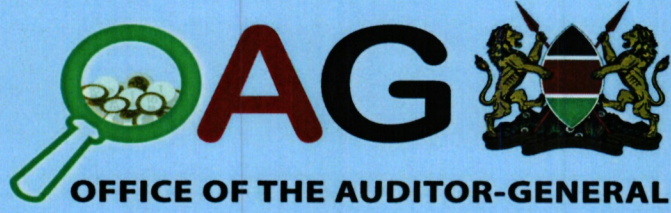


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REPORT

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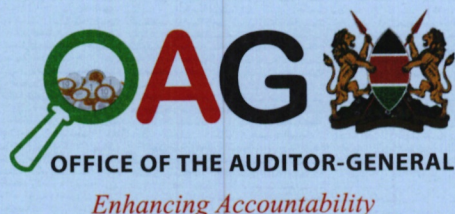
ON

**BARINGO COUNTY ELDERLY AND
PERSONS WITH DISABILITY FUND**

**FOR THE YEAR ENDED
30 JUNE, 2018**



REPUBLIC OF KENYA



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

REPORT OF THE AUDITOR-GENERAL ON BARINGO COUNTY ELDERLY AND PERSONS WITH DISABILITY FUND FOR THE YEAR ENDED 30 JUNE, 2018

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Baringo County Elderly and Persons with Disability Fund set out on pages 1 to 6, which comprise the statement of financial position as at 30 June, 2018, 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 notes to financial statements 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. Errors in the Annual Report and Financial Statements

The annual report and financial statements as prepared and presented for audit were not in accordance with the format prescribed by the Public Sector Accounting Standards Board (PSASB) of International Public Sector Accounting Standards (IPSAS) accrual basis and lacking in the following content: -

- 1.1. Key entity information by management;
- 1.2. The board of trustees (or any other corporate governance body for the Fund);
- 1.3. Management team;
- 1.4. Board/ fund chairperson's report;
- 1.5. Report of the fund administrator;
- 1.6. Corporate governance statement;
- 1.7. Management discussion and analysis;
- 1.8. Corporate social responsibility statement/sustainability report;
- 1.9. Report of the trustees;
- 1.10. Statement of management responsibilities;
- 1.11. Blank page for the insertion of the Independent report of the auditor;
- 1.12. Summary of significant accounting policies;

- 1.13. Notes to the financial statements are incomplete;
- 1.14. The financial statements are not page numbered;
- 1.15. Other important disclosures;

Consequently, the annual report and financial statements as prepared and presented is incomplete and do not conform to the prescribed framework and format as set out by the PSASB under Section 194 of the Public Finance Management Act, 2012.

2. Inaccuracies in the Financial Statements

The financial statements for the year ended 30 June, 2018 prepared and presented for audit reflects the following inaccuracies: -

- 2.1. The statement of comparison of budget and actual amounts reflect 0.00% utilization percentages for all components;
- 2.2. The statement of financial performance reflects balance brought forward of Kshs.7,644,912. However, this disclosure is not in line with the requirement of International Public Sector Accounting Standards (IPSAS) No.1 on presentation of the financial statements which requires opening balances to be reflected in the statement of financial position and not in the statement of financial performance;
- 2.3. The statement of financial position reflects deficit for the year of Kshs.(4,762,467) which differs with a surplus of Kshs.2,882,445 reflected in the statement of financial performance resulting to unreconciled nor explained variance of Kshs.7,644,912;
- 2.4. The statement of financial performance reflects surplus for the year of Kshs.2,882,445 which differs with a deficit of Kshs.(7,791,423) reflected in the statement of changes in net assets resulting to unreconciled nor explained variance of Kshs.10,673,868;
- 2.5. The statement of financial performance reflects total revenue of Kshs.10,673,868 while the statements of comparison of budget and actual amount reflects total revenue of Kshs.3,028,956 resulting to unreconciled nor explained difference of Kshs.7,644,912;
- 2.6. The statement of changes in net assets reflects revolving fund and revaluation reserves balances of Kshs.15,891,022 and Kshs.302,737 respectively which are unsupported by schedules and are not reflected in the statement of financial position.
- 2.7. The statement of cashflows reflects net increase in cash and cash equivalent of Kshs.(4,762,467) while re-casted balance is Kshs.2,882,445 resulting to unexplained nor reconciled variance of Kshs.7,644,912.
- 2.8. The statements of comparison of budget and actual amount reflects surplus for the period of Kshs.7,791,423 while re-casting reveals a deficit of Kshs.4,762,467 resulting to unreconciled nor explained difference of Kshs.12,553,890;

Consequently, the accuracy and completeness of the financial statements for the year ended 30 June, 2018 as prepared and presented could not be confirmed.

3. Accuracy of Comparative Figures

The comparative figures in the statement of cash flows differed from the figures in the 2016/2017 statement of cash flows as detailed below: -

Statement of Cash Flows Component	2017/2018 Financial Statements Comparative Figures (Kshs.)	Figures in 2016/2017 Financial Statements (Kshs.)	Variance (Kshs.)
Transfers from Baringo County, Loan recovered and Interest Earned	11,455,937	13,164,803	(1,708,866)
NHIF Remittances	-	862,600	(862,600)
Emica Logistics	-	777,245	(777,245)
Net Cashflows from Operating Activities	7,575,891	7,644,912	(69,021)
Net Increase in Cash and Cash Equivalents	(646,222)	(1,708,866)	1,062,644
Cash and Cash Equivalent at the Beginning of the Period	10,000,000	9,353,778	646,222
Cash and Cash Equivalent as at 30 June, 2018	9,353,778	7,644,912	1,708,866

Consequently, the accuracy and completeness of comparative figures in the statement of cash flows for the year ended 30 June, 2018 could not be confirmed.

4. Unsupported Payments

The statement of financial performance reflects payments of Kshs.7,791,423 (2017 – Kshs.5,519,891) and as disclosed in Note 2 to the financial statements. The following unsatisfactorily matters were noted;

4.1 Funds Disbursements

Included in the Kshs.7,791,423 are loan disbursements to elderly and PWDs of Kshs.5,672,000 (2017 – Kshs.3,624,000) while schedules provided for audit reflected Kshs.5,360,000 resulting to unexplained nor reconciled variance of Kshs.312,000. The loan disbursements to elderly and PWDs were not supported by payment vouchers, beneficiary lists and certificates from National Council for Persons with Disabilities. This contravenes Regulation 99(3) of the Public Finance Management (County Governments) Regulations, 2015, which requires every entry in the accounts to be supported by a voucher or other approved document as gazetted by the Cabinet Secretary containing the full details, clear narrations and particulars of the item or items to which it relates.

Under the circumstances, the accuracy and completeness of disbursement to elderly and PWDs of Kshs.5,672,000 for the year ended 30 June, 2018 could not be confirmed.

4.2 Administration Cost

The Kshs.7,791,423 include administrative cost of Kshs.300,000 (2017 – Kshs.250,000) which was not supported by payment voucher and related attachments. This contravenes Regulation 99(3) of the Public Finance Management (County Governments) Regulations, 2015, which requires every entry in the accounts to be supported by a voucher or other approved document as gazetted by the Cabinet Secretary containing the full details, clear narrations and particulars of the item or items to which it relates.

Under the circumstances, the accuracy and completeness of administration costs of Kshs.300,00 for the year ended 30 June, 2018 could not be confirmed.

4.3 NHIF Remittances

The Kshs.7,791,423 also include NHIF remittances of Kshs.1,814,000 (2017 – Kshs.862,600) which was not supported by official acknowledgement receipts from the institution. In addition, a schedule indicating the names of beneficiaries, their NHIF numbers and individual monthly remittances were not provided for audit.

Under the circumstances, the accuracy and completeness of the NHIF remittances of Kshs.1,814,000 for the year ended 30 June, 2018 could not be confirmed.

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 Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Basis for Conclusion

1. Budgetary Control and Performance

The statement comparison of budget and actual amounts reflects nil final budget. However, annual work plan or approved budget estimates were not provided for audit review. This contravenes Regulation 31(a) of the Public Finance Management (County Governments) Regulations, 2015 which requires that all revenue and expenditure shall be entered into the county government budget estimates and approved for one year only. It also contravenes Regulation 99(2) of the Public Finance Management (County Governments) Regulations, 2015 which requires that the approved budget estimates of expenditure shall form the basis of the financial statements for the financial year.

Under the circumstances, the Fund's Management is in breach of the law.

2. Unapproved Persons with Disability Fund Regulations

The Public Finance Management (Baringo County Older Persons and Persons with Severe Disabilities) Regulations, 2015 had not been approved by the responsible County Executive Committee Member nor the County Assembly. Consequently, the Fund has been operating contrary to Section 116(1) of the Public Finance Management Act, 2012.

Under the circumstances, the legal existence of the Fund is doubtful.

3. Non-Response to Management Letter

The Fund Management did not respond to the management letter issued on 14 May, 2020 on the audit contrary to the provisions of Section 31(4) of the Public Audit Act, 2015, which requires the accounting officer to respond within fourteen days from the date of receipt of the draft management letter to the Auditor-General including remedial actions that have been undertaken to address any qualifications in the draft management letter.

To the extend, the Fund's Management is in breach of the law.

4. Late Submission of 2017/2018 Financial Statements

The financial statements for financial year 2017/2018 were submitted to the Auditor-General on 20 January, 2020 which was more one (1) years late of the stipulated timeline of 30 September, 2018 as per Section 47(1) of the Public Audit Act, 2015.

To the extend, the Fund's Management is in breach of the law.

5. Irregular SACCO Accounts

The statement of financial position reflects bank balance of Kshs.2,882,445 as at 30 June, 2018 which was held in two SACCO Society accounts. However, opening and operating SACCO accounts, which is not a bank, contravenes the Public Finance Management Act, 2012 Section 119(1) which states that the County Treasury is responsible for authorising the opening, operating and closing of bank accounts for the county government and its entities, except as otherwise provided by other legislation and in accordance with regulations made under this Act. It also contravenes Section 119(2) which states that as soon as practicable, each County Treasury shall establish a Treasury Single Account at the Central Bank of Kenya or a bank approved by the County Treasury through which payments of money to and by the various county government entities are to be made.

Under the circumstances, the Fund's Management is in breach of the law.

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 and Conclusion of Internal Controls, Risk Management and Governance sections of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Basis for Conclusion

Lack of Risk Management Policy

The Fund does not have a risk management strategy contrary to Regulations 158(1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires the accounting officer to develop risk management strategies, which include fraud prevention mechanism and internal control that builds robust business operations.

Under the circumstances, adequacy and effectiveness of the risk management strategies and controls put in place could not be established.

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 continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Fund monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to 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 Baringo County Elderly and Persons with Disability Fund 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 Conclusion on Lawfulness and Effectiveness in Use of Public Resources, and Internal Controls, Risk Management and Governance sections of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion.

I am independent of the Fund in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

21 January, 2022

BARINGO COUNTY ELDERLY AND PWDS FUND

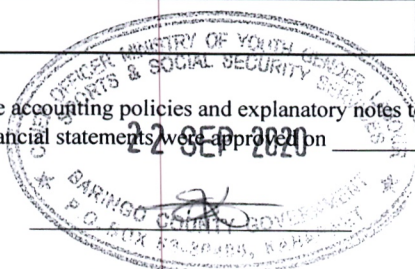
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2018

1 FINANCIAL STATEMENTS

1.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE, 2018

Particulars / Details	Note	2017-2018	2016-2017
		Kshs	Kshs
Revenue from Non-Exchange Transaction			
Opening Balance for the Period	1	7,644,912.10	9,353,778.00
Transfers from Baringo County	1	3,000,000.00	3,777,244.00
		10,644,912.10	13,131,022.00
Revenue from Exchange Transaction			
Interest Earned	1	28,956.25	33,781.12
		28,956.25	33,781.12
TOTAL REVENUES		10,673,868.35	13,164,803.12
<u>PAYMENTS</u>			
Fund Uses / Expenditure/Disbursements/ Administration Costs	2	7,791,423.44	5,519,891.02
TOTAL PAYMENTS/ EXPENSES		7,791,423.44	5,519,891.02
Other gains/Loses			
Gain / Loss on Disposal of Assets			
SURPLUS/DEFICIT FOR THE PERIOD		2,882,444.91	7,644,912.10

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 22 SEP 2020 2018 and signed by:



Fund Administrator
Name: Gladys M. Kiseku (CO)

Fund Accountant
Chesaro

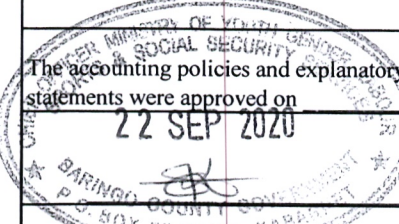

Thomas

Name: CPA Thomas
ICPAK Member Number 15566



BARINGO COUNTY ELDERLY AND PWDS FUND
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2018

1.2 STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2018

		2017-2018	2016-2017
		Kshs	Kshs
FINANCIAL ASSETS			
Current Assets			
Cash and Cash Equivalents	3	2,882,444.91	7,644,912.10
Prepayments			
Inventories			
TOTAL FINANCIAL ASSETS		2,882,444.91	7,644,912.10
LESS: FINANCIAL LIABILITIES			
Accounts Payable		-	-
TOTAL FINANCIAL LIABILITIES		-	-
NET FINANCIAL ASSETS/(LIABILITIES)		-	-
REPRESENTED BY			
Fund balance b/fwd		7,644,912.10	9,353,778.00
Surplus/Deficit for the year		(4,762,467.19)	(1,708,865.90)
Prior year adjustments		-	-
NET FINANCIAL POSITION		2,882,444.91	7,644,912.10
<p>The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on <u>22 SEP 2020</u> 2018 and signed by:</p>			
			
Fund Administrator Gladys M. Kiseku CO		Fund Accountant Chesaro ICPAK Member Number 15566	

BARINGO COUNTY ELDERLY AND PWDS FUND
REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2018

1.3 STATEMENT OF CHANGES IN NET ASSETS AS AT 30TH JUNE, 2018

	Revolving Fund	Revaluation Reserve	Accumulated Surplus	Total Amount
	Kshs	Kshs	Kshs	Kshs
Balance as at 1st July, 2016	9,113,778	240,000	-	9,353,778
Surplus / Deficit for the period	-	-	(5,519,891)	(5,519,891)
Funds Received During the Year	3,777,244	-	-	3,777,244
Revaluation Gain	-	33,781.12	-	33,781
Balance as at 30th June, 2017	12,891,022	273,781.12	(5,519,891)	7,644,912
Balance as at 1st July, 2017	12,891,022	273,781	(5,519,891)	7,644,912
Surplus / Deficit for the period	-	-	(7,791,423)	(7,791,423)
Funds Received During the Year	3,000,000	-	-	3,000,000
Revaluation Gain	-	28,956.25	-	28,956
Balance as at 30th June, 2018	15,891,022.00	302,737.37	(13,311,314.46)	2,882,444.91

BARINGO COUNTY ELDERLY AND PWDS FUND

REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2018

1.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE, 2018

Cash Flows from Operating Activities	Note	2017-2018	2016-2017
		Kshs	Kshs
Receipts for operating income			
Public Contributions and Donations			
Transfers from Baringo County, Loan Recovered and Interest Earned	1	10,673,868.35	11,455,937.22
Total Receipts		10,673,868.35	11,455,937.22
Payments for operating expenses			
Disbursement to the Elderly & PWDs	2	5,672,000.00	3,624,000.00
Administrative Costs	2	300,000.00	250,000.00
NHIF Remittances	2	1,814,000.00	
Emica Logistics Ltd	2	-	
Bank Charges/Tax on interest expenses	2	5,423.44	6,046.17
		7,791,423.44	3,880,046.17
Adjusted for:			
Decrease / Increase in Accounts Receivables (Outstanding Imprest)		-	-
Increase / Decrease in Accounts payables (Deposits and Retention)		-	-
Adjustments during the year			
Net Cash flows from operating activities		2,882,444.91	7,575,891.05
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 Disbursement Paid Out		-	-
Net cash flows from Investing Activities		-	-
Cash Flows from Financing Activities			
Proceeds from Revolving Fund Receipts		-	-
Additional Borrowings		-	-
Repayment of principal on Domestic and Foreign borrowing		-	-
Net cash flows from financing activities		-	-
Net Increase In Cash and Cash Equivalents		(4,762,467.19)	(646,222.00)
Cash and cash equivalent at BEGINNING of the year		7,644,912.10	10,000,000.00
Cash and cash equivalents as at 30 th June, 2018		2,882,444.91	9,353,778.00

