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REPORT

OF

THE AUDITOR-GENERAL

ON

**KWALE COUNTY DISASTER
MANAGEMENT FUND**

**FOR THE YEAR ENDED
30 JUNE, 2020**

PAPERS LAID	
DATE	23/02/2022
TABLED BY	SML
COMMITTEE	-
CLERK AT THE TABLE	GETRUDE





OFFICE OF THE AUDITOR GENERAL
P.O.Box 95202, MOMBASA

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KWALE COUNTY GOVERNMENT

KWALE COUNTY DISASTER MANAGEMENT FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2020

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



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**Kwale County Disaster Management Fund
Reports and Financial Statements
For the year ended June 30, 2020**

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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Kwale County Disaster Management Fund is established by and derives its authority and accountability from Kwale County Disaster Management Fund Act) on 4th November 2016. The Fund is wholly owned by the County Government of Kwale and is domiciled in Kenya.

The fund's objective is to

- i. Prevention of danger or threat of any disaster
- ii. Mitigation or reduction of risk of any disaster or its severity or consequences
- iii. Capacity building
- iv. Evacuation, rescue and relief
- v. Rehabilitation and reconstruction

b) Principal Activities

The Fund's principal activity is anticipation, preparedness, prevention, coordination, mitigation and management of disaster situations and organisation of relief and recovery from disaster s and for connected.

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Martin Mwaro	County Secretary
2	Juma Ngao	Chief Officer PSA
3	Alex Onduko	Chief Officer Finance
4	Chari Gakurya	Fund Manager
5	Mohammed Mwaenzi	Kenya Red cross Representative
6	Roman Sherah	National Drought Management Authority Representative
7	Eric Karanja	Kenya Wildlife Service Representative
8	Bakari Mwakuyu	Kenya Maritime Authority Representative
9	Mwanajuma Massah	Office of the County Commissioner Representative



**Kwale County Disaster Management Fund
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d) Key Management

Ref	Name	Position
1	Juma Ngao	Member - Chief Officer PSA
2	Chari Gakurya	Fund Manager
3	Ruwaida Hassan	Fund Accountant

e) Registered Offices

P.O. Box 4 – 80403
Kwale County Headquarters
Off Kwale – Kinango Road
Kwale

f) Fund Contacts

Telephone: (254)
E-mail: info@kwale.go.ke
Website: www.kwale.go.ke

g) Fund Bankers

National Bank
Beach Road
P.O Box 457
Ukunda Branch
Kwale, Kenya


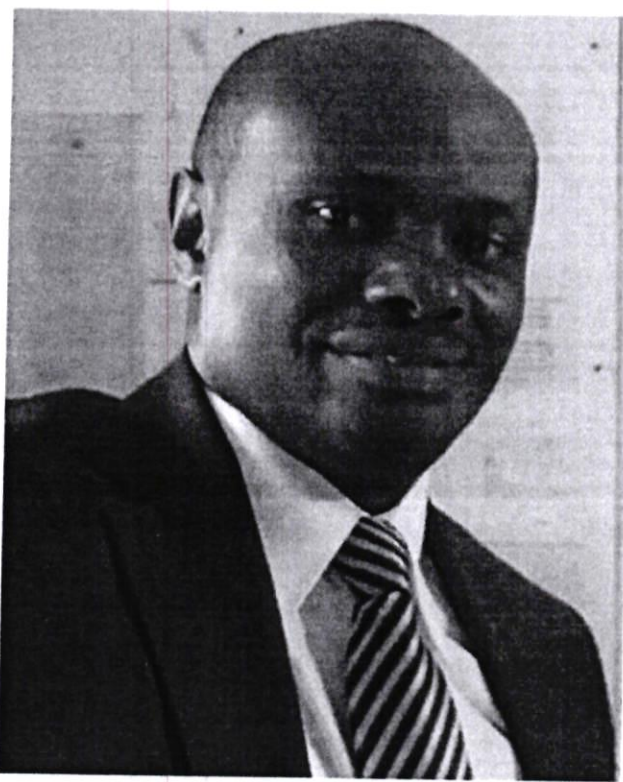
h) Independent Auditors

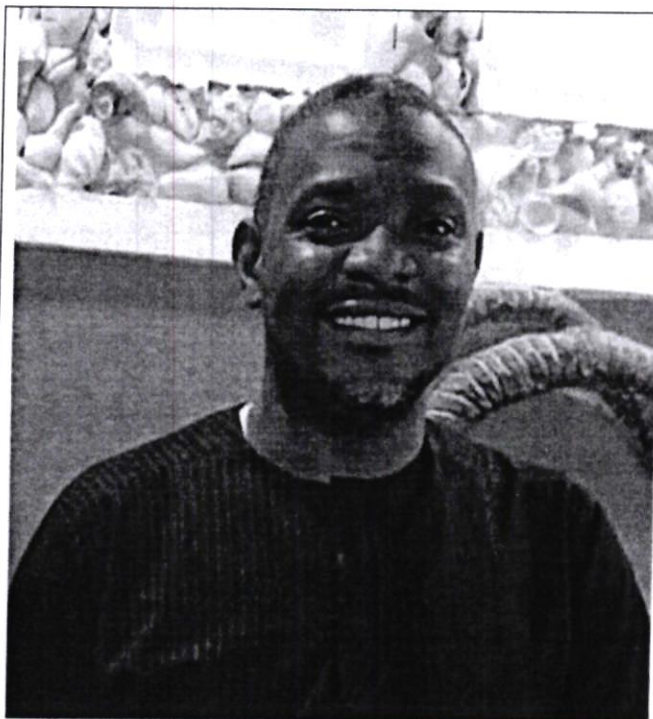
Office of Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

i) Principal Legal Adviser

The County Legal Officer
Office of the Governor
P.O. Box 4 - 80403
Kwale.

2. THE BOARD OF TRUSTEES

Name	Details of qualifications and experience
 <p data-bbox="359 952 614 996">Mr. Martin Mwaro</p>	<p data-bbox="877 336 1284 380">Date of birth: 5th January, 1972</p> <p data-bbox="877 380 1252 448">Academic and Professional qualification:</p> <ul data-bbox="877 448 1420 672" style="list-style-type: none"> •He holds a master's of Science in Human Resource Management from JKUAT. •Bachelor of Arts in Sociology from Kenyatta University. •Higher National Diploma in Human Resource Management from KIM. <p data-bbox="877 672 1125 705">Work Experience.</p> <p data-bbox="877 705 1276 750">2013 to-date County secretary.</p> <p data-bbox="877 750 1380 817">Served as a District Officer and District Commissioner for 15 years</p> <p data-bbox="877 817 1396 884">Served as an information researcher with A.C. K+</p> <p data-bbox="877 884 1236 929">Responsibility: Chairperson</p>
 <p data-bbox="351 1803 638 1836">CPA Alex T. Onduko</p>	<p data-bbox="869 1030 1316 1075">Date of birth: 22nd December, 1969</p> <p data-bbox="869 1075 1236 1142">Academic and Professional qualification:</p> <p data-bbox="869 1142 1356 1187">Certified Public Accountant of Kenya.</p> <p data-bbox="869 1187 1388 1433">Education: He holds a Masters of Business Administration (finance); He holds a Kenya advance certificate of education and also a Kenya certificate of education, Senior Management course KSG Mombasa, Strategic Leadership Development Programme KSG Nairobi</p> <p data-bbox="869 1433 1109 1467">Work Experience:</p> <p data-bbox="869 1467 1372 1545">2013 to-date Chief Officer Finance And Economic Planning</p> <p data-bbox="869 1545 1348 1624">2011-2013: Town treasurer Town council of Kajiado.</p> <p data-bbox="869 1624 1396 1691">2010-2011: Town treasurer Municipal council of Migori</p> <p data-bbox="869 1691 1380 1769">2005-2010: Town treasurer Municipal council of Busia</p> <p data-bbox="869 1769 1364 1848">1990-2005: Accountant County council of Nakuru</p> <p data-bbox="869 1848 1348 1915">Responsibility: Member Chief officer Finance and economic planning</p>



Mr. Juma Mwanguta Nzao

Date of birth: 9th May, 1978

Academic and Professional qualification:

Holds a Bachelor's Degree in Education and a Masters of Science Degree in Governance and Leadership.

Work Experience:

He has 3 years' experience in the teaching profession (2002-2005), 11 years' experience in development administration having worked for ActionAid International and Plan International in different capacities i.e. Programme Assistant, Programme Facilitator, Project Officer, Programme Coordinator, and Programme Manager from 2006 to 2015.

In 2015, he joined Kwale County Government as a Project Officer for the Youth Action for Open Governance and Accountability project funded by the European Union in partnership with Plan International. Until his appointment as Chief Officer for the department of Public Service and Administration in Kwale County Government in June 2019, he served as a Project Officer at Kesho Kenya in Kwale.

Responsibility: Member Chief officer Public Service and Administration.



CPA Chari F. Gakurya

Date of birth: 25th July, 1982

Academic qualification:

She holds a Bachelor's Degree in Finance and Accounting and a Masters of Science Degree in Finance and Accounting.

Professional qualification: CPA (K)

Work experience:

2013 to date – Treasury Accountant Kwale County

2008 – 2012 Accountant -Yaya Car Sales

2007 – Accountant -Hill Park Hotel Tiwi

Responsibility: Fund manager

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**Kwale County Disaster Management Fund
Reports and Financial Statements
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Other Board of Trustees/Fund Administration Committee Members include representatives of the following offices;

- Kenya Red Cross
- National Drought Management Authority
- Kenya Wildlife Service
- Kenya Maritime Authority
- Office of the County Commissioner

The fund had in place Fiduciary Oversight Arrangements done by the Audit Committee.

The county executive established auditing and finance committee which was gazetted on 29th June, 2020 and has the following mandates:-

- Parliamentary committee activities
- Development partner oversight activities
- Other oversight activities

The audit committee members are;

SRN	NAME	POSITION
1.	CPA Leonard Jefa Kalama	Chairman
2.	Mwanaidi Rama Mwang'ombe	Member
3.	Ndimiro Ngana Kakongo	Member
4.	CPA Kaamil Saidi Bokoko	Member

3. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S PREDETERMINED OBJECTIVES

Kwale lies in the Arid and Semi-Arid region of Kenya. This renders the County vulnerable to acute human suffering and loss of development assets brought about by disasters which are caused by both natural and human induced hazards, and frequently by a combination of both. Disasters threaten food security through disruption of cropping, marketing and overall ecosystem structures. In recent decades, episodes of drought-induced food shortage and famine have directly led to resource stress manifested in crippling conflicts which have resulted in millions of casualties, internally displaced persons and refugees, posing dilemmas for long-term solutions. Based on the assessments done by RCMRD and NDMA teams the main hazards found to impact the County are Droughts, Land Degradation, Diseases (Livestock, Human and Crop), Conflicts and Floods. Fire, winds and Landslides were mentioned as minor hazards.

Within the County, major droughts occur every 10-15 years while minor ones after every 2-4 years (Makoti et al, 2015). Food security prognosis conducted by Kenya Food Security Steering Group (KFSSG) in Kwale in July 2016 indicated that Lunga-Lunga and Kinango had experienced 70-100% crop failure. The Bill allows the County government to spend two per cent of the last audited accounts for disaster response and emergency situations in the county

Introduction

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


The key development objectives of the Fund 2018-2022 plan are to:

- i. Prevention of danger or threat of any disaster
- ii. Mitigation or reduction of risk of any disaster or its severity or consequences
- iii. Capacity building
- iv. Evacuation, rescue and relief

During the financial year, we incurred expenditure of Kshs 26,389,354 compared to last year where we incurred Kshs 390,066.

Although the county was badly hit by the effects of COVID-19, we had limited resources to support the residents of Kwale because we did not receive the allocation for the year.

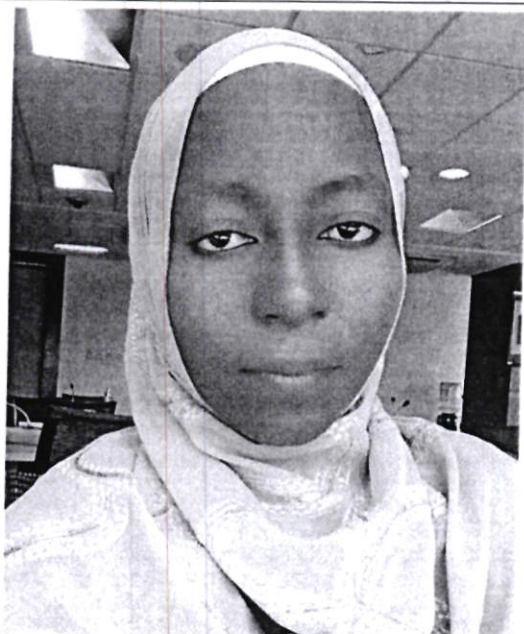
4. MANAGEMENT TEAM

Name	Details of qualifications and experience
 <p data-bbox="295 1108 622 1142">Mr Juma Mwanguta Nzao</p>	<p data-bbox="805 392 1173 425">Date of birth: 9th May, 1978</p> <p data-bbox="805 436 1364 470">Academic and Professional qualification:</p> <p data-bbox="805 504 1396 616">Holds a Bachelor’s Degree in Education and a Masters of Science Degree in Governance and Leadership.</p> <p data-bbox="805 616 1061 649">Work Experience:</p> <p data-bbox="805 649 1396 940">He has 3 years’ experience in the teaching profession (2002-2005), 11 years’ experience in development administration having worked for ActionAid International and Plan International in different capacities i.e. Programme Assistant, Programme Facilitator, Project Officer, Programme Coordinator, and Programme Manager from 2006 to 2015.</p> <p data-bbox="805 974 1396 1310">In 2015, he joined Kwale County Government as a Project Officer for the Youth Action for Open Governance and Accountability project funded by the European Union in partnership with Plan International. Until his appointment as Chief Officer for the department of Public Service and Administration in Kwale County Government in June 2019, he served as a Project Officer at Kesho Kenya in Kwale.</p> <p data-bbox="805 1310 1396 1377">Responsibility: Member of Disaster Management Committee</p>

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CPA Chari F. Gakurya

Date of birth: 25th July, 1982

Academic qualification:

She holds a Bachelor's Degree in Finance and Accounting and a Masters of Science Degree in Finance and Accounting.

Professional qualification: CPA (K)

Work experience:

2013 to date – Treasury Accountant Kwale County

2008 – 2012 Accountant -Yaya Car Sales

2007 – Accountant -Hill Park Hotel Tiwi

Responsibility: Fund manager



CPA Ruwaida H. Mwajambia

Name: Ruwaida Hassan Mwajambia

Date of birth: 19th June, 1989

Academic qualification:

She holds a Bachelor's Degree in Finance and banking.

Professional qualification: CPA (K)

Work experience:

2015 to date – Accountant Kwale County

2010 – 2014 Accountant – Techbiz Limited

Responsibility: Fund Accountant

Note: The Fund Administrator will feature under both the 'Board' and 'Management'.

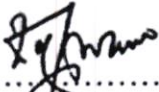
5. BOARD/FUND CHAIRPERSON'S REPORT

The Kwale County Disaster Management Fund was established in 4th November 2016 with the aim of responding to unforeseen events which threatens damage to human life welfare or the environment in line with the provisions of PFM Act Sec 12(3). The Fund has 9 boards of trustees and is guided by transparency integrity and accountability. The 9 boards of trustees are:

- County Secretary
- Chief Officer Public Service
- Chief Officer Finance
- Fund Manager
- Kenya Red Cross Representative
- National Drought Management Authority Representative
- Kenya Wildlife Service Representative
- Kenya Maritime Authority Representative
- Office of the County Commissioner Representative

Financial year 2019-2020 has been a challenging year. We operated with minimal resources though we received donations both in cash and in kind from well-wishers.

The major disaster experienced was the COVID-19 pandemic which affected most residents in Kwale County.


.....
Martin Mwaro
County Secretary

6. REPORT OF THE FUND ADMINISTRATOR

The Kwale County Disaster Management Fund was established on 4th November 2016 with the aim of providing for the maintenance and operation of a system for the anticipation, preparedness, prevention, coordination, mitigation and management of disaster situations and the organization of relief and recovery from disasters and; for connected purposes.

KEY HIGHLIGHTS

- The fund incurred expenses of Kshs 26,389,354.00 which comprised of:

PURCHASE OF FOODS STUFF	335,450.00
EVIREA SUPPLIES	1,531,000.00
DEVSAJ	2,183,866.00
KITUI FLOUR MILLS	6,200,000.00
TSUNGANI	565,000.00
PURCHASE OF FOODS STUFF	115,800.00
LOADERS	135,464.00
PAYMENT OF BEANS	6,541,500.00
COOKING OIL	1,300,650.00
STORAGE FEES	21,123.00
STORAGE FEES	16,221.00
TSUNGANI	475,000.00
EVIREA SUPPLIES	1,832,200.00
EVIREA SUPPLIES	992,200.00
DONATED FOOD DISTRIBUTED	4,140,100.00
BANK CHARGES	3,780.00
	26,389,354.00

- Bank charges has increased to Kshs 3,780 compared to Kshs 2,650.00 for FY 2018/2019 this is due to increased transactions.
- Last financial year the fund incurred 387,416 on fire incidence victims at Mzizima Sub Location Kiwambale village in Pongwe ward, Mshiu and Utsamba villages in Pongwe ward, Vinyunduni village in Macknnon road ward.
- The budgeted amount for Financial Year 2019/2020 was Kshs 15,054,157, the amount was not received.
- During the year, we were able to receive donations both in cash ie Kshs 851,520 and in kind ie foodstuff from Wasini Maritime Limited, KCB and Base Titanium. The food included; Maize flour, Cooking oil, maize, beans and Rice.

**Kwale County Disaster Management Fund
Reports and Financial Statements
For the year ended June 30, 2020**

- The quantities received from each donor included;

MONTH	NAME OF DONOR	DESCRIPTION OF GOODS	QUANTITIES	TOTAL COST
April, 2020	Base Titanium	Maize	300Bags of 90 Kgs	1,200,000
		Beans	150 bags of 90 Kgs	1,200,000
		Rice	200 bags of 25 Kgs	460,000
		Cooking Oil	100 jericans of 10 Litres	1,500,000
May, 2020	Wasini Maritime Ltd	Maize flour	660 Bales of 1 kg packets	980,100
May, 2020	KCB	Maize flour	90 Bales	150,000
		Cooking Oil	20 cartons of 3 litres jericans	
TOTAL COST OF THE DONATION				4,140,100

Conclusion

FY 2019/2020 was a good year in general. Good progress was made and the momentum has been created to enable the Fund continue on a trajectory into prosperity. We have identified gaps and areas to improve on in the subsequent years.

I take this opportunity to thank H.E. the Governor and the Deputy Governor for their support. I would also thank Members who we have worked hand in hand to ensure that the Fund achieves its mission.

I thank all staff in the entire County for their continued commitment and dedication through hard work in delivering services to the people of Kwale County.

Signed:



CPA Chari Gakurya

ICPAK No. 17230

7. CORPORATE GOVERNANCE STATEMENT

The fund strives to ensure that there is accountability, transparency and integrity. The fund recognises that it has responsibilities to its stakeholder.

The board has ultimate authority over and oversight of, and regards corporate Governance as critical element in achieving the fund objectives.

The appointment of the committee members Kenya Red crosses Representative, National Drought Management Authority Representative, Kenya Wildlife Service Representative, Kenya Maritime Authority Representative and Office of the County Commissioner Representative shall be done by the executive members.

A person been entrusted with any money or materials or otherwise being in custody of money or goods meant for providing relief in threatening disaster or disaster, misappropriates or disposes of such money or materials or any part or wilfully compels any other person to do so, is liable on conviction to a fine not exceeding one Million shillings or imprisonment of not more than three years or both.

A person who makes or circulate a false alarm or warning as to a disaster or its severity or magnitude, leading to panic, commits an offence and is liable on conviction, to fine not exceeding one hundred thousand shilling or imprisonment of not more than one year or to both.

8. MANAGEMENT DISCUSSION AND ANALYSIS

a) Payments

The expenditure for the year amounted to KShs 26,389,354

	2019-2020	2018-2019
Expenditure	26,389,354	390,066

Expenditure Analysis graph



b) Revenue

The Fund received Kshs 851,520 as Public contributions and donations in Cash and Kshs 4,140,100 in Kind. The budget amount was Kshs 15,054,157 to be received as exchequer.

c) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Accrual-basis IPSAS financial reporting under the accrual basis of Accounting, as prescribed by the PSASB. The receivables and payables are disclosed in the Statement of Assets and Liabilities.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the entity all values are rounded to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB and PFM Act 2012.

Challenges Facing the Fund

- i. Financial constraints (low budget allocation).
- ii. Lack of Manpower.
- iii. Ineffective Communications. In addition to communicating with those you are responsible for protecting, it includes exchanges with all members of the response team, dialogue with staff, third party emergency services and agencies, security personnel, and others immediately or indirectly affected by the emergency incident, as well as liaison with the wider public via the media
- iv. Dynamic and Widespread Incidents.
- v. The challenge of involving the public in preparedness planning.

9. REPORT OF THE TRUSTEES

The Trustees submit their report together with the audited financial statements for the year ended June 30th, 2020 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are: anticipation, preparedness, prevention, coordination, mitigation and management of disaster situations and organisation of relief and recovery from disaster s and for connected.

Results

The results of the Fund for the year ended June 30, 2020 are set out on page 19.

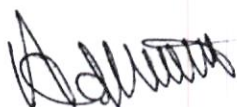
Trustees

The members of the Board of Trustees who served during the year are shown on Page **4**

Auditors

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

By Order of the Board



Member of the Board

Date: 3rd December, 2020

10. 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 Kwale County Disaster Management Fund Act 2016 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 30th, 2020. 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 Kwale County Disaster Management Fund Act 2016. 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 30th, 2020, 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. 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 3rd December, 2020 and signed on its behalf by:



Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KWALE COUNTY DISASTER MANAGEMENT FUND FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kwale County Disaster Management Fund set out on pages 19 to 53, which comprise of the statement of financial position as at 30 June, 2020, statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kwale County Disaster Management Fund Management as at 30 June, 2020, 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 Kwale County Disaster Management Fund Act, 2016 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Material Uncertainty Relating to Sustainability of Service

Examination of records provided for audit review revealed that according to a letter reference; Ref.COB/KWL/004/1(28) dated 11 June, 2020, the Controller of Budget declined to approve release of exchequer to the Fund for the financial year 2019/2020 citing sections of Kwale County Disaster Fund Act, 2016 which contravene relevant sections of the Public Finance Management Act, 2012 and recommended amendment of the Act in order for disbursement of funds to be approved. However, as at the time of audit in the month of November, 2020, the Act had not been amended. Therefore, future exchequer funding to the Fund is in doubt.

In addition, the statement of financial position as at 30 June, 2020 reflects current liabilities balance of Kshs.992,200 and current assets balance of Kshs.823,250, thus current liabilities exceed current assets by Kshs.168,950. This is an indication of the Fund's inability to meet its short-term financial obligations as and when they fall due.

In the circumstances, the uncertainty over enactment of the amendments and freeze of exchequer funding significantly casts doubts on the continued operation and ability of the Fund to sustain its services.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.15,054,157 and Kshs.4,991,620 respectively resulting to an under-funding of Kshs.10,062,537 or 67% of the budget. Similarly, the Fund expended Kshs.26,389,354 against an approved budget of Kshs.15,054,157 resulting to an over-expenditure of Kshs.11,335,197 attributed to funds in the Fund account as at the beginning of the year. The underfunding as a result of the Controller of Budgets decline to approve release of exchequer to the Fund due to inconsistencies in the law affected the planned activities and may have impacted negatively on service delivery to the residents of Kwale County.

Therefore, the Fund Management was in breach of the law.

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

Failure to Seek Approval of Expenditure from County Assembly

During the financial year, the Fund was allocated a budget of Kshs.15,054,157 as per the County supplementary estimates No.4 and which were not disbursed to the Fund as at 30 June, 2020. According to the statement of financial performance, the Fund spent a total of Kshs.26,389,354 on various emergency activities. However, by the time of audit in the month of November, 2020 (four months after end of the financial year), the Management had not sought expenditure approval of the County Assembly in line with Section 114 of the Public Finance Management Act, 2012 which states that, "the County Executive Committee member for finance shall seek approval of the County Assembly within two months after payment is made from the Emergency Fund".

The Management was therefore in breach of the Law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue 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 abolish the Fund or to cease operations.

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the Fund 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 overall 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 the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

08 February, 2022

**Kwale County Disaster Management Fund
Reports and Financial Statements
For the year ended June 30, 2020**

12. FINANCIAL STATEMENTS

**12.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH
JUNE 2020**

	Note	2019/2020	2018/2019
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations	1	4,991,620	-
Transfers from the County Government	2	-	10,000,050
Fines, penalties and other levies	3	-	-
		4,991,620	10,000,050
Revenue from exchange transactions			
Interest income	4	-	-
Other income	5	-	-
		-	-
Total revenue		4,991,620	10,000,050
Expenses			
Fund administration expenses	6	-	-
General expenses	8	26,389,354	390,066
Finance costs	9	-	-
Total expenses		26,389,354	390,066
Other gains/losses			
Gain/loss on disposal of assets	10	-	-
Surplus/(deficit) for the period		(21,397,734)	9,609,984

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 3rd December, 2020 and signed by:



Administrator of the Fund
Name: CPA Chari Gakurya
ICPAK Member Number 17230



Fund Accountant
Name: CPA Ruwaida Hassan
ICPAK Member Number 20986

**Kwale County Disaster Management Fund
Reports and Financial Statements
For the year ended June 30, 2020**

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2020

	Note	2019/2020 KShs	2018/2019 KShs
Assets			
Current assets			
Cash and cash equivalents	11	823,250	21,228,784
Current portion of long- term receivables from exchange transactions	12	-	-
Revenue from Non-Exchange transaction	13	-	-
Prepayments	14	-	-
Inventories	15	-	-
		823,250	21,228,784
Non-current assets			
Property, plant and equipment	16	-	-
Intangible assets	17	-	-
Long term receivables from exchange transactions	12	-	-
Total assets		823,250	21,228,784
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	18	992,200	-
Provisions	19	-	-
Current portion of borrowings	20	-	-
Employee benefit obligations	23	-	-
		992,200	-
Non-current liabilities			
Non-current employee benefit obligation	23	-	-
Long term portion of borrowings	20	-	-
Total liabilities		992,200	-
Net assets		(168,950)	21,228,784
Revolving Fund		-	-
Reserves		-	-
Accumulated surplus		(168,950)	21,228,784
Total net assets and liabilities		(168,950)	21,228,784

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 3rd December, 2020 and signed by:



Administrator of the Fund
Name: CPA Chari Gakurya
ICPAK Member Number 17230



Fund Accountant
Name: CPA Ruwaida Hassan
ICPAK Member Number 20986

**Kwale County Disaster Management Fund
Reports and Financial Statements
For the year ended June 30, 2020**

12.2. STATEMENT OF CHANGES IN NET ASSETS AS AT 30TH JUNE 2020

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2018			11,618,800	11,618,800
Surplus/(deficit) for the period			9,609,984	9,609,984
Funds received during the year				
Revaluation gain			-	-
Balance as at 30 June 2019			21,228,784	21,228,784
Balance as at 1 July 2019			21,228,784	21,228,784
Surplus/(deficit) for the period			(21,397,734)	(21,397,734)
Funds received during the year				
Revaluation gain			-	-
Balance as at 30 June 2020			(168,950)	(168,950)

(Provide details on the nature and purpose of reserves)

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 3rd December, 2020 and signed by:



Administrator of the Fund
Name: CPA Chari Gakurya
ICPAK Member Number 17230



Fund Accountant
Name: CPA Ruwaida Hassan
ICPAK Member Number 20986



**Kwale County Disaster Management Fund
Reports and Financial Statements
For the year ended June 30, 2020**

12.3. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2020

	Note	2019/2020	2018/2019
		KShs	KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations	1	4,991,620	-
Transfers from the County Government	2	-	10,000,050
Interest received	4	-	-
Receipts from other operating activities	5	-	-
Total Receipts		4,991,620	10,000,050
Payments			
Fund administration expenses	6	-	-
General expenses	8	(26,389,354)	(390,066)
Finance cost		-	-
Adjusted for:			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	21	-	-
Increase/(Decrease) in Accounts Payable: (deposits and retention)	22	992,200	-
Net cash flows from operating activities		(20,405,534)	9,609,984
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	16	-	-
Proceeds from sale of property, plant and 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 and cash equivalents		(20,405,534)	9,609,984
Cash and cash equivalents at 1 JULY	11	21,228,784	11,618,800
Cash and cash equivalents at 30 JUNE	11	823,250	21,228,784



**Kwale County Disaster Management Fund
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(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation. The above illustration assumes direct method)

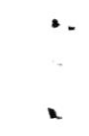
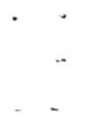
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 3rd December, 2020 and signed by:



Administrator of the Fund
Name: CPA Chari Gakurya
ICPAK Member Number 17230



Fund Accountant
Name: CPA Ruwaida Hassan
ICPAK Member Number 20986



12.4. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30TH JUNE 2020

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilization
	2020	2020	2020	2020	2020	2020
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Public contributions and donations	-	-	-	4,991,620	(4,991,620)	0%
Transfers from County Govt.	10,000,000	5,054,157	15,054,157	-	15,054,157	0%
Interest income	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Total income	10,000,000	5,054,157	15,054,157	4,991,620	-	
	-	-	-			-
Expenses						
Fund administration expenses	-	-	-	-	-	-
General expenses	10,000,000	5,054,157	15,054,157	26,389,354		
Finance cost	-	-	-	-	-	-
Total expenditure	10,000,000	5,054,157	15,054,157	26,389,354		
Surplus for the period	-	-	-	(21,397,734)		

Budget notes

1. The fund did not received the budgeted allocation for this financial year.
2. The Public contributions and donations of Kshs 4,991,620 consist of Cash of 851,520 and Kshs 4,140,100 in kind.
3. The changes between original and final budget was as a result supplementary budgets passed during the year.
3. The budget deficit of Kshs 21,397,734 was funded from the balance of cash brought forward from last financial year of Kshs 22,228,784.

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12.5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

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

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

2. Adoption of new and revised standards

a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	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: <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



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**Kwale County Disaster Management Fund
Reports and Financial Statements
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Standard	Effective date and impact:
	<p>model that is applicable to all financial instruments subject to impairment testing; and</p> <ul style="list-style-type: none"> • 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> <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> <p>(a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</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>
<p>Other Improvements to IPSAS</p>	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> 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 b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. <p>Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector</p>



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Kwale County Disaster Management Fund
Reports and Financial Statements
For the year ended June 30, 2020

Standard	Effective date and impact:
	<p>Accounting Standards (IPSASs) was approved</p> <p>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.</p> <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>IPSAS 40, Public Sector Combinations. Amendments to include the effective date paragraph which were inadvertently omitted when IPSAS 40 was issued</p>

c) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

4. Budget information

The original budget for FY 2019/2020 was approved by the County Assembly on 29th June 2019. 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 Kshs 5,054,157 on the FY 2019/2020 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.

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 12.1 of these financial statements.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Property, plant and equipment

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

6. 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.

7. Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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



SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. 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.

9. 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.



SUMMARY OF 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.

10. Nature and purpose of reserves

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

11. 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.

12. 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.

13. 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14. 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.

15. 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.

16. 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.

17. Comparative figures

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

18. Events after the reporting period

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

19. Ultimate and Holding Entity

The entity is a County Public Fund established by 2016 Act, Kwale County Disaster Management Fund Act under the Ministry of Finance. Its ultimate parent is the County Government of Kwale.

20. Currency

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

21. 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.

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.

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

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 19.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

22. 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:

	Total amount KShs	Fully performing KShs	Past due KShs	Impaired KShs
At 30 June 2019				
Receivables from exchange transactions				
Receivables from non-exchange transactions				
Bank balances				
Total				
At 30 June 2018				
Receivables from exchange transactions				
Receivables from non-exchange transactions				
Bank balances				
Total				

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 board of trustees sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

b) Liquidity risk management

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

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

	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	KShs	KShs	KShs	KShs
At 30 June 2020				
Trade payables				
Current portion of borrowings				
Provisions				
Employee benefit obligation				
Total				
At 30 June 2019				
Trade payables				
Current portion of borrowings				
Provisions				
Employee benefit obligation				
Total				

SUMMARY OF 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.

i. Foreign currency risk

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

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

		Other currencies	Total
	KShs	KShs	KShs
At 30 June 2020			
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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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
2020			
Euro	10%		
USD	10%		
2019			
Euro	10%		
USD	10%		

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Capital risk management

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

	2019/2020	2018/2019
	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	-%	-%

12.6. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	2019/2020	2018/2019
	KShs	KShs
Donation from development partners	-	-
Contributions from the public	851,520	-
Contributions from the public in kind	4,140,100	-
Total	4,991,620	-

2. Transfers from County Government

Description	2019/2020	2018/2019
	KShs	KShs
Transfers from County Govt. – operations	-	10,000,050
Payments by County on behalf of the entity	-	-
Total	-	10,000,050

3. Fines, penalties and other levies

Description	2019/2020	2018/2019
	KShs	KShs
Late payment penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	2019/2020	2018/2019
	KShs	KShs
Interest income from Mortgage loans	-	-
Interest income from car loans	-	-
Interest income from investments	-	-
Interest income on bank deposits	-	-
Total interest income	-	-

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5. Other income

Description	2019/2020	2018/2019
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender documents	-	-
Miscellaneous income	-	-
Total other income	-	-

6. Fund administration expenses

Description	2019/2020	2018/2019
	KShs	KShs
Staff costs (Note 7)	-	-
Loan processing costs	-	-
Professional services costs	-	-
Administration fees	-	-
Total	-	-

7. Staff costs

Description	2019/2020	2018/2019
	KShs	KShs
Salaries and wages	-	-
Staff gratuity	-	-
Staff training expenses	-	-
Social security contribution	-	-
Other staff costs	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. General expenses

Description	2019/2020	2018/2019
	KShs	KShs
Consumables	25,172,766	-
Electricity and water expenses	-	-
Fuel and oil costs	-	-
Insurance costs	-	-
Postage/Transport cost	1,175,464	-
Printing and stationery	-	-
Rental costs	37,344	-
Security costs	-	-
Bank Charges	3,780	2,650
Telecommunication	-	-
Hospitality	-	-
Depreciation and amortization costs	-	-
Other expenses		387,416
Total	26,389,354	390,066

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Finance costs

Description	2019/2020	2018/2019
	KShs	KShs
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
Total	-	-

10. Gain/(loss) on disposal of assets

Description	2019/2020	2018/2019
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

11. Cash and cash equivalents

Description	2019/2020	2018/2019
	KShs	KShs
Car loan account	-	-
County mortgage account	-	-
Fixed deposits account	-	-
On – call deposits	-	-
Current account	823,250	21,228,784
Others	-	-
Total cash and cash equivalents	823,250	21,228,784

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

		2019/2020	2018/2019
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		-	-
National Bank		823,250	21,228,784
Sub- total		823,250	21,228,784
d) Others(specify)			
Cash in transit		-	-
Cash in hand		-	-
M Pesa		-	-
Sub- total		-	-
Grand total		823,250	21,228,784

12. Receivables from exchange transactions

Description	2019/2020	2018/2019
	KShs	KShs
Current Receivables		
Interest receivable	-	-
Current loan repayments due	-	-
Other exchange debtors	-	-
Less: impairment allowance	(-)	(-)
Total Current receivables		
Non-Current receivables		
Long term loan repayments due	-	-
Total Non- current receivables	-	-
Total receivables from exchange transactions	-	-

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Additional disclosure on interest receivable

Description	2019/2020	2018/2019
	KShs	KShs
Interest receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

13. Revenue from Non-Exchange transaction

Description	KShs	KShs
	2019/2020	2018/2019
	KShs	KShs
Transfer to County Executive	-	-
Transfer to Fund	-	-
Total receivables from non-exchange transactions	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Prepayments

Description	2019/2020	2018/2019
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments	-	-
Total	-	-

15. Inventories

Description	2019/2020	2018/2019
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Other inventories	-	-
Total inventories at the lower of cost and net realizable value	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	KShs	KShs	KShs	KShs	KShs
At 1st July 2018	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	(-)	(-)	-	-	(-)
Transfers/adjustments	-	(-)	-	(-)	(-)
At 30th June 2019	-	-	-	-	-
At 1st July 2019					
Additions	-	-	-	-	-
Disposals	(-)	-	-	-	(-)
Transfer/adjustments	(-)	-	-	(-)	(-)
At 30th June 2020	-	-	-	-	-
Depreciation and impairment					
At 1 st July 2018	(-)	(-)	(-)	(-)	(-)
Depreciation	(-)	(-)	(-)	(-)	(-)
Impairment	(-)	-	-	-	(-)
At 30th June 2019	-	-	-	-	-
At 1st July 2019					
Depreciation	(-)	(-)	(-)	(-)	(-)
Disposals	-	-	-	-	-
Impairment	(-)	(-)	-	-	(-)
Transfer/adjustment	-	(-)	(-)	-	-
At 30th June 2020	-	-	-	-	-
Net book values					
At 30 th June 2019	-	-	-	-	-
At 30 th June 2020	-	-	-	-	-

100

100

100

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Intangible assets-software

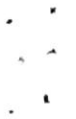
Description	2019/2020	2018/2019
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

18. Trade and other payables from exchange transactions

Description	2019/2020	2018/2019
	KShs	KShs
Trade payables	992,200	-
Refundable deposits	-	-
Accrued expenses	-	-
Other payables	-	-
Total trade and other payables	992,200	-

19. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year (1.07.2018)	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	(-)	(-)	(-)	(-)
Change due to discount and time value for money	(-)	(-)	(-)	(-)
Transfers from non -current provisions	-	-	-	-
Balance at the end of the year (30.06.2019)	-	-	-	-



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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Borrowings

Description	2019/2020	2018/2019
	KShs	KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the period	(-)	(-)
Repayments of domestics' borrowings during the period	(-)	(-)
Balance at end of the period	-	-

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

	2019/2020	2018/2019
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'xxx organization'	-	-
Sterling Pound denominated loan from organization'	-	-
Euro denominated loan from organization'	-	-
Domestic Borrowings	-	-
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
Total balance at end of the year	-	-

The table below shows the classification of borrowings long-term and current borrowings:

Description	2019/2020	2018/2019
	KShs	KShs
Short term borrowings (current portion)	-	-
Long term borrowings	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. CHANGES IN RECEIVABLE

Description	2019 - 2020	2018 - 2019
	KShs	KShs
Account receivable as at 1 st July 2019 (A)	-	-
Account receivable issued during the year (B)	-	-
Account receivable settled during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-

22. CHANGES IN ACCOUNTS PAYABLE

Description	2019 - 2020	2018 - 2019
	KShs	KShs
Accounts Payable as at 1 st July 2019 (A)	-	-
Accounts Payable held during the year (B)	992,200	-
Accounts Payable paid during the Year (C)	-	-
Net changes in account receivables D= A+B-C	992,200	-

23. Employee benefit obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	Total
	KShs	KShs	KShs	KShs
Current benefit obligation	-	-	-	-
Non-current benefit obligation	-	-	-	-
Total employee benefits obligation	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. Cash generated from operations

	2019/2020	2018/2019
	KShs	KShs
Surplus/ (deficit) for the year before tax	-	-
Adjusted for:		
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	(-)	(-)
Interest income	(-)	(-)
Finance cost	-	-
Working Capital adjustments		
Increase in inventory	(-)	(-)
Increase in receivables	(-)	(-)
Increase in payables	-	-
Net cash flow from operating activities	-	-

25. Related party balances

a) Nature of related party relationships

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

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b) Related party transactions

	2019/2020	2018/2019
	KShs	KShs
Transfers from related parties'	-	-
Transfers to related parties	-	-

c) Key management remuneration

	2019/2020	2018/2019
	KShs	KShs
Board of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

	2019/2020	2018/2019
	KShs	KShs
Due from parent Ministry	-	-
Due from County Government	-	-
Total	-	-

e) Due to related parties

	2019/2020	2018/2019
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Total	-	-

26. Contingent assets and contingent liabilities

Contingent liabilities	2019/2020	2018/2019
	KShs	KShs
Court case against the Fund	-	-
Bank guarantees	-	-
Total	-	-

(Give details)



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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Irregular Operationalization of the Fund	The Account name for the fund was changed to Kwale County Disaster Management Fund to be in line with the Act	Alex Onduko, Ag. Chief Officer Public Service and Administration	Resolved	
2.0	Budget Control	Budget for Emergency is under Finance department as a line item and was approved by the County Assembly	Alex Onduko, Ag. Chief Officer Public Service and Administration	Resolved	

Guidance Notes:

- a) Use the same reference numbers as contained in the external audit report;
- b) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- c) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- d) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to County Treasury.

