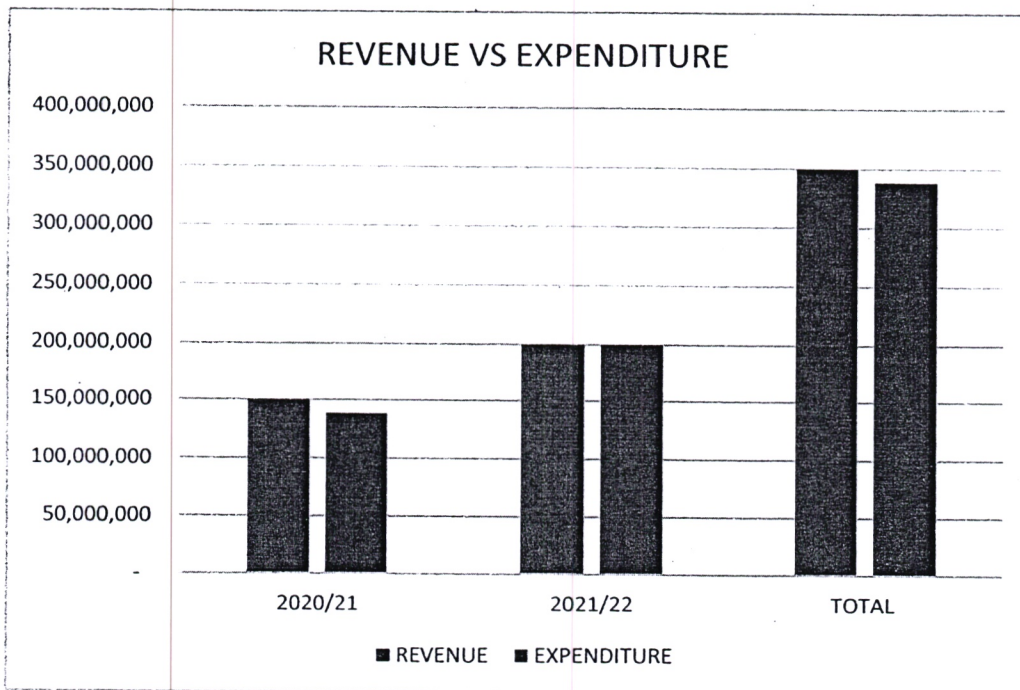
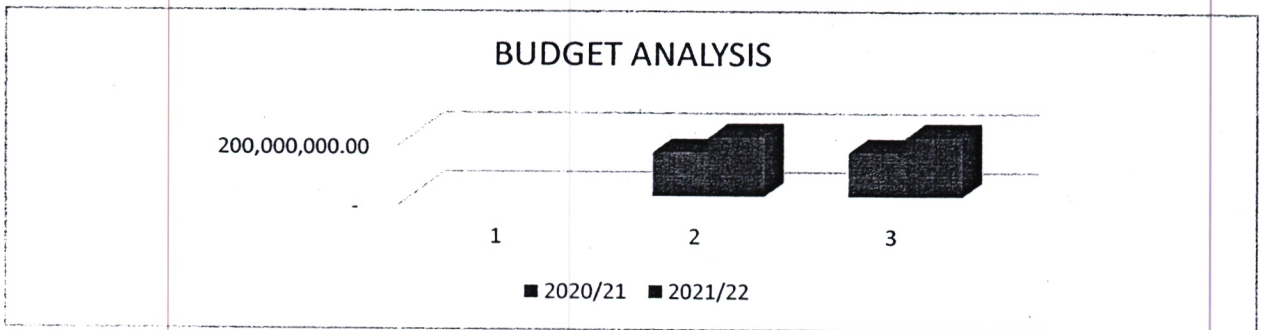
5. CORPORATE GOVERNANCE STATEMENT

The secretariat / committee had 2 meetings to deliberate on requests approvals and payments on the goods and services supplied.

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6. MANAGEMENT DISCUSSION AND ANALYSIS

The approved allocation to the County Emergency Fund in the Kilifi Appropriation Bills, was Kshs.150M and 200M against an expenditure of Ksh. 138,505,442 and 199,931,728 for the FY2020/2021 and 2021/2022 respectively.



The Fund had a cash balance of Kshs. 204,802 brought forward from the FY 2020/2021. At the beginning of the FY 2021/2022, the Fund had payables totaling to Kshs. 2,586. All the payables were paid during the FY 2021/2022.

7. 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 Emergency Fund established by Public Finance Management Act, 2012 and the Kilifi County Emergency Fund Act, 2020 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 Emergency Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2022. This responsibility includes:

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

The Administrator of the County Emergency Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Kilifi County Emergency Fund Act, 2020. 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, 2022, and of the Fund’s

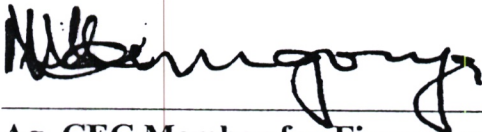
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financial position as at that date. The Administrator further confirms the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Emergency 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. 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 CEC Member for finance on 5 December 2022 and signed on behalf of the Fund by:

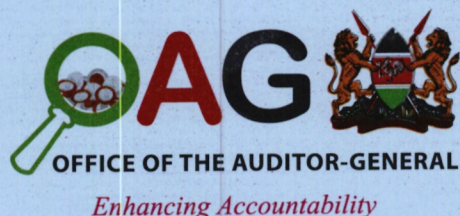


**Ag. CEC Member for Finance and Economic Planning/
Administrator of the County Emergency Fund**

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REPUBLIC OF KENYA

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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kilifi County Emergency Fund set out on pages 1 to 30, which comprise the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net

Report of the Auditor-General on Kilifi County Emergency Fund for the year ended 30 June, 2022

assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kilifi County Emergency Fund as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kilifi County Emergency Fund Act, 2020 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

The prior year audit matters remained un-resolved as at 30 June, 2022. Management has not provided reasons for the delay in resolving the prior year audit issues. Further, the unresolved prior year matters are not disclosed under the progress on follow up of auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Expenditure on Non-Emergency Items

The statement of financial performance and as disclosed in Note 3 to the financial statements reflect general expenses amount of Kshs.199,931,728 which include expenditures amount of Kshs.55,700,180 on purchase of non-pharmaceutical items that did not qualify as emergencies.

A review of a request for funding from the Department of Health Services vide letter ref: COH/DOH/FIN/VOL.3/54 dated 04 October, 2021 in support of the expenditure revealed that the request was for desired need to fill a cash flow deficit awaiting supplementary budget and therefore, there was no urgent and unforeseen need for expenditure. This is contrary to Section 6(1)(a) of the Kilifi County Emergency Fund Act, 2020 which provide that the County Executive Committee Member may make payments from the Fund only if satisfied that there is an urgent and unforeseen need for the expenditure for which there is no legislative authority.

In the circumstances, the payments amount of Kshs.55,700,180 for general expenses could not be confirmed as eligible under Emergency Fund.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Operationalization of the Emergency Fund without Fund Regulations

The Kilifi County Emergency Fund Act, 2020 was enacted on 14 April, 2020 but as at the time of audit, in November, 2022, the Fund had not been formally operationalized through relevant regulations.

In the circumstances, the regularity, efficiency and effectiveness in implementation of the Fund's objectives could not be confirmed.

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

Responsibilities of Management and 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 control, risk management and overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the

financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

27 April, 2023

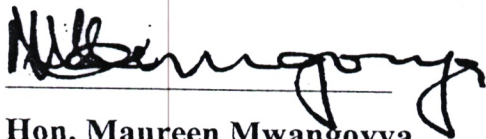
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For the year ended June 30, 2022.**

9. FINANCIAL STATEMENTS

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

	Note	FY 2021/2022	FY2020/2021
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations		-	-
Transfers from the County Government	1	200,000,000	150,000,000
Revenue from exchange transactions			
Other income	2	-	80
Total revenue		200,000,000	150,000,080
Expenses			
Fund administration expenses		-	-
General expenses	3	199,931,728	138,505,442
Total expenses		199,931,728	138,505,442
Surplus/(deficit) for the period		68,272	11,494,638

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 5 December 2022 and signed by:



**Hon. Maureen Mwangovya
Administrator of the Fund**

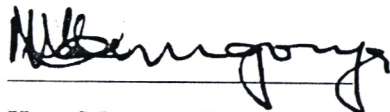


**Jacob Kalama Mwango
Fund Accountant
ICPAK Number:14058**

9.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	FY2021/2022	FY2020/2021
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	4	270,488	204,802
Total assets		270,488	204,802
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	5	26,720	29,306
Total liabilities		26,720	29,306
Net assets		243,768	175,496
Revolving Fund		-	-
Reserves			-
Accumulated surplus		243,768	175,496
Total net assets and liabilities		243,768	175,496

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 _____ 2022 and signed by:



Hon. Maureen Mwangovya
 Administrator of the Fund



Jacob Kalama Mwango
 Fund Accountant
 ICPAK Member Number: 14058

9.3 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

	Revolving Fund	Revaluatio n reserve	Accumulated surplus	Total
		Ksh	Ksh	Ksh
Balance as at 1 Jul 2020			(11,319,142)	(11,319,142)
Surplus(deficit) for the period			11,494,638	11,494,638
Revaluation gain				
Balance as at 30 Jun 2021			175,496	175,496
Balance as at 1 Jul 2021			175,496	175,496
Surplus(deficit) for the period			68,272	68,272
Revaluation gain				
Balance as at 30 Jun 2022			243,768	243,768

9.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	FY2021/2022	FY2020/2021
		KShs	KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the County Government	1	200,000,000	150,000,000
Interest received		-	-
Receipts from other operating activities	2	-	80
Total Receipts		200,000,000	150,000,080
Payments			
Fund administration expenses		-	-
General expenses	3	199,931,728	138,505,442
Finance cost		-	-
Total Payments		199,931,728	138,505,442
Net cash flows from operating activities	6	68,272	11,494,638
Adjusted for:			
Decrease/(Increase) in Accounts receivable:		-	-
Increase/(Decrease) in Accounts Payable:		-2,586	(229,502,856)
Net cashflow from operating activities			(218,008,217)
Cash flows from investing activities			
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		65,686	(218,008,217)
Cash and cash equivalents at 1 JULY		204,802	218,213,020
Cash and cash equivalents at 30 June 22	4	270,488	204,802

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9.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2022.

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2021/2022	2021/2022	2021/2022	2021/2022	2021/2022	2021/2022
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Public contributions and donations	-	-	-	-	-	0
Transfers from County Govt.	150,000,000	50,000,000	200,000,000	200,000,000	-	1
Interest income	-	-	-	-	-	0
Other income	-	-	-	-	-	0
Total income	150,000,000	50,000,000	200,000,000	200,000,000	-	1
Expenses						
Fund administration expenses	-	-	-	-	-	0
General expenses	150,000,000	50,000,000	200,000,000	199,931,728	68,272	1
Finance cost	-	-	-	-	-	0
Total expenditure	150,000,000	50,000,000	200,000,000	199,931,728	68,272	1
Surplus for the period	-	-	-	68,272	(68,272)	0

9.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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Adoption of new and revised standards Relevant new standards and amendments to published standards effective for the year ended 30 June 2021 Standard/ Amendments : Applicable: 1st January 2021:	Impact
a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks	There was no impact of the amendment to IPSAS 13 with respect to the current financial report
b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved	There was no impact of the amendment to IPSAS 13 and IPSAS 17 with respect to the current financial report as the entity did not apply any of the transitional provisions in the FY 2020/2021
c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.	There was no impact of the amendment to IPSAS 21 and IPSAS 26 with respect to the current financial report as the entity does not have Non-Cash Generating Assets and neither did it have impaired cash generating assets.

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<p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard</p>	<p><i>Document the impact if the fund is reporting for the first time on accrual/ Otherwise indicate that there was no impact</i></p>
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a) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity’s future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022</p>

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Standard	Effective date and impact:
	<p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity’s financial performance, financial position and cash flows. <p><i>(State the impact of the standard to the entity if relevant)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Early adoption of standards

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

c) 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.

d) Budget information

The original budget for FY 2021/2022 was approved by the County Assembly on 20th April 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

e) 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) 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.

g) Financial instruments

i. Financial assets

Initial recognition and measurement

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Held-to-maturity

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

Impairment of financial assets

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

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

a) Financial liabilities

Initial recognition and measurement

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Loans and borrowing

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

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

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

i. 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.*

ii. 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.

iii. 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

iv. 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.

v. 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.

vi. 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Members of key management are regarded as related parties and comprise the directors/Trustee, the Fund Managers and Fund Accountant.

vii. 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 Kenya commercial bank 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.

viii. Comparative figures

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

ix. Events after the reporting period

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

x. Ultimate and Holding Entity

The entity is a County Public Fund established by Kilifi County Government Emergency Fund Act 2020 under the Department of Finance. Its ultimate parent is the County Government of Kilifi.

xi. Currency

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

xii. 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:

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Provisions

No provisions that were raised during the year.

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.

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

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

	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	-	-	-	-

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 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	KShs	KShs	KShs	KShs
At 30 June 2022				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2021				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Market risk

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

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

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

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

d) Foreign currency risk

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

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

\ SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	KShs	KShs	KShs
2022			
Euro		-	-
USD		-	-
2021			
Euro		-	-
USD		-	-

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

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 0 (2022: KShs 0). A rate increase/decrease of 0% would result in a decrease/increase in profit before tax of KShs 0 (2021 – KShs 0).

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Capital risk management

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

	2021/2022	2020/2021
	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	-0%	-0%

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10. NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from County Government

Description	FY2021/2022	FY2020/2021
	KShs	KShs
	-	
Transfers from County Govt. – operations	200,000,000	150,000,000
Payments by County on behalf of the entity	-	-
Total	200,000,000	150,000,000

2. Other income

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender documents	-	-
Miscellaneous income	-	80
Total other income	-	80

3. General expenses

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Consumables	-	-
Electricity and water expenses	-	-
Fuel and oil costs	-	-
Certified seeds	-	
Insurance costs	-	
Cleaning detergents	-	7,578,048
Hospital Equipment- Peddle Bins, Thermoguns, Foot operating dispensers, Public Health equipment, lb equipment & commodities	-	6,490,900
Purchase of Non- pharmaceutical items	55,700,180	66,821,629
Provision of transport services		
Protective Equipment	69,297,740	57,395,665
Purchase of food stuff – Dry maize and beans	74,926,491	
General office supplies	-	200,000
Other expenses - Bank Charges	7,317	19,200
Total	199,931,728	138,505,442

4. Cash and cash equivalents

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Fixed deposits account	-	-
On – call deposits	-	-
Current account	270,488	204,802
Others	-	-
Total cash and cash equivalents	270,488	204,802

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

Financial institution	Account number	FY2021/2022	FY2020/2021
		KShs	KShs
c) Current account			
Kenya Commercial bank	1273063767	270,488	204,802
Bank B		-	-
Sub- total		270,488	204,802
Grand total		270,488	204,802

5. Trade and other payables from exchange transactions

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Trade payables	-	2,596
Refundable deposits	26,720	26,720
Accrued expenses		
Other payables		
Total trade and other payables	26,720	29,306

Note: The item “refundable deposits” in the trade payables is the balance of unknown deposits and payments made from the emergency fund which is still under investigation of its source.

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6. Cash generated from operations

	FY2021/2022	FY2020/2021
	KShs	KShs
Surplus for the year before tax	68,272	11,494,638
Adjusted for:		
Depreciation	-	-
Gains/ losses on disposal of assets	-	-
Interest income	-	-
Finance cost	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-2,586	-
Net cash flow from operating activities	65,686	11,494,638

**7. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR
ENDED 30 JUNE 2022**

	Revolvi ng Fund	Revaluatio n reserve	Accumulated surplus	Total
		Ksh	Ksh	Ksh
Balance as at 1 Jul 2020			(11,319,142)	(11,319,142)
Surplus(deficit) for the period			11,494,638	11,494,638
Revaluation gain			-	
Balance as at 30 Jun 2021			175,496	175,496
Balance as at 1 Jul 2021			175,496	175,496
Surplus(deficit) for the period			68,272	68,272
Revaluation gain				
Balance as at 30 Jun 2022			243,768	243,768

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We nominated focal persons who resolved the issue as shown below.

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)
	Draft not yet out	Still waiting for the draft report		



Hon. Maureen Mwangovya
Ag. CEC Member Finance & Economic Planning
Fund administrator



Jacob Kalama Mwango
Fund Accountant
ICPAK member no.14058