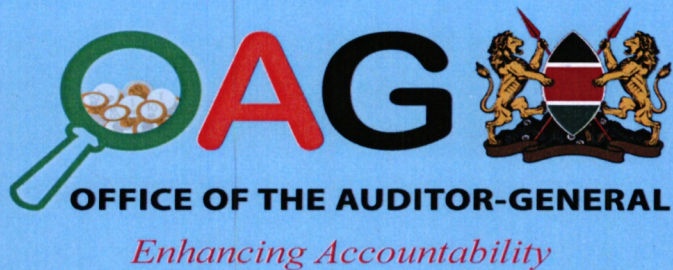


REPUBLIC OF KENYA



REPORT

PARLIAMENT
OF KENYA
LIBRARY

OF

PAPERS LAID	
DATE	03/05/2023
TABLED BY	Sen. Majority Whip
COMMITTEE	_____
CLERK AT THE TABLE	M. Adjibodu

THE AUDITOR-GENERAL

ON

**KISII COUNTY COVID-19 EMERGENCY
FUND**

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





KISII COUNTY COVID-19 EMERGENCY FUND

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

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

KISII COUNTY COVID -19 EMERGENCY FUND
Annual Report and Financial Statements for the year ended 30 June 2022

Table of Content

1. Key Entity Information and Management.....	ii
2. Management Team.....	iv
3. KISII COUNTY COVID-19 EMERGENCY FUND COMMITTEE CHAIRPERSON'S REPORT.....	vi
4. Report of The Fund Administrator	vii
5. Statement of Performance Against the County Fund's Predetermined Objectives.....	viii
6. Corporate Governance Statement.....	ix
7. Management Discussion and Analysis.....	x
8. Environmental and Sustainability Reporting	xi
9. Report of the Fund Administration Committee	xii
10. Statement of Management's Responsibilities.....	xiii
11. Report of The Independent Auditor	xiv
12. Statement of Financial Performance For The Year Ended 30th June 2022	1
13. Statement of Financial Position As At 30 June 2022	2
14. Statement Of Changes in Net Assets for the year ended 30 th June 2022.....	3
15. Statement of Cash Flows For The Year Ended 30 June 2022.....	4
16. Statement Of Comparison Of Budget And Actual Amounts For The Period.....	5
17. Notes to the Financial Statements.....	6
18. Progress On Follow Up Of Prior Year Auditor's Recommendations.....	22

KISII COUNTY COVID-19 EMERGENCY FUND
Annual Report and Financial Statements for the year ended 30 June 2022

1. Key Entity Information and Management

a) Background information

Kisii County COVID Emergency Fund is established in line with public finance management (COVID-19 Emergency Response Fund) regulation 2020. The Fund is wholly owned by the County Executive of Kisii and is domiciled in Kenya.

The fund's objective is to make payments when an urgent and unforeseen need for expenditure for which there is no legislative authority arises.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to help deal with unforeseen circumstances

c) Key Management

Ref	Name	Position
1	Mr. Moses Oure Onderi	CEC Finance & Economic Planning
2	Mr. Wilfred Ochengo Auma	Chief Officer Budget & Economic Development
3	Mr. Timothy Mabetta Kambuni	Ag. Chief Stakeholder Management
4	John Nyalaji Nyandanyi	Deputy Director Finance

KISII COUNTY COVID-19 EMERGENCY FUND

Annual Report and Financial Statements for the year ended 30 June 2022

d) Registered Offices

P.O. Box 4550-40200
Municipal Building
Kisii-Keroka RD
Kisii, KENYA

e) Fund Contacts

Telephone: (254) 582030005
E-mail: info@kisii.go.ke
Website: www.kisii.go.ke

f) Fund Bankers

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

Kenya Commercial Bank
SBM Bank
Kisii branch
Telephone : 0202774150
Kisii

g) Independent Auditors



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

h) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

KISII COUNTY COVID-19 EMERGENCY FUND
Annual Report and Financial Statements for the year ended 30 June 2022

2. Management Team

Name	Details of qualifications and experience
 <p data-bbox="172 954 443 981">Mr. Moses O. Onderi</p>	<p data-bbox="676 387 1334 456">Mr. Moses O. Onderi – CEC Finance and Economic Planning</p> <p data-bbox="676 468 1390 831">Mr. Moses Onderi heads the Finance and Economic Planning. Prior to his appointment, he headed the department of Lands, Housing and Physical Planning. He holds a Masters Degree in Education from University of Baroda, Bachelor of Education from Karnatak University, professional certificate in participatory monitoring, Evaluation and Impact Assessment from University of Wales Swansea and Higher Diploma in Human Resource Management.</p> <p data-bbox="676 842 1382 911">Until his appointment, he was working with CARE international in Kenya as Human Resource Coordinator.</p>
 <p data-bbox="172 1659 533 1688">Mr. Wilfred Ochengo Auma</p>	<p data-bbox="691 999 1350 1068">Mr. Wilfred O. Auma – CO Finance and Economic Planning</p> <p data-bbox="691 1088 1366 1473">Mr. Wilfred Auma heads the Finance and Accounting Services as a Chief Officer. Prior to his appointment, he headed the department of Planning and Economic Development. He holds a Masters Degree in Business Administration (Finance) from Kisii University, Bachelor of Commerce in Statistics, Accounting, Income Tax, Business Management and Auditing from Devi Alhilya Vishwavidyalaya, Indore and a Higher National Diploma In Finance Analysis from Indian Management Training and Research Institute.</p> <p data-bbox="691 1496 1366 1610">Until his appointment, he was working with Wakenya Pamoja Sacco Society Ltd as a manager in Business Growth Development.</p>
	<p data-bbox="676 1693 1398 1830">CPA Timothy Mabeta Kambuni is the acting Chief Officer in the office of the Governor. He previously served as Director of Revenue and Director of Administration-Finance & Economic Planning.</p> <p data-bbox="676 1872 1398 1937">Prior to joining the County Government, he served as an Accounts Assistant at the Institute of Advanced</p>

KISII COUNTY COVID-19 EMERGENCY FUND

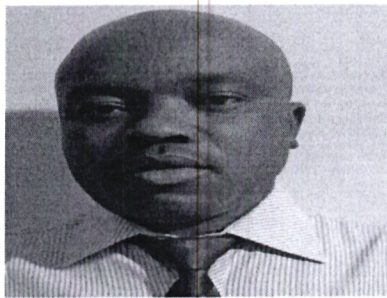
Annual Report and Financial Statements for the year ended 30 June 2022



CPA Timothy Mabeta Kambuni

Technology (IAT) and further as an Accountant at the Worldwide Fund for Nature (WWF) before joining Bupo East Africa as Finance Manager. He also worked at the Rainforest Alliance (RA) as Regional Finance Manager East and Southern Africa. He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK), Institute of Internal Auditors (IIA) and ISACA

He holds a Master of Commerce degree from Strathmore University and a Bachelor's degree in Actuarial Science from University of Nairobi. He is a Certified Public Accountant (CPA) and Certified Secretary (CS) finalist. He holds a Strategic Leadership Development Course (SLDP), Senior Management Course (SMC) and Project Planning and Management from the Kenya School of Government.



CPA Kiage Evans

CPA Kiage is Assistant Director Accounting Services & Quality Assurance. Prior to this appointment, he served as the Principal Accountant in the department of Planning and Economic Development. He holds a Masters Degree in Business Administration from Kisii University. He is also Member of Institute of Certified Public Accountant of Kenya (ICPAK).

3. KISII COUNTY COVID-19 EMERGENCY FUND COMMITTEE CHAIRPERSON'S REPORT

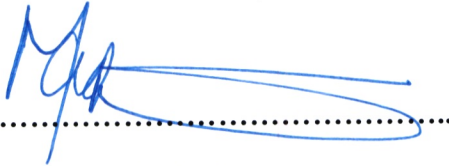
In the Current year, the Kisii County Covid-19 Emergency fund had no budgetary provision. However, the management committee had provided budgetary provision based on fund balance carried forward.

The Kisii County Covid-19 Emergency fund achieved value for money by providing fumigation services which were necessary at that time. For instance the fumigation services were necessary for the containment of the spread of Corona Virus.

The major challenges that the County Covid-19 Emergency fund suffered were the budget constraint, late disbursement of funds and the increased cases of the Covid-19 pandemic.

The management intend to make the fund more active in the future to ensure that Covid-19 cases are controlled and enough resources are available as and when required.

The Covid-19 Emergency fund is in liaison with the County Government and Ministry of Health to sensitize the public to take the COVID-19 jab in order to reduce the risk of infection.



Mr. Moses O. Onderi

CECM Finance & Economic Planning-Chairperson

KISII COUNTY COVID-19 EMERGENCY FUND

Annual Report and Financial Statements for the year ended 30 June 2022

4. Report of The Fund Administrator

In the Current year, the Kisii County Covid-19 Emergency fund had no budgetary provision. However, the management committee had provided budgetary provision based on fund balance carried forward.

The Kisii County Covid-19 Emergency fund achieved value for money by providing fumigation services which were necessary at that time. For instance the fumigation services were necessary for the containment of the spread of Corona Virus.

The major challenges that the County Covid-19 Emergency fund suffered were the budget constraint, and relative increase cases of the Covid-19 pandemic.

The management intend to make the budgetary provision for the Kisii County Covid-19 Emergency Fund more active in the future to ensure that Covid-19 cases are controlled and enough resources are available as and when required.

The Covid-19 Emergency fund is in liaison with the County Government and Ministry of Health to sensitize the public to take the COVID-19 jab in order to reduce the risk of infection.



.....
Name: Wilfred Ochengo Auma

Fund Administrator

KISII COUNTY COVID-19 EMERGENCY FUND
Annual Report and Financial Statements for the year ended 30 June 2022

5. Statement of Performance Against the County Fund’s Predetermined Objectives

Introduction

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

The key/Principal activity/mission/ mandate or objective of the Kisii County Government Emergency Fund is to help deal with unforeseen circumstances.

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Floods/Landslides	To support residents of the County affected by floods and landslide to cope with life	Increased number of residents who cope with life after an emergency	% of residents who cope with life after emergencies	Objective was well achieved.
Food and household items	To support residents of the County affected by floods and landslide to buy food and household items such as beddings	Increased number of residents who copes with life after an emergency	% of residents who cope with life after emergencies	Objective was well achieved.
Enforcement of COVID-19 Measures	Support residents of the County achieve maximum protection from COVID-19.	Increased number of residents who complied with the mitigation measures	% of residents who were accepting and coping with the new norm	The objectives were well achieved.

KISII COUNTY COVID-19 EMERGENCY FUND
Annual Report and Financial Statements for the year ended 30 June 2022

6. Corporate Governance Statement

Kisii County COVID-19 Emergency Fund is established in line with public finance management (COVID emergency response fund) regulation 2020. The Fund is wholly owned by the County Executive of Kisii and is domiciled in Kenya.

The fund's objective is to make payments when an urgent and unforeseen need for expenditure for which there is no legislative authority arises.

The roles and functions of the administrator of the fund are set out in the public finance management (Covid-19 emergency response fund) regulation, 2020 Section 9(2) and these include:

- a) Supervise and control the administration of the fund
- b) Prepare estimates of annual revenue and expenditure of the fund relating to its obligations and operational expenses and submit it to the board for adoption;
- c) Cause to be established proper systems of control and oversight under the provision of the act;
- d) Advise and consult the board on matter relating to administration of the fund;
- e) Prepare non-financial performance reports of the fund and submit them to the board for adoption;
- f) Cause to be kept proper books of accounts and other books and records relating to the fund and the activities financed under the fund;
- g) Prepare, sign and submit to the Auditor General financial statement in accordance with the act;
- h) Furnish any additional information which is proper and sufficient for the proper discharge of the mandate of the Auditor General

7. Management Discussion and Analysis

Kisii County Executive had no budgetary provision for Kisii County COVID-19 Emergency Fund in the financial year 2021-2022. However, the Management team adopted budgetary provision based on balance carried forward

The Kisii County Covid-19 Emergency fund achieved value for money by providing fumigation services which were necessary at that time. For instance the fumigation services were necessary for the containment of the spread of Corona Virus.

The major challenges that the Kisii County Covid-19 Emergency fund suffered were the budget constraint, late disbursement of funds and the increased cases of the Covid-19 pandemic.

The management intend to make the fund more active in the future to ensure that Covid-19 cases are controlled and enough resources are available as and when required.

The Kisii County Covid-19 Emergency fund is in liaison with the County Government and Ministry of Health to sensitize the public to take the Covid-19 jab in order to reduce the risk of infection.

KISII COUNTY COVID-19 EMERGENCY FUND

Annual Report and Financial Statements for the year ended 30 June 2022

8. Environmental and Sustainability Reporting

1. Sustainability strategy and profile

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

The key/Principal activity/mission/ mandate or objective of the Kisii County Government Emergency Fund is to help deal with unforeseen circumstances.

KISII COUNTY COVID-19 EMERGENCY FUND
Annual Report and Financial Statements for the year ended 30 June 2022

9. Report of the Fund Administration Committee

The Kisii County COVID-19 Emergency Fund Administrator prepares and submits the report together with the audited financial statements for the year ended June 30, 2022, to the statutory bodies on time. This provides timely information which shows the state of the Fund affairs.

Principal activities

The principal activities of the Fund are to deal with unforeseen circumstances in the County of Kisii.

Results

The results of the Fund for the year ended 30 June 2022 are set out on page 1 to 22

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to audit the Kisii County Covid-19 Emergency Fund for the year ended 30th June 2022.

KISII COUNTY COVID-19 EMERGENCY FUND

Annual Report and Financial Statements for the year ended 30 June 2022

10. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established as section 116 of PFM Act 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 Kisii County Covid-19 Emergency Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the fund; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the Kisii County Covid-19 Emergency Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. 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 Kisii County Covid-19 Emergency Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

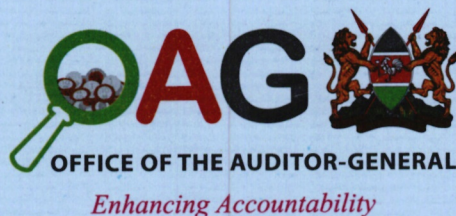
The Fund's financial statements were approved by the Board on 8/11/2022 and signed on its behalf by:



Mr. Wilfred O. Auma
Administrator – Kisii County COVID-19 Emergency Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KISII COUNTY COVID-19 EMERGENCY FUND FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of the Kisii County COVID-19 Emergency Fund set out on pages 1 to 22, which comprise of 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, the financial statements present fairly, in all material respects, the financial position of the Kisii County COVID-19 Emergency Fund as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kisii County COVID-19 Emergency Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Administration of the Fund Without Enabling Legislation

Kisii County Covid-19 Emergency Fund had been administered without approved enabling legislation, contrary to Section 111(1) of the Public Finance Management Act, 2012, which stipulates that the County Executive Committee Member for Finance shall administer the County Government Emergency Fund for the County Government in accordance with a framework and criteria approved by the County Assembly.

In the circumstances, the propriety of the Fund's reported expenditure and the legality of its operations could not be confirmed.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that

govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether 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 controls, risk management and governance.

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

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how 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 sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with 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 the 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

12 April, 2023

KISII COUNTY COVID -19 EMERGENCY FUND
Annual Report and Financial Statements for the year ended 30 June 2022

12. Statement of Financial Performance For The Year Ended 30th June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Revenue From Non Exchange Transactions			
Transfer from County Government	1	-	1,168,324
Other Income	2	-	430,000
Total Revenue		-	1,598,324
Expenses			
Use of goods and services	3	135,240	2,853,600
Total Expenses		135,240	2,853,600
Surplus/(Deficit) For The Period		(135,240)	(1,255,276)

The notes set out on pages 17 to 18 form an integral part of these Financial Statements



.....
Name: Wilfred Ochengo Auma
Administrator of the Fund



.....
Name: Evans Kiage
Fund Accountant
ICPAK Member Number:12906

KISII COUNTY COVID-19 EMERGENCY FUND
Annual Report and Financial Statements for the year ended 30 June 2022

13. Statement of Financial Position As At 30 June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	4	46,564	181,804
Total Asset		46,564	181,804
Total Liabilities		-	-
Net Assets			
Accumulated Surplus		46,564	181,804
Total Net Assets and Liabilities		46,564	181,804

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 8/11 2022 and signed by:



.....
Name: Wilfred Ochengo Auma
Administrator of the Fund



.....
Name: Evans Kiage
Fund Accountant
ICPAK Member Number:12906

KISII COUNTY COVID -19 EMERGENCY FUND
Annual Report and Financial Statements for the year ended 30 June 2022

14. Statement Of Changes in Net Assets for the year ended 30th June 2022

	Accumulated surplus	Total
	Kshs	Kshs
Balance As At 1 July 2020	1,437,080	1,437,080
Surplus/(Deficit) For the Period	(1,255,276)	(1,255,276)
Funds Received During the Year	-	-
Transfers	-	-
Revaluation Gain	-	-
Balance As At 30 June 2021	181,804	181,804
Balance As At 1 July 2021	181,804	181,804
Surplus/(Deficit) For the Period	(135,240)	(135,240)
Balance As At 30 June 2022	46,564	46,564



.....
Name: Wilfred Ochengo Auma
Administrator of the Fund



.....
Name: Evans Kiage
Fund Accountant
ICPAK Member Number:12906

KISII COUNTY COVID -19 EMERGENCY FUND
Annual Report and Financial Statements for the year ended 30 June 2022

15. Statement of Cash Flows For The Year Ended 30 June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfer from the County Government	1		1,168,324
Other Income	2		430,000
Total receipts			1,598,324
Payments			
Use of Goods and Services	3	135,240	2,853,600
Total Payments		135,240	2,853,600
Net cash flows from operating activities		(135,240)	(1,255,276)
Net increase/(decrease) in cash & cash Equivalents		(135,240)	(1,255,276)
Cash and cash equivalents at 1 July 2021	4	181,804	1,437,080
Cash and cash equivalents at 30 June 2022	4	46,564	181,804



.....
Name: Wilfred Ochengo Auma
Administrator of the Fund



.....
Name: Evans Kiage
Fund Accountant
ICPAK Member Number:12906

KISII COUNTY COVID -19 EMERGENCY FUND
Annual Report and Financial Statements for the year ended 30 June 2022

16. Statement Of Comparison Of Budget And Actual Amounts For The Year Ended 30 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						
Transfers From County Govt.	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-
Other Income/unspent balance	-	-	-	-	-	-
Total Income	-	-	-	-	-	-
Expenses						
Use of goods and Services	150,000	-	150,000	135,240	14,760	90.2
General Expenses	-	-	-	-	-	-
Finance Cost	-	-	-	-	-	-
Total Expenditure	150,000	-	150,000	135,240	14,760	90.2
Surplus For The Period	(150,000)	-	(150,000)	(135,240)	(14,760)	-

Budget notes

Kisii County Executive had no budgetary provision for Kisii County COVID-19 Emergency Fund for the FY2021-2022. However, the management committee had provided budgetary provision based on fund balance carried forward.

KISII COUNTY COVID-19 EMERGENCY FUND
Annual Report and Financial Statements for the year ended 30 June 2022

17. Notes to the Financial Statements

1. General Information

Kisii County COVID Emergency Fund is established in line with public finance management (COVID-19 Emergency Response Fund) regulation 2020. The Fund is wholly owned by the County Executive of Kisii and is domiciled in Kenya.

The fund's objective is to make payments when an urgent and unforeseen need for expenditure for which there is no legislative authority arises.

2. 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.

3. Adoption of new and revised standards

(i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2022

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

KISII COUNTY COVID-19 EMERGENCY FUND
Annual Report and Financial Statements for the year ended June 30, 2022

Standard	Effective date and impact:
	<ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and <p>© The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on

KISII COUNTY COVID-19 EMERGENCY FUND
Annual Report and Financial Statements for the year ended 30 June 2022

Standard	Effective date and impact:
	<p>hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>

KISII COUNTY COVID-19 EMERGENCY FUND

Annual Report and Financial Statements for the year ended June 30, 2022

Standard	Effective date and impact:
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p data-bbox="499 322 879 360"><i>Applicable 1st January 2025</i></p> <p data-bbox="499 378 1414 584">The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p data-bbox="499 633 1414 840">Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

4. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2021-2022 was approved by the County Assembly on 30th June, 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund had no budgetary provision to recorded additional appropriations during the FY 2021-2022

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under Section 164 (2) (f) of the Public Finance Management Act, 2012 of these financial statements.

KISII COUNTY COVID-19 EMERGENCY FUND
Annual Report and Financial Statements for the year ended June 30, 2022

Summary of Significant Accounting Policies (Continued)

c) Property, plant and equipment

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

d) 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.

a) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Summary of Significant Accounting Policies (Continued)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

KISII COUNTY COVID-19 EMERGENCY FUND
Annual Report and Financial Statements for the year ended June 30, 2022

Summary of Significant Accounting Policies (Continued)

b) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

c) Provisions

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

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

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

Contingent liabilities

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

Summary of Significant Accounting Policies (Continued)

Contingent assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

d) Nature and purpose of reserves

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

e) Changes in accounting policies and estimates

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

f) Employee benefits – Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

g) 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.

KISII COUNTY COVID-19 EMERGENCY FUND
Annual Report and Financial Statements for the year ended June 30, 2022

Summary of Significant Accounting Policies (Continued)

h) 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.

i) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

j) 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.

k) Comparative figures

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

l) Events after the reporting period

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

m) Ultimate and Holding Entity

The Kisii County Covid-19 Emergency fund is a County Public Fund established by PFM Act, 2012 section 116(2) under the Ministry of finance and economic planning. Its ultimate parent is the County Government of Kisii.

n) Currency

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

Summary Of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made e.g.

a) Estimates and assumptions – The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

b) Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available.

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

KISII COUNTY COVID-19 EMERGENCY FUND**Annual Report and Financial Statements for the year ended June 30, 2022****6. Notes To The Financial Statements****1. Transfers from County Government**

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers From County Govt. SMB	-	1,168,324
Total	-	1,168,324

2. Other income

Description	2021-2022	2020-2021
	Kshs	Kshs
Miscellaneous Income		430,000
Total Interest Income		430,000

3. Use of Goods and Services

Description	2021/22	2020/21
	Kshs.	Kshs.
Security costs		1,200,000
Bank Charges	240	3,600
Hospitality		1,650,000
Fumigation services	135,000	-
Total	135,240	2,853,600

Note: Comparative figure of Kshs 2,853,600 was previous charged under General expenses

4. Cash and cash equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
SBM Bank	46,564	181,804
Total Cash And Cash Equivalents	46,564	181,804

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

Financial Institution	Account number	2021-2022	2020-2021
		Kshs	Kshs
a) Current Account			
SBM Bank	0252381781001	46,564	181,804
Sub- Total		46,564	181,804

Other Disclosures

5. Related party balances

a) Nature of related party relationships

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

- a) The County Government;
- b) The Ministry of Finance and Economic Planning
- c) County Assembly
- d) Key management;
- e) Fund Committee

KISII COUNTY COVID-19 EMERGENCY FUND

Annual Report and Financial Statements for the year ended June 30, 2022

Other Disclosures Continued

6. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Fund's financial risk management objectives and policies are detailed below:

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The Kisii County Covid-19 Emergency Fund has significant concentration of credit risk on amounts due from beneficiaries

The board of trustees sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

b) Liquidity risk management

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

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

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.

ii. Interest rate risk

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

KISII COUNTY COVID-19 EMERGENCY FUND
Annual Report and Financial Statements for the year ended June 30, 2022

Management of interest rate risk

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

Sensitivity analysis

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

d) Capital risk management

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

	2021-2022	2020-2021
	Kshs	Kshs
Accumulated surplus	46,564	181,804
Total funds	46,564	181,804
Total borrowings	-	-
Less: cash and bank balances	46,564	181,804
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

18. Progress on Follow up of Prior Year Auditor’s Recommendations

The following is the summary of issues raised by the Auditor-General in the prior year, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Other Matter				
	Budgetary Control and Performance	The issue is being addressed since we received the Report of the Auditor-General late	Not resolved	30-Jun-22