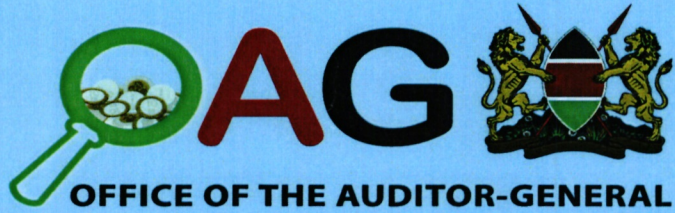
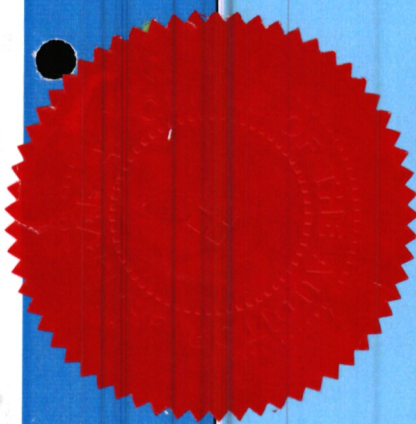


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*Enhancing Accountability*



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COMMITTEE	
CLERK AT THE TABLE	S. Njira.

# REPORT

OF

THE AUDITOR-GENERAL

ON

WAJIR COUNTY DISASTER MANAGEMENT  
FUND

FOR THE YEAR  
ENDED 30 JUNE, 2021

OFFICE OF THE AUDITOR GENERAL  
NORTH EASTERN REGIONAL OFFICE  
20 MAY 2022  
**RECEIVED**  
P. O. BOX 88-70100 GARISSA



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**COUNTY GOVERNMENT OF WAJIR**  
**THE WAJIR COUNTY DISASTER MANAGEMENT FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**  
**30<sup>TH</sup> JUNE 2021**

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

**WAJIR COUNTY DISASTER MANAGEMENT FUND**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

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**1. KEY ENTITY INFORMATION AND MANAGEMENT**

**a) Background information**

The Wajir County Disaster Management Fund is established by and derives its authority and accountability from The Wajir County Disaster Management Act on 2014 (Revised 2019). The Fund is wholly owned by the County Government of Wajir and is domiciled in Kenya.

The fund's objective is to enable payment of in respect of the County when an urgent and unforeseen need for expenditure arises for which there is no legislative authority.

The Fund's principal activity is to mobilise and provide funds for emergency responses, cause the evacuation of persons and the removal of livestock and personal property and make arrangements for their adequate care and protection and so on.

**b) Principal Activities**

The principal activity/mission/ mandate of the Fund is to provide funds to mitigate on possible loss of life and property in an event of any disaster and the County has not made budgetary allocation to provide expenditure to manage the situation. Facilitate the evacuation of persons and the removal of livestock and personal property and make arrangements for their adequate care and protection as well as provide for the restoration of essential facilities, distribution of essential supplies and the maintenance and co-ordination of emergency medical, social and other essential services.

**c) Board of Fund Administration Committee**

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1	H.E Mohamed A Mohamud	County Governor
2	H.E Ahmed Ali Muktar	County Deputy Governor
3	Abdullahi Hassan Maalim	County Secretary
4	Abdihakim Billow Noor	CEC Finance & Economic Planning
5	Bishar Adan Eymoy	CCO Special Programmes
6	Abdikadir Allassow	Director Disaster management
7	Hassan Kalmoy Ibrahim	NDMA County Coordinator

**WAJIR COUNTY DISASTER MANAGEMENT FUND**  
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**d) Key Management**

Ref	Position	Name
1	CEC Finance & Economic planning/ Fund Administrator	Abdihakim Billow Noor
2	Fund Accountant	Adan Kalmoy Khalif
3	CCO Finance & Audit	Bare Idris Amin

**e) Fiduciary Oversight Arrangements**

During the year under review, the County's management and operations were supported by a number of institutions which were established within the county to provide oversight role and ensure prudent management. These key fiduciary oversight bodies at the County for the year ended 30th June 2021 were;

Ref	Position	Name
1	Directorate Internal Audit	Abdi G Omar
2	County Assembly of Wajir.	Shalle Sheikh Mursal
3	Public Accounts Committee	Issa Ahmed Abdi
4	Budget and Appropriations Committee	Mohamed Ahmed Sheikh

**External Institutions**

1. Office of the Controller of Budget.
2. Public Sector Accounting Standards Board
3. Commission on Revenue Allocation
4. The National Treasury
5. Office of the Auditor - General

The Committee also follows up on the audit report from the auditor general.

The County has just established audit committees as well as Head of Internal Audit who reports on:

- 1) Adequacy and effectiveness of CGE's internal control system
- 2) Adequacy and effectiveness of the entity's risk management
- 3) Likely causes of any weaknesses observed, implications and agreed remedies

**WAJIR COUNTY DISASTER MANAGEMENT FUND**  
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The County Controller of Budget also monitors and controls on the budget limits.

**a) County Executive Headquarters**

County Government of Wajir  
P.O. Box 11-30500  
County Headquarters.  
Wajir  
KENYA

**b) County Executive Contacts**

E-mail: [info@wajir.go.ke](mailto:info@wajir.go.ke)  
Twitter [@WajirCountyKE](https://twitter.com/WajirCountyKE)  
Website: [www.Wajir.go.ke](http://www.Wajir.go.ke)

**c) County Executive Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. Kenya Commercial Bank
3. First Community Bank
4. National Bank of Kenya

**d) Independent Auditors**

Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
**NAIROBI, KENYA**

**e) Principal Legal Adviser**

The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
**NAIROBI, KENYA**

**WAJIR COUNTY DISASTER MANAGEMENT FUND**  
**Reports and Financial Statements**  
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**2.THE BOARD OF FUND ADMINISTRATION COMMITTEE**

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1	H.E Mohamed A Mohamud	County Governor
2	H.E Ahmed Ali Muktar	County Deputy Governor
3	Abdullahi Hassan Maalim	County Secretary
4	Abdihakim Billow Noor	CEC Finance & Economic Planning
5	Bishar Adan Eymoy	CCO Special Programmes
6	Abdikadir Allassow	Director Disaster management
7	Hassan Kalmoy Ibrahim	NDMA County Coordinator

**3.MANAGEMENT TEAM**

<b>Name</b>	<b>Details of qualifications and experience</b>
<p>1. Abdihakim Billow</p> <p><b>Fund Administrator</b></p>	<p>Abdi hakim was born in 1988. He started his career as an Administrator and later rose to ranks in different levels of management both in government and humanitarian sector. He has over 10 years of experience. Abdihakim hold a bachelor degree in Education (Arts). He also doubles up as the County Executive Committee Member for the department</p>
<p>2. Bare Idris Amin</p> <p><b>CCO Finance &amp; Audit</b></p>	<p>Bare holds master's degree in Public Policy and Administration and with over 22 years of experience. He has wealth of experience in public Finance and accounting in his entire life in public sector experience</p>
<p>3. Adan Kalmoy Khalif</p> <p><b>Fund Accountant</b></p>	<p>CPA Kalmoy was born in 1984 and has over 12 years of experience in Finance and accounting. He started her career as an accountant in different organisation and later joined the Fund as Fund Accountant. he holds bachelor degree in Commerce ( Finance), CPA and member of Institute of certified Public Accountant of Kenya (ICPAK).</p>

**WAJIR COUNTY DISASTER MANAGEMENT FUND**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

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

**Introduction**

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

**Wajir County has a vision to be**

'A Secure, Resilient and Globally Competitive First-Class County in Service Delivery for All'

This vision will be achieved through the county's strategic objectives in the various sectors listed here after

The County Government prepared the CIDP 2018-2022 which is the county development blue print for the five years plan period from 2018-2019 to 2022-2023. Tracking of programmes and projects implementation status is done through a number of activities including: field inspection reports, quarterly M&E reports and annual M&E reports. Annual reports are carried out as per Section 164 (2) (f) of the Public Finance Management Act, 2012.

Moreover, the CIDP 2018-2022 is tracked through a CIDP Mid Term Review slated for the Financial Year 2020-2021, which indicates performance after two and a half years of the 2nd Generation County Government. The County Government of Wajir plans to undertake a CIDP Mid-Term Review during the current Financial Year. Similarly, we also prepare County Annual Progress Reports (C-APR) on Yearly basis from the data collected during the M & E exercise. Yet, the County has developed a Counter Indicator Handbook from the Wajir CIDP 2018 – 2022 Indicator that is used to review performance outcomes against the CIDP target outcomes.

**Strategic development objectives**

The County's 2018-2022 CIDP has identified Twenty-three key strategic development objectives. Broadly, these objectives have been identified through a participatory process that reviewed the development priorities of the Governor's Manifesto, Vision 2030 & the National Government's "Big Four" Agenda, SDGs and the MTP III.

The strategic objectives are a synthesised product of the afore-mentioned planning frameworks that amalgamate the thematic focus and development aspirations in these policy frameworks and plans, and are summarised here-in-under;

(a) utilize any property considered necessary to prevent, combat or alleviate the effects of any emergency or disaster;

**WAJIR COUNTY DISASTER MANAGEMENT FUND**

**Reports and Financial Statements**

**For the year ended June 30, 2021**

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- (b) control, permit or prohibit travel to or from any area or on any road, street or highway;
- (c) cause the evacuation of persons and the removal of livestock and personal property and make arrangements for their adequate care and protection;
- (d) control or prevent the movement of people and the removal of livestock from any designated area that may have an infectious disease
- (e) cause the demolition or removal of any trees, structure or crops in order to prevent, combat or alleviate the effects of an emergency or a disaster;
- (f) authorize the procurement and distribution of essential resources and the provision of essential services;
- (g) regulate the distribution and availability of essential goods, services and resources;
- (h) provide for the restoration of essential facilities, distribution of essential supplies and the maintenance and co-ordination of emergency medical, social and other essential services.

**WAJIR COUNTY DISASTER MANAGEMENT FUND**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

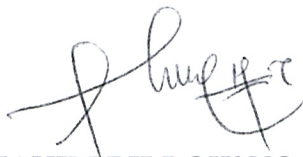
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**5.FUND ADMINISTRATION COMMITTEE CHAIRPERSON'S REPORT**

Section 164 of the Public Finance Management Act, 2012 requires that, County Governments prepare financial statements with respect to the entity by 30th September each year and submit the same to the auditor general with copies to the County Treasury, OCOB, and CRA and The National Treasury.

In view of the above, it is my pleasure to present the Wajir County Disaster Management Fund financial statements for the period ending 30th June 2021. The financial statements present the financial performance of the County Fund over the past year. The statements are prepared in accordance with the cash basis of accounting method under the International Public Sector Accounting Standards (IPSAS).

Statements presented include a statement of Receipts and Payments, a statement of Assets and Liabilities, Cash flow Statement, a statement of Comparative budget and actual amount and the Notes to the Financial Statements. The Financial Year 2020/2021 was the seventh full financial year under the devolved governance structure after the County government came into office in March 2013.



**ABDIHAKIM BILLOW NOOR**

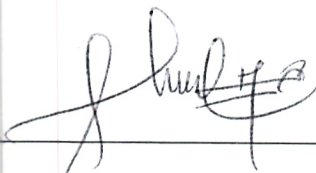
**CECM FINANCE & ECONOMIC PLANNING**  
**COUNTY GOVERNMENT WAJIR**

## **6.REPORT OF THE FUND ADMINISTRATOR**

The Wajir County Disaster Management received a disbursement of KES 184,400,000 from the County Executive which was an allocation for FY 2020/2021 to response on any disaster that may befall on the citizenry of Wajir County on timely manner. The Bank account had an opening balance of KES 252,986.39. In the financial year under review the fund received KES 184,400,000 from the county executive which was meant to mitigate any unforeseen disaster that may occur within the fiscal year. During the financial year the total expenditure amounted to KES 184,424,782.70 which is equivalent to 100% performance. Out of this budgetary KES 174,024,782.70 was spent on relief food items and KES 10,400,000 spent on non-relief food items and remaining balance of KES 228,703.69 which forms the accumulated surplus is carried forward for the subsequent financial year.

### **Performance**

During the year KES184,424,782.70 was spent to mitigate disaster management cases within the County where KES 174,024,782.70 was spent on relief food items and KES 10,400,000 spent on non-relief food items and remaining balance KES 228,703.69 which is the balance carried forward for the subsequent financial year.



Abdihakim Billow Noor

**Fund Administrator**

**WAJIR COUNTY DISASTER MANAGEMENT FUND**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

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**7.CORPORATE GOVERNANCE STATEMENT**

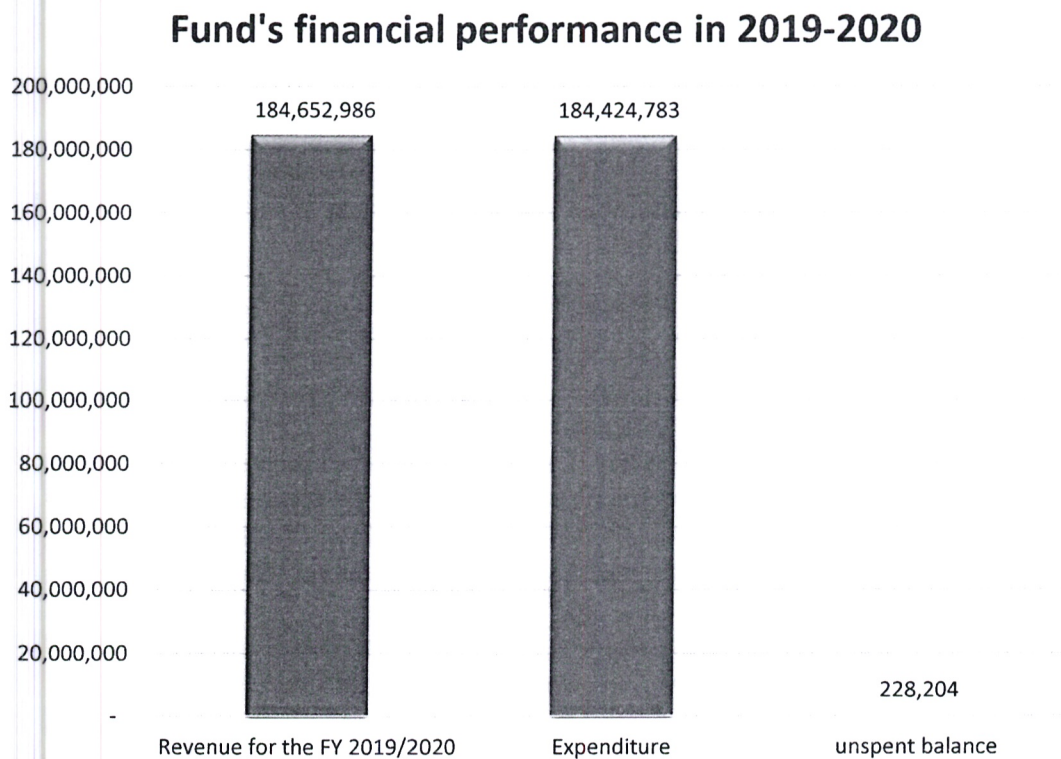
The Wajir County Disaster Management Fund is made up of 7(seven) Administration Committee members. Members meet to deliberate on the performance of the management team by evaluating and considering Disaster management awards to the students. Based on the Budget allocation, the committee members are not remunerated from the fund. In the coming years we will be able to report on the governance structure based on:

- a. Number of Fund Administration Committee meetings held and the attendance to those meetings by members,
- b. Succession plan,
- c. Existence of a service charter,
- d. Process of appointment and removal of Administration Committee members,
- e. Roles and functions of the Administration Committee members,
- f. Induction and training, Administration Committee members and member's performance,
- g. Conflict of interest,
- h. Board remuneration,
- i. Ethics and conduct as well as governance audit undertaken if any

**8.MANAGEMENT DISCUSSION AND ANALYSIS**

The Wajir County Disaster Management received a disbursement of KES 184,400,000 from the County Executive which was an allocation for FY 2020/ 2021 to response on any disaster that may befall on the citizenry of Wajir County on timely manner. The Bank account had an opening balance of KES 252,986.39. In the financial year under review the fund received KES 184,400,000 from the county executive which was meant to mitigate any unforeseen disaster that may occur within the fiscal year. During the financial year the total expenditure amounted to KES 184,424,782.70 which is equivalent to 100% performance. Out of this budgetary KES 174,024,782.70 was spent on relief food items and KES 10,400,000 spent on non-relief food items and remaining balance KES 228,703.69 which is the balance carried forward for the subsequent financial year.

Below is graphical representation of financial performance of the Wajir Disaster Management fund for FY 2020/2021.



## **9.CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

### **Sustainability strategy and profile**

The Wajir County Development Agenda is informed by the need to increase and expand sustainable development opportunities and build people's capacities to enable them create wealth and transform their lives for growth and prosperity. The County Envisions being a competitive, industrialized and socio-economically self-sustaining and securing county. This will be attained by providing quality and efficient services through innovative and sustainable utilization of resources for a better quality of life of all citizens of Wajir County. This the county intends to attain and sustain it through creation of a county culture anchored on; Transparency; Inclusiveness and Equity; Empowerment; Quality and result oriented in provision of the county services

The County has projects implementation was greatly affected by the Covid-19 Pandemic in the second half of the year. Most of the County programs and projects were deferred and great focus given to fighting the pandemic.

### **Environmental performance**

As outlined in the County 2018-2022 CIDP, Environment is one of the key thematic areas that the county has put a lot of focus in its development's agendas. Land is a natural resource which can be sustainably used to satisfy man's unlimited needs and wants as long as the concept of scarcity is recognized. Cognizant of the need for responsible land use for environmental sustainability, The County has developed a number of policies, programmes and structures guiding environmental matters within the County.

### **Employee welfare**

Wajir County Recognises the value of its employees in the implementation and long-term sustainability of its development strategy. As a result, it has always ensured a fair recruitment process where competences and qualification has been key in hiring of its employees to ensure value from its human resource. All recruitments observe the one third Gender rule and the inclusivity. All senior management staff from the level of county directors and above are placed under performance Contract while the junior staff are under performance Appraisal system.

This is aimed at inculcating a results culture and also helps to identify skills Gap for capacity building and future development the County staff as they inform approvals for Promotion and training for carrier growth. For a better and health work force, the county has also placed all staff under a medical cover which on terms as provided by the Salaries and Remuneration Commission's guideline of Employee Medical benefits.

### **Market place practices**

The County embraces diversity and offers services to all county residents without discrimination. All county fees and charges are levied after wide consultation with the citizens through public participation.

**Community Engagements**

The County has been engaging its citizens in all its development programmes through public participation in all the county plans, Budget and legislations. This participation ensures that the views of the citizen are included from planning to implementation stages. Participation is done by the county through its established participation structures such as, the County Budget and Economic Forum, The County Citizen education and Civic Education Unit etc.

By Order of the Board,

  
Abdihakim Billow Noor

CEC FINANCE & ECONOMIC PLANNING

**WAJIR COUNTY DISASTER MANAGEMENT FUND**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

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**10.REPORT OF THE TRUSTEES/ FUND ADMINISTRATION COMMITTEE**

The Wajir County Disaster Management Fund Administration Committee submit their report together with the audited financial statements for the year ended June 30, 2021, which show the state of the Fund affairs.

**10.1 Principal activities**

The principal of the Fund is to provide funds to mitigate on possible loss of life and property in an event of any disaster and the County has not made budgetary allocation to provide expenditure to manage the situation. Facilitate the evacuation of persons and the removal of livestock and personal property and make arrangements for their adequate care and protection as well as provide for the restoration of essential facilities, distribution of essential supplies and the maintenance and co-ordination of emergency medical, social and other essential services.

**10.2 Performance**

The performance of the Fund for the year ended June 30, 2021, are set out from page 10

**10.3 Administration Committee**

The members of the Administration Committee who served during the year are shown on page 05 There were no changes in the administration Committee during the financial year.

**10.4 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

---

MOHAMED A MOHAMUD

Chairman,

**Wajir County Disaster Management Fund**

## **11.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 the County Disaster Management Fund established by the County Disaster Management fund shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Disaster Management 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, 2021. 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 Disaster Management 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 County Disaster Management Fund Act 2014. 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, 2021, 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 Disaster Management 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.

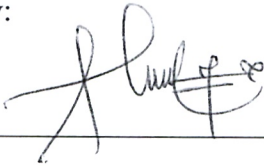
**WAJIR COUNTY DISASTER MANAGEMENT FUND**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

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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 29<sup>th</sup> July 2021 and signed on its behalf by:



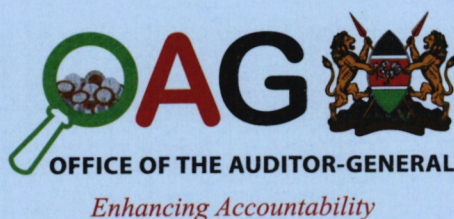
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ABDIHAKIM BILLOW NOOR

**Administrator of the Disaster Management 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 WAJIR COUNTY DISASTER MANAGEMENT FUND FOR THE YEAR ENDED 30 JUNE, 2021**

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Disclaimer of Opinion**

I have audited the accompanying financial statements of Wajir County Emergency Fund set out on pages 20 to 44, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual

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*Report of the Auditor-General on Wajir County Disaster Management Fund for the year ended 30 June, 2021*

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 do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### **Basis for Disclaimer of Opinion**

#### **1. Non-submission of Prior Years Financial Statements for Audit**

As previously reported, Wajir County Disaster Management Fund started financial operations in December, 2013. However, Management did not submit for audit, financial statements for the financial years ended 30 June, 2014, 2015, 2016, 2017 and 2018.

In the circumstances, the accuracy and completeness of opening balances in the financial statements could not be confirmed.

#### **2. Inaccuracy in the Amount Transferred from County Government**

The statement of financial performance and Note 1 to the financial statements reflects transfer from the County Government of Kshs.184,400,000. Review of the bank statement revealed that the County Government transferred to the Fund a total of Kshs.20,400,000 during the year under review resulting to an unreconciled variance of Kshs.164,000,000.

In the circumstances, the accuracy and completeness of the transfers from the County Government amount of Kshs.184,400,000 could not be confirmed.

#### **3. Unsupported Emergency Projects Expenditure**

The statement of financial performance and Note 2 to the financial statements reflects an emergency projects expenditure of Kshs.184,424,783. However, supporting documents for an expenditure amounting to Kshs.174,408,020 representing 94% of the total expenditure on emergency projects were not provided.

In the circumstances, the accuracy and completeness of an expenditure totalling Kshs.174,408,020 could not be confirmed.

#### **4. Late Submission of Financial Statements**

Wajir County Disaster Management Fund Financial statements were submitted to the Auditor-General on 16 December, 2021, six (6) months after the close of the financial year, contrary to the provisions of Section 116(7) of the Public Finance Management Act, 2012 which requires financial statements to be submitted to the Auditor-General within three (3) months after the end of each financial year.

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

## **5. Unapproved Budget**

The statement of comparison of budget and actual amounts reflects total income budget of Kshs.311,000,000 and total expenditure budget of Kshs.311,000,000 which is indicated to relate to the year 2020. As reported previously, the estimates of income and expenditure were not submitted to the County Executive Member for Finance contrary to the provisions of Section 149(2) of the Public Finance Management Act, 2012 which requires that estimates of an entity, be submitted to the County Executive Committee member for finance for approval.

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

## **6. Failure to Enact Fund Regulations**

As previously reported, Management did not provide the enabling regulations approved by the County Assembly to guide the operations of the Fund, contrary to the provisions of Section 112(1) of the Public Finance Management Act, 2012.

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

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

### **Conclusion**

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit 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 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 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 Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

My responsibility is to conduct an audit of the financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is 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. I also consider internal control, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion on lawfulness and effectiveness in use of public resources, and on effectiveness of internal controls, risk management and governance.

I am independent of the Wajir 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.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

30 September, 2022

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**13. FINANCIAL STATEMENTS**

**13.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2021**

	Note	FY2020/2021	FY2019/2020
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	1	184,400,000.00	311,000,000.00
<b>Revenue from exchange transactions</b>			
<b>Total revenue</b>		<b>184,400,000.00</b>	<b>311,000,000.00</b>
<b>Expenses</b>			
Emergency Expenditure	2	184,424,783	313,903,391.61
General expenses		-	-
<b>Total expenses</b>		<b>184,424,783</b>	<b>313,903,391.61</b>
<b>Other gains/losses</b>			
<b>Deficit for the period</b>		<b>(24,532.70)</b>	<b>(2,903,391.61)</b>

The notes set out on page 21 – 24 form an integral part of these Financial Statements

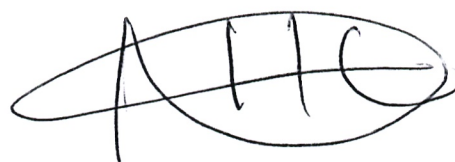
**13.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021**

	Note	FY2020/2021	FY2019/2020
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	228,453.69	252,986.39
<b>Non-current assets</b>			
<b>Total assets</b>		<b>228,453.69</b>	<b>252,986.39</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
<b>Non-current liabilities</b>			
<b>Total liabilities</b>			
<b>Net assets</b>			
Accumulated surplus		228,453.69	252,986.39
<b>Total net assets and liabilities</b>		<b>228,453.69</b>	<b>252,986.39</b>

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 29<sup>th</sup> July 2020 and signed by:



**Administrator of the Fund**  
**Abdihakim Billow Noor**  
**ICPAK Member Number**



**Fund Accountant**  
**Adan Kalmoy Khalif**  
**ICPAK Member Number: 20038**

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**13.3 STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2021**

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
<b>Balance as at 1 July 2019</b>			3,156,378.00	<b>3,156,378.00</b>
Surplus/(deficit) for the period			(2,903,391.61)	<b>(2,903,391.61)</b>
Funds received during the year			-	-
<b>Balance as at 1 July 2020</b>			<b>252,986.39</b>	<b>252,986.39</b>
<b>Balance as at 1 July 2020</b>			252,986.39	<b>252,986.39</b>
Surplus/(deficit) for the period			(24,532.70)	<b>(24,532.70)</b>
Funds received during the year				
<b>Balance as at 1 July 2021</b>			<b>228,453.69</b>	<b>228,453.69</b>

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 13<sup>th</sup> July 2020 and signed by:



ABDIHAKIM BILLOW NOOR  
Fund Administrator



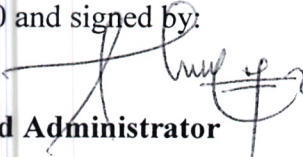
CPA Adan Kalmoy  
Fund Accountant  
ICPAK No. 20038


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**13.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021**

	Note	FY2020/2021	FY2019/2020
		KShs	KShs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		184,400,000.00	311,000,000.00
<b>Total Receipts</b>		<b>184,400,000.00</b>	<b>311,000,000.00</b>
<b>Payments</b>			
Disaster Management Expenditures		184,424,532.70	313,903,391.61
Administration cost			-
<b>Total Payments</b>		<b>184,424,532.70</b>	<b>313,903,391.61</b>
<b>Net cash flows from operating activities</b>		<b>(24,532.70)</b>	<b>(2,903,391.61)</b>
<b>Cash flows from investing activities</b>			
<b>Net cash flows used in investing activities</b>		-	-
<b>Cash flows from financing activities</b>			
<b>Net cash flows used in financing activities</b>		-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(24,532.70)</b>	<b>(2,903,391.61)</b>
Cash and cash equivalents at 1 JULY		252,986.39	3,156,378
<b>Cash and cash equivalents at 30 JUNE</b>		<b>228,453.69</b>	<b>252,986</b>

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 20<sup>th</sup> September 2020 and signed by:

  
**Fund Administrator**  
 Abdihakim Billow Noor

  
**Fund Accountant**  
 Adan Kalmoy Khalif  
 ICPAK Member Number: **20038**

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**13.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30<sup>th</sup> JUNE 2021.**

	Original budget	Adjustment s	Final budget	Actual on comparable basis	Performance difference	% utilisati on
	2020	2020	2020	2020	2020	2020
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers from County Govt.	311,000,000	-	311,000,000	311,000,000	-	100%
<b>Total income</b>	<b>311,000,000</b>	<b>-</b>	<b>311,000,000</b>	<b>311,000,000</b>	<b>-</b>	<b>100%</b>
<b>Expenses</b>						
General expenses	-	-	-	-	-	-
Disaster Management projects	311,000,000	-	311,000,000	313,903,392	- 2,903,392	101%
<b>Total expenditure</b>	<b>311,000,000</b>	<b>-</b>	<b>311,000,000</b>	<b>313,903,392</b>	<b>- 2,903,392</b>	<b>101%</b>
<b>Surplus for the period</b>		<b>-</b>	<b>-</b>	<b>2,903,392</b>	<b>-</b>	<b>-1%</b>

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 13<sup>th</sup> July 2020 Signed by:

Abdihakim Billoo Noor  
**Fund Administrator**

CPA Adan Kalmoy  
 Fund Accountant  
 ICPAK No. 20038

### **13.6 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.

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

**a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2021**

Standard/ Amendments : Applicable: 1 <sup>st</sup> 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>	
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**b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021**

<b>Standard</b>	<b>Effective date and impact:</b>
<p><b>IPSAS 41: Financial Instruments</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2022:</b></p> <p>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.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul>
<p><b>IPSAS 42: Social</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2022</b></p>

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Standard	Effective date and impact:
Benefits	<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"> <li>(a) The nature of such social benefits provided by the entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ul>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2022:</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ul> <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>

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**c) Early adoption of standards**

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

**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 2020/2021 was approved by the County Assembly on August 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.

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.

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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 sections of these financial statements.

**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.

**2. 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.

### **3. Financial instruments**

#### **a) 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.

##### **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

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‘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)

***b) 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.

**4. 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.

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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.

#### **5. 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.

#### **Contingent assets**

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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.

**6. Nature and purpose of reserves**

The Entity does not create and maintains reserves in terms of specific requirements.

**7. 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.

**8. 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.

**9. Foreign currency transactions**

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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.

**10. 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.

**11. 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/Trustee, the Fund Managers and Fund Accountant.

**12. 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.

**13. Comparative figures**

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

**14. Events after the reporting period**

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

**15. Ultimate and Holding Entity**

The entity is a County Public Fund established by Wajir County Disaster Management Act 2014 (revised 2019) under the Finance and Economic Planning. Its ultimate parent is the County Government of Wajir.

**16. Currency**

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

**17. 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
- vi)

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**c) Provisions**

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

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

**18. 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.

**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. 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

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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.

**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.

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**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:

**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.

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**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.

**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:

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**2. NOTES TO THE FINANCIAL STATEMENTS**

**1. Transfers from County Government**

Description	FY2020/2021	FY2019/2020
	Kshs	Kshs
Transfers from County Govt. – operations	184,400,000	311,000,000
<b>Total</b>	<b>184,400,000</b>	<b>311,000,000</b>

**2. Expenditure**

Description	FY2020/2021	FY2019/2020
	Kshs	Kshs
Disaster Managements expenditure	184,424,782.70	311,903,392
<b>Total</b>	<b>184,424,782.70</b>	<b>311,903,392</b>

**3. Fund Administration Cost**

Description	FY2020/2021	FY2019/2020
	Kshs	Kshs
Administrative Expenses		
Printing and Stationery Expense		
Bank Charges		
<b>Total</b>		

**4. Cash and cash equivalents**

Description	FY2020/2021	FY2018/2019
	Kshs	Kshs
Current account	228,703.69	252,986.39
<b>Total cash and cash equivalents</b>	<b>228,703.69</b>	<b>252,986.39</b>

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

Financial institution	Account number	FY2020/2021	FY2018/2019
		Kshs	Kshs
Kenya commercial Bank	8000419	228,703.69	252,986.39
<b>Grand total</b>		<b>228,703.69</b>	<b>252,986.39</b>

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**1. 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) County Assembly;
- d) Key management;
- e) Board of Trustees; etc.

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**3. 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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe:</b>

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