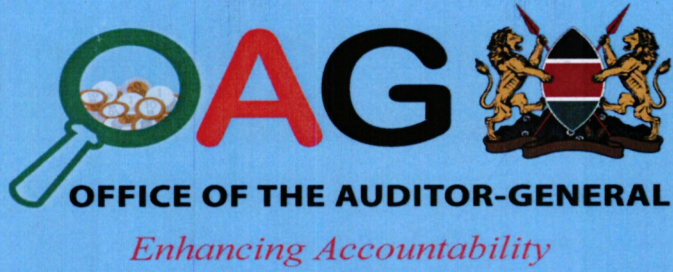


REPUBLIC OF KENYA



PAPERS LAID	
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REPORT

OF

THE AUDITOR-GENERAL

ON

NAKURU COUNTY EMERGENCY FUND

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

June 30, 2022



NAKURU COUNTY EMERGENCY FUND

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

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

NAKURU COUNTY EMERGENCY FUND
Report and Financial Statement
For the Year Ended June 30, 2022

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1. NAKURU COUNTY EMERGENCY FUND KEY INFORMATION AND MANAGEMENT

a) Background information

Nakuru County Emergency Fund derives its authority and accountability from Section 167 of The Public Finance Management Act (*No. 18 of 2012*). It was established by the Nakuru County Emergency Act dated 24 March 2016. The Fund is fully funded by the County Government of Nakuru and is domiciled in Kenya.

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

The Fund's principal activity is to administer the County Government Emergency fund for the county government in accordance with a framework and criteria approved by the county assembly.

b) Principal Activities

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

- a) The management of the fund and approval of expenditure
- b) Ensuring the maintenance of books of account for the fund
- c) Ensuring that any withdrawal of money from the fund meets the requirements of the Act and regulations
- d) In consultation with the county secretary, ensuring that the sub-county disaster response teams are adequately facilitated to perform their functions.

c) Fund Administration Committee

Ref	Name	Position
1	Mr. S. Iribe Njogu	Chairman/ Fund Administrator
2	Joseph Muchinah Gitau	Fund Secretary
3	Peter Kamau Mwaura	Member
4	Dr. Daniel Wainaina	Member
5	Dr. Solomon Sirma	Member
6	JudyLeah Waihenya	Member
7	Daniel Muthinga	Member
8	Job Kibet Tomno	Member
9	Paul Githinji	Member
10	Joel Kibet Maina	Member
11	Hussein Mohammed	Member

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d) Key Management

Ref	Name	Position
1	Mr. S. Iribe Njogu	Fund Chairman/Administrator
2	Joseph Muchinah Gitau	Fund Secretary
3	Dominic Nyabuto Otieno	Fund Accountant

e) Registered Offices

P.O. Box 2870 -20100
New Town Hall Building
Moi road
Nakuru, Kenya

f) Fund Contacts

Telephone: (254) 0512216472
E-mail: nakurucountygovernor@gmail.com
Website: www.nakurucounty.co.ke

g) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

Central Bank of Kenya
A/C NO.1000171607- Revenue Fund Account
2. National Bank of Kenya
A/C NO.01001124684400- Current Account

h) Independent Auditors



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

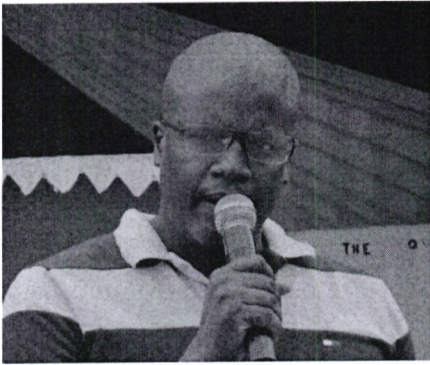


i) Principal Legal Adviser

The County Attorney
P.O Box 2870 - 20100,
Nakuru, Kenya




**NAKURU COUNTY EMERGENCY FUND
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2. FUND COMMITTEE




Ref	Name	Position
1	 <p>Mr. S. Iribe Njogu <i>Date of birth 00/00/1967</i></p>	<p>Mr Njogu holds an Associate of Science from Kwame Nkruma University of Science & Technology in Business Administration</p> <p>He also holds a Diploma in Applied Biology from Mombasa Polytechnic University College.</p> <p>He is a former Managing Director at XPD Limited Accra.</p> <p>Former CEO Soft Ventures East African Limited; Nakuru, Nairobi, Kampala.</p> <p>He has over 10 years' experience in private sector.</p> <p>He is currently the CECM Finance and Economic Planning.</p> <p>Fund Chairman/Administrator</p>
2	 <p>Joseph Muchinah Gitau <i>Date of Birth 5/10/1979</i></p>	<p>He is a graduate of Bcom in Finance (First class honors) and has a Masters in Finance. He is a Certified Public Accountant (Kenya) CPA(K) and a member of the Institute of Certified Public Accountants (ICPAK).</p> <p>He is also a Certified Public Secretary CPS(K) and a member of the Institute of Certified Public Secretaries of Kenya (ICPSK).</p> <p>He previously worked at Delamere Group as the Group Financial Controller and has 13 years' experience in financial management.</p> <p>He is currently the Chief Officer in charge of Finance.</p> <p>Fund Secretary</p>

3	 <p>Peter Kamau Mwaura <i>Date of Birth 14/06/1970</i></p>	<p>Peter Kamau Mwaura was in private practice. He is currently the Chief officer ICT and E-Governance and Acting chief officer Youth and Sports.</p> <p>Member</p>
4	 <p>Dr. Daniel Wainaina <i>Date of Birth 12/10/1968</i></p>	<p>Dr. Daniel Wainaina holds a Bachelor of Medicine and Surgery with a Masters of Public Health. He has been a medical officer at PGH, Senior Medical Officer, District Medical Officer and acting Director of Medical Services Nakuru County</p> <p>He is currently the Acting Chief Officer Health</p> <p>Member</p>
5	 <p>Dr. Solomon Sirma <i>Date of Birth 10/11/1967</i></p>	<p>Dr. Solomon Sirma holds a Bachelor of Medicine from Verona University Italy and a Masters in Obstetrics and Gynaecology from The University of Nairobi. He has previously worked at Moi Teaching and referral hospital as a medical officer; Kapsabet Hospital as a Specialist doctor in Obstetrics and Gynaecology; Nakuru Provincial Hospital as a Specialist doctor in Obstetrics and Gynaecology; County Director of Medical Services He is currently the Chief Officer Medical Services.</p> <p>Member</p>

NAKURU COUNTY EMERGENCY FUND
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<p>6</p>	 <p>JudyLeah Waihenya <i>Date of Birth 01/04/1977</i></p>	<p>Judy Leah Waihenya previously worked with Aberdare Hill Golf Resort in Naivasha.</p> <p>She is currently the Chief Officer Lands</p> <p>Member</p>
<p>7</p>	 <p>Daniel Muthinga <i>Date of Birth 04/08/1971</i></p>	<p>Daniel Muthinga was in private practice.</p> <p>He is currently the Chief Officer Roads, Transport and Public works</p> <p>Member</p>
<p>8</p>	 <p>Engineer Johnson Kamau <i>Date of Birth 14/07/1965</i></p>	<p>Engineer Kamau was previously employed by the Ministry of Water.</p> <p>He also worked as the Director of water, He is Currently the acting Chief Officer Environment and Water Resources</p> <p>Member</p>

NAKURU COUNTY EMERGENCY FUND
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<p>9</p>	 <p>Ann Njenga <i>Date of Birth 12/12/1968</i></p>	<p>Previously, Madam Ann Njenga worked as the CECM Finance, CECM Public Service Board and the Chief Officer Public Service Training and Devolution. Currently she is the Chief Officer Disaster Management and Humanitarian Assistance</p> <p>Member</p>
<p>10</p>	 <p>Joel Kibett Maina <i>Date of Birth 12/12/1963</i></p>	<p>Previously worked as an Agricultural Officer for the County Government of Baringo and as a District Agricultural Officer in Baringo North District. Currently he is the Chief Officer Agriculture</p> <p>Member</p>
<p>11</p>	 <p>Hussein Mohammed <i>Date of Birth 24/12/1987</i></p>	<p>Mr. Hussein Mohammed holds a Bachelor of Commerce from JKUAT, Masters of Science Finance from the University of Nairobi. He also has CPA K qualifications. Formerly, he worked for Miskilul Energy Ltd and Trojan International Ltd. He has previously been The Chief Officer Trade, Industrialisation and Tourism at Nakuru County. Currently he is the Chief Officer Economic and Planning.</p> <p>Member</p>

NAKURU COUNTY EMERGENCY FUND
Report and Financial Statement
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3. MANAGEMENT TEAM

Name	Details of qualifications and experience
<p>1. </p> <p>Mr. S. Iribe Njogu <i>Date of birth 00/00/1967</i></p>	<p>Mr Njogu holds an Associate of Science from Kwame Nkruma University of Science & Technology in Business Administration</p> <p>He also holds a Diploma in Applied Biology from Mombasa Polytechnic University College.</p> <p>He is a former Managing Director at XPD Limited Accra.</p> <p>Former CEO Soft Ventures East African Limited; Nakuru, Nairobi, Kampala.</p> <p>He has over 10 years' experience in private sector.</p> <p>He is currently the CECM Finance and Economic Planning.</p> <p>Fund Chairman/Administrator</p>
<p>2. </p> <p>JOSEPH MUCHINAH GITAU <i>Date of Birth 5/10/1979</i></p>	<p>He is a graduate of Bcom in Finance (First class honors) and has a Masters in Finance. He is a Certified Public Accountant (Kenya) CPA(K) and a member of the Institute of Certified Public Accountants (ICPAK).</p> <p>He is also a Certified Public Secretary CPS(K) and a member of the Institute of Certified Public Secretaries of Kenya (ICPSK).</p> <p>He previously worked at Delamere Group as the Group Financial Controller and has 13 years' experience in financial management.</p> <p>He is currently the Chief Officer in charge of Finance.</p> <p>Fund Secretary</p>

NAKURU COUNTY EMERGENCY FUND

Report and Financial Statement

For the Year Ended June 30, 2022



3.

DOMINIC NYABUTO OTIENO

Date of Birth 2/4/1966

Dominic Nyabuto previously worked as a County Accountant (Nakuru) Ministry of Finance, National Treasury and Planning. He has 28 years' experience in public sector finance and accounting.

He is a holder Bcom Accounting option, CPA(K), PFMSM-Pretoria University of South Africa, SLDP and SMC Kenya School of Government and MBA Finance from Kenyatta University.

He is currently the Director of Finance Nakuru County.

Fund Accountant

NAKURU COUNTY EMERGENCY FUND
Report and Financial Statement
For the Year Ended June 30, 2022

4. FUND CHAIRPERSON'S REPORT

It is my pleasure to present Annual report for The Emergency Fund and financial statements for the County Government of Nakuru under the office of the Governor and Deputy Governor for the period ended 30 June, 2022.

- Changes in the Fund during the year

During the financial year, the Fund received a new fund Chairperson.

- Review of the Fund's performance

During this period, the fund budgeted for Kshs 70,000,000 and Transfers of Kshs 70,000,000 from the County Executive were received in the Fund bank account maintained at National Bank, Nakuru.

The opening balance for the year 2020/2021 was 15,027,600. Kshs 84,929,862.00 paid to merchants for good supplied to the needy cases.

- Future outlook of the Fund

The Fund will strive to ensure that it is managed prudently and ensuring the Nakuru County community at large obtain assistance from the County Government as and when needed.

Signed: _____



Date:

21/12/2022

Mr. S. Iribe Njogu
Fund Chairperson

5. REPORT OF THE FUND ADMINISTRATOR

Changes in the Fund during the year

There were no changes made in the management team.

Review of the Fund's performance

During this period, the fund budgeted for Kshs 70,000,000 and Transfers of Kshs 70,000,000 from the County Executive were received in the Fund bank account maintained at National Bank, Nakuru.

The opening balance for the year 2020/2021 was 15,027,600. Kshs 84,929,862.00 paid to merchants for good supplied to the needy cases.

There were a number of disasters that occurred during this financial year that required the Nakuru County Emergency intervention.

Future outlook of the Fund

The Fund will strive to ensure that it is managed prudently and ensuring the Nakuru County community at large obtain assistance from the County Government as and when needed.

The fund had a closing balance of Kshs 97,738.00 during the year under review.

Signed: _____



Date: _____

21/12/2022

Mr. S. Iribe Njogu
Fund Administrator

NAKURU COUNTY EMERGENCY FUND
Report and Financial Statement
For the Year Ended June 30, 2022

6. CORPORATE GOVERNANCE STATEMENT

Section 166 of the Public Finance Management Act 2012 requires that an Accounting Officer for the Nakuru County Emergency Fund prepares a report for each quarter of the financial year in respect of the Nakuru County Emergency Fund. The County Executive Committee (CEC) member for finance being the head of the County Treasury is responsible for the preparation and presentation of the County Government's financial statements, which give a true and fair view of the state of affairs of the County Government for and as at the end of the period ended on 30 June, 2022. This responsibility includes:

- Roles and Functions of the Board
The fund is managed by Board of trustees and a Management board whose role is:
 - (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 County Government;
 - (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 County Government;
 - (v) Selecting and applying appropriate accounting policies; and
 - (vi) Making accounting estimates that are reasonable in the circumstances.
- Succession plan

As per the Fund Act 2016, the fund committee and management committee will comprise of the CECM as the fund manager and members drawn from the county's senior management team. The fund accountant and secretary should provide minutes and any pending documentation to incoming committee members and management team.

- Conflict of interest

Fund committee members and the management team should be able to declare any conflict of interest at the beginning of any committee meeting and excuse themselves.

- Committee meetings held and those in-attendance

There were a number of committee meetings held to approve expenses as situations occurred

A total of Kshs 84,929,862.00 was approved for expenses and purchases that were incurred

7. MANAGEMENT DISCUSSION AND ANALYSIS

- Financial Performance and Operations

The fund operates mainly within an approved budget by the county assembly. Fund expenses must be discussed by the fund committee before being expensed and any surplus declared to the oversight authority.

Any pending bills must be listed and duly discussed by the fund committee. As it is, the fund is performing well financially and its operations within the scope of the fund.

- Compliance with statutory requirements

The fund Committee and Management team have generally complied with statutory requirements

- Major Risks facing the fund

- Budgetary allocations not always adequate
- Increase in emergency cases
- Delay in release of funding and thus delaying payments

NAKURU COUNTY EMERGENCY FUND
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8. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Corporate social responsibility is a corporate initiative to assess and take responsibility to the society for our impact on social welfare. The term generally applies to the efforts that go beyond what may be required by regulators or environmental protection groups.

As a corporate social responsibility of the Fund, the following activities we undertaken:

- Emergency distribution of foodstuff and household items to families affected by fire and floods.
- Emergency purchase and distribution of personal protective equipment's.
- Donation of girls sanitary towels to various schools.

NAKURU COUNTY EMERGENCY FUND

Report and Financial Statement

For the Year Ended June 30, 2022

9. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by the Nakuru County Emergency Act 2016 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 Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2022. This responsibility includes:

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

The Administrator of the 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 Public Finance Management Act, 2012. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2022, and of the Fund's 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 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 _____ 2022 and signed on its behalf by:

Signed: _____

Date: _____

Mr. S. Iribe Njogu
Fund Administrator

REPUBLIC OF KENYA



Enhancing Accountability

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Website: www.oagkenya.go.ke

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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

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

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

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Nakuru County Emergency Fund as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Public Finance Management Act, 2012 and the Nakuru County (Emergency Fund) Regulations, 2016.

Basis for Adverse Opinion

1. Presentation and Accuracy of Financial Statements

Review of the financial statements revealed the following anomalies:

- i) The statement of comparison of budget and actual amounts reflects general expenses adjustments totalling to Kshs.14,882,196 which was not supported.
- ii) Progress on follow-up of auditor recommendations has not been disclosed.

Under the circumstances, the financial statements are not accurately presented in accordance with International Public Sector Accounting Standards.

2. Transfers from the County Government

The statement of financial performance reflects transfers from County Government amounting to Kshs.70,000,000 which differs with the supporting schedule amount of Kshs.85,000,000, resulting to unreconciled variance of Kshs.15,000,000.

In the circumstances, the accuracy and completeness of transfers from the County Government amount of Kshs.70,000,000 could not be confirmed.

3. Unsupported General Expenses

The statement of financial performance reflects general expenses balance of Kshs.84,929,422. Included in the balance are pending bills payment amounting to Kshs.60,748,068 whose store receipt and issue vouchers, inspection and acceptance certificates and list of beneficiaries were not provided for audit. Further, the pending bills paid were not disclosed in the prior year financial statements. The expenditure also includes imprest of Kshs.1,200,000 that has not been supported by way of surrender vouchers indicating the nature of goods / services procured.

In the circumstances, the propriety, accuracy and occurrence of general expenses balance of Kshs.61,948,068 for the year ended 30 June, 2022 could not be confirmed.

4. Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.97,738. However, the bank reconciliation statement in support of the balance reflects unpresented cheques amounting to Kshs.651,092 out of which Kshs.209,649 were stale but had not been written back into the cashbook. The statement also reflects payments in bank not in cash book of Kshs.47,226 in respect of bank charges which ought to have been expensed.

In the circumstances, the accuracy and fair statement of the reported cash and cash equivalents balance of Kshs.97,738 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nakuru County Emergency Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse 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. I have determined that there were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Consumables (Emergency Supplies)

The statement of financial performance reflects general expenses balance of Kshs.84,929,422 incurred in respect of emergency supplies. However, no approvals were sought for the payments contrary to the provisions of Section 13(1) of Nakuru County (Emergency Fund) Regulations, 2016 which requires the Executive Committee Member responsible for finance to seek approval of the County Assembly within two months after payment is made from the Emergency Fund. Further, the balance includes payments of Kshs.27,877,622 that were not approved by the Emergency Fund Committee as required

by Section 7 of the Fund Regulations. Further, the general expenses include payments of Kshs.10,375,862 that were not of emergency in nature.

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

2. Failure to Hold Emergency Fund Committee Meetings

During the year under audit, the Emergency Fund Committee did not hold any Committee Fund meetings to deliberate on matters relating to emergency issues in the County. This is contrary to section 8(1) of the Nakuru County Emergency Fund Regulations, 2016 which requires the Committee to hold two ordinary meetings within the financial year. Failure to hold meetings is an indication that payments from the Emergency Fund were not approved.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires 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 its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate 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 Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that

might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


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

31 March, 2023

NAKURU COUNTY EMERGENCY FUND
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For the Year Ended June 30, 2022

11. FINANCIAL STATEMENTS

11.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE FINANCIAL YEAR ENDED JUNE 30, 2022

	Note	FY2021/2022	FY2020/2021
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations	1	-	-
Transfers from the County Government	2	70,000,000	75,000,000
Fines, penalties and other levies	3	-	-
		-	-
Revenue from exchange transactions			
Interest income	4	-	-
Other income	5	-	-
		-	-
Total revenue		70,000,000	75,000,000
Expenses			
Fund administration expenses	6	-	-
General expenses(Emergency Supplies)	8	84,929,422	176,377,117
Finance costs	9		
Total expenses		84,929,422	176,377,117
Other gains/losses			
Gain/loss on disposal of assets	10		
Surplus/(deficit) for the period		(14,929,422.00)	(101,377,117.00)

The notes set out on pages 19 to 30 form an integral part of these Financial Statements

NAKURU COUNTY EMERGENCY FUND
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11.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	FY2021/2022	FY2020/2021
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	11	97,738	15,027,600
Current portion of long term receivables from exchange transactions		-	-
Prepayments	12	-	-
Inventories	13	-	-
		-	-
Non-current assets			
Property, plant and equipment	14	-	-
Intangible assets	15	-	-
Long term receivables from exchange transactions	11	-	-
		-	-
Total assets		97,738	15,027,600
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	16	-	-
Provisions	17	-	-
Current portion of borrowings	18	-	-
Employee benefit obligations	19	-	-
		-	-
Non-current liabilities			
Non-current employee benefit obligation	19	-	-
Long term portion of borrowings	18	-	-
		-	-
Total liabilities		-	-
Net assets		-	-
Revolving Fund		-	-
Reserves		-	-
Accumulated surplus		97,738	15,027,600
Total net assets and liabilities		97,738	15,027,600

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Fund financial statements were approved on _____ 2022 and signed by:

Fund Administrator
Name: Mr. S. Iribe Njogu
CECM-Finance & Economic Planning

Fund Accountant
Name: Wilson Mungai
ICPAK Member Number: 7241

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11.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2022

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2021				
Surplus/(deficit) for the period	-	-	15,027,160	15,027,160
Funds received	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 1 July 2021	-	-	15,027,160	15,027,160
Balance as at 1 July 2021	-	-	15,027,160	15,027,160
Surplus/(deficit) for the period		-	-14,929,422	-14,929,422
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2022	-	-	97,738	97,738

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11.4. STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	FY2021/2022	FY2020/2021
		KShs	KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations	1	-	-
Transfers from the County Government	2	70,000,000	75,000,000
Interest received	3	-	-
Receipts from other operating activities	4	-	-
Total Receipts		70,000,000	75,000,000
Payments			
Fund administration expenses		-	-
Staff costs/ General expenses	8	84,929,422	176,377,117
Finance cost			
Total Payments		84,929,422	176,377,117
Net cash flows from operating activities		-14,929,422	-101,377,117
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(-)	(-)
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		-14,929,422	-101,377,117
Cash and cash equivalents at 1 July 2021	11	15,027,160	116,404,277
Cash and cash equivalents at 30 JUNE 2022	11	97,738	15,027,160

**11.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE FINANCIAL YEAR ENDED
30th JUNE 2022**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2022	2022	2022	2022	2022	2022
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Public contributions and donations	-	-	-	-	-	-
Transfers from County Govt.	70,000,000.00	15,027,600.00	85,027,600.00	85,027,600.00	-	1
Interest income	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Total income	70,000,000.00	15,027,600.00	85,027,600.00	85,027,600.00	-	1
Expenses						
Fund administration expenses	-	-	-	-	-	-
General expenses	70,000,000.00	14,882,196.00	84,882,196.00	84,929,862.00	(47,666)	1
Finance cost	47,666		47,666	.	47,666	0
Total expenditure	70,047,666.00	14,882,196.00	84,929,862.00	84,929,862.00	-	1
Surplus for the period	(47,666)	145,404	97,738	97,738	-	1

Budget notes

1. Budget adjustments of Kshs 15,027,600 relates cash and cash equivalent balance brought forward from previous year that were re-voted during the financial year under review.

NAKURU COUNTY EMERGENCY FUND
Report and Financial Statement
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11.6. 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.

2. Adoption of new and revised standards

a) Early adoption of standards

The Fund did adopt any amended standards in year 2022.

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 Fund 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 budget for the 2021/2022 Financial year was duly approved by the County Assembly. There were no other subsequent revisions or additional appropriations that were made to the approved budget in regards to the Emergency Fund in accordance with specific approvals from the appropriate authorities.

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

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 14.5 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, Fund 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 Fund 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.

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 Fund 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 Fund assesses at each reporting date whether there is objective evidence that a financial asset or a Fund of financial assets is impaired. A financial asset or a Fund 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 Fund of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or Fund 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 Fund 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.

NAKURU COUNTY EMERGENCY FUND
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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 Fund.

9. Provisions

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

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

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

Contingent liabilities

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent assets

The Funds contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Fund 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 Fund creates and maintains reserves in terms of specific requirements.

11. Changes in accounting policies and estimates

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

12. Employee benefits – Retirement benefit plans

The Fund provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Fund pays fixed contributions into a separate Fund (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.

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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 Fund regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Fund, or vice versa. Members of key management are regarded as related parties and comprise the directors, the County Executive Committee Members 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 of the Fund

The Nakuru County Emergency Fund is established by the Public Finance Management Act *No. 18 of 2012*) under the Ministry of Finance and Economic Planning. Its ultimate parent is the County Government of Nakuru.

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

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.

The Fund based its assumptions and estimates on parameters available when the 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 Fund. 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 Fund
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

There were no provisions raised during the year.

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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 company'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 Nakuru County Emergency Fund's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount KShs	Fully performing KShs	Past due KShs	Impaired KShs
At 30 June 2022				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	97,738	-	-	-
Total	97,738	-	-	-
	-	-	-	-
At 30 June 2021	-	-	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	15,027,160	-	-	-
Total	15,027,160	-	-	-

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

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

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

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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 Fund 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 Fund '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 Fund 's exposure to market risks or the manner in which it manages and measures the risk.

i. Foreign currency risk

The Fund 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 Fund '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 2022			
Financial assets (investments, cash ,debtors)	-	-	-
Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

The Fund manages foreign exchange risk form 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
2022			
Euro	-	-	-
USD	-	-	-
2021			
Euro	-	-	-
USD	-	-	-

ii. Interest rate risk

Interest rate risk is the risk that the Fund's financial condition may be adversely affected as a result of changes in interest rate levels. The company'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 was not performed as there were no bank deposits.

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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 Fund capital structure comprises of the following funds:

	2022
	KShs
Revaluation reserve	-
Revolving fund	-
Accumulated surplus	-
Total funds	-
Total borrowings	-
Less: cash and bank balances	(-)
Net debt/(excess cash and cash equivalents)	-
Gearing	%

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11.7. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

2. Transfers from County Government

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Payments by County on behalf of the Nakuru County Emergency Fund	70,000,000	75,000,000
Total	70,000,000	75,000,000

3. Fines, penalties and other levies

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Late payment penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Interest income from loans(mortgage or car loans	-	-
Total interest income	-	-

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5. Other income

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

6. Fund administration expenses

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Staff costs (Note 7)	-	-
Loan processing costs	-	-
Professional services costs	-	-
Total	-	-

7. Staff costs

Description	FY2021/2022	FY2020/2021
	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	FY2021/2022	FY2020/2021
	KShs	KShs
Consumables(Emergency Supplies)	84,929,422	176,956,781
Electricity and water expenses	-	-
Fuel and oil costs	-	-
Insurance costs	-	-
Postage	-	-
Printing and stationery	-	-
Rental costs	-	-
Security costs	-	-
Telecommunication	-	-
Hospitality	-	-
Depreciation and amortization costs	-	-
Other expenses	-	-
Total	84,929,422	176,956,781

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Finance costs

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Bank Ledger Fee Charges	-	420,336
Interest on loans from banks	-	-
Total	-	420,336

10. Gain on disposal of assets

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

11. Cash and cash equivalents

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Fixed deposits account	-	-
On – call deposits	-	-
Current account-National Bank of Kenya A/C 01060212171900	97,738	15,027,160
Central Bank of Kenya A/C NO.1000171607	-	-
Others	-	-
Total cash and cash equivalents	97,738	15,027,160

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Financial institution	Account number	FY2021/2022	FY2020/2021
		KShs	KShs
a) Fixed deposits account			
		-	-
		-	-
Sub- total		-	-
b) On - call deposits			
		-	-
		-	-
Sub- total		-	-
c) Current account			
National Bank Of Kenya	01001124684400	97,738	15,027,160
Bank B		-	-
Sub- total		97,738	15,027,160
d) Others(specify)			
		-	-
		-	-
		-	-
Sub- total		-	-
Grand total		97,738	15,027,160

12. Receivables from exchange transactions

Description	FY2021/2022	FY2020/2021
	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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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Prepayments

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	(-)	-
Total	-	-

14. Inventories

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Total inventories at the lower of cost and net realizable value	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	KShs	KShs	KShs	KShs	KShs
At 1st July 2021	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	(-)	(-)	-	-	(-)
Transfers/adjustments	-	(-)	-	(-)	(-)
At 30th June 2021	-	-	-	-	-
At 1st July 2021					
Additions	-	-	-	-	-
Disposals	(-)	-	-	-	(-)
Transfer/adjustments	(-)	-	-	(-)	(-)
At 30th June 2022	-	-	-	-	-
Depreciation and impairment					
At 1 st July 2022	(-)	(-)	(-)	-	(-)
Depreciation	(-)	(-)	(-)	(-)	(-)
Impairment	(-)	-	-	-	(-)
At 30th June 2021	-	-	-	-	-
At 1st July 2021					
Depreciation	(-)	(-)	(-)	-	-
Disposals	-	-	-	-	-
Impairment	(-)	(-)	-	-	(-)
Transfer/adjustment	-	(-)	(-)	-	-
At 30th June 2022	-	-	-	-	-
Net book values	-	-	-	-	-
At 30th June 2021	-	-	-	-	-
At 30th June 2022	-	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Intangible assets-software

Description	FY2021/2022	FY2020/2021
	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	-	-

17. Trade and other payables from exchange transactions

Description	FY2021/2022	FY2020/2021
	KShs	KShs
Trade payables	-	-
Refundable deposits	-	-
Accrued expenses	-	-
Other payables	-	-
Total trade and other payables	-	-

18. Provisions

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Borrowings

Description	FY2021/2022	FY2020/2021
	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:

	FY2021/2022	FY2020/2021
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'organisation'	-	-
Sterling Pound denominated loan from 'yyy organisation'	-	-
Euro denominated loan from organisation'	-	-
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	FY2021/2022	FY2020/2021
	KShs	KShs
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. 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	-	-	-	-

21. Cash generated from operations

	FY2021/2022	FY2020/2021
	KShs	KShs
Surplus for the year before tax		
Adjusted for:		
Depreciation	-	-
Gains/ losses on disposal of assets	(-)	-
Interest income	(-)	-
Finance cost	-	-
Working Capital adjustments		
Increase in inventory	(-)	-
Increase in receivables	(-)	-
Increase in payables	-	-
Net cash flow from operating activities	-	-

22. Related party balances

a) Nature of related party relationships

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

- a) The County Government of Nakuru;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Fund Committee Members

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b) Related party transactions

	FY2021/2022	FY2020/2021
	KShs	KShs
Transfers from related parties'	75,000,000	361,000,000
Transfers to related parties	-	-

c) Key management remuneration

	FY2021/2022	FY2020/2021
	KShs	KShs
Fund Committee Members	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

	FY2021/2022	FY2020/2021
	KShs	KShs
Due from parent Ministry	-	-
Due from County Government	-	-
Total	-	-

e) Due to related parties

	FY2021/2022	FY2020/2021
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Total	-	-

23. Contingent assets and contingent liabilities

Contingent liabilities	FY2021/2022	FY2020/2021
	KShs	KShs
Court case against the Fund	-	-
Bank guarantees	-	-
Total	-	-

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12. PROGRESS ON FOLLOW UP OF AUDITOR 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)
	N/A				