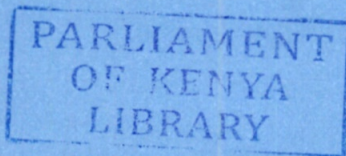


REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**



**OF**

**THE AUDITOR-GENERAL**

**ON**

| PAPERS LAID        |                |
|--------------------|----------------|
| DATE               | 19/03/2024     |
| TABLED BY          | ML             |
| COMMITTEE          | -              |
| CLERK AT THE TABLE | Cemlynne Chemp |

**BUNGOMA COUNTY DISASTER  
MANAGEMENT AND EMERGENCY FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2023**



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**BUNGOMA COUNTY DISASTER MANAGEMENT EMERGENCY FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2023**

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

**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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# Bungoma County Disaster Management Emergency Fund

## Annual Report and Financial Statements for the year ended June 30, 2023

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# **Bungoma County Disaster Management Emergency Fund**

## **Annual Report and Financial Statements for the year ended June 30, 2023**

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### **1. Key Entity Information and Management**

#### **a) Background information**

The Bungoma County Disaster Management and Emergency Fund is established by the Bungoma Disaster Management Emergency Fund Regulations, 2019 of Kenya. The Disaster Management Emergency Fund committee responsible for the general policy and strategic direction of the Fund. The day-to-day running of the Fund is by the Fund Administrator. The Fund is wholly owned by the County Government of Bungoma, supervised by the Ministry of Finance and Economic Planning and is domiciled in Kenya.

#### **b) Objectives of the Fund**

- i. Establish an efficient structure for management of the disaster and emergency by promoting awareness and cooperation amongst the agencies with a role of the disaster management and enhancing their capacities to maintain the provision of essential services during period of disaster and emergencies;
- ii. Improve the effectiveness and efficiency of the disaster risk management system in the county, including measures for disaster preparedness, prevention, mitigation, response, reconstruction, recovery and relief;
- iii. Facilitate resilience building, preparedness, early warning, contingency planning and timely respond to disasters during its different stages in order to reduce and minimise the negative effects of disasters and address disaster impacts sustainably;
- iv. Provide counter measures for conducting risk assessment/analysis to inform decision making;
- v. Prepare and implement a disaster risk management plan that contains measures to address complex emergencies and risks in consultation with the response agency in cooperation with other agencies in accordance with Disaster Management Emergency Act;
- vi. Vest authority in persons and agencies to act during time of disaster and emergency in accordance with plans approved under the Act and to require the observance and implementation and the directive given and initiatives taken by person authorised;
- vii. Enhance the capacity of the county government, relevant agencies and communities to effectively manage the impact of disaster and emergencies that threaten human life, property and environment;

**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

- viii. Implement the mechanism to reduce risks and hazards that may cause, contribute to exacerbate disaster or emergency situation in the County, especially for vulnerable persons or groups;
- ix. Facilitate procedures aimed at implementing activities in the aftermath of disaster and emergencies;
- x. To receive financial resources from development partners who support government on disaster risk management interventions;
- xi. Provide for—
  - a common basket emergency fund in order to facilitate faster, transparent, predictable, and accountable release of Funds for disaster risk management;
  - funds for capacity and technical expertise development to improve on disaster risk management systems and contingency planning; and the establishment, management and coordination of programmes, projects or activities to further the foregoing objects and purposes.

**c) Principal Activities**

The principal activity of the Fund as provided for under Sec. 110 of the Public Financial Management Act, 2012 is to enable payments to be made in respect of the County Government when an urgent and unforeseen need of expenditure arises for which there is no specific legislative authority.

**d) Board of Trustees/Fund Administration Committee**

| Ref | Name                          | Position    |
|-----|-------------------------------|-------------|
| 1   | Ms. Caren Nasimiyu Wanyonyi   | Chairperson |
| 2   | CPA Ambrose Makokha           | Secretary   |
| 3   | Dr. Ruth Atidah Mitalo        | Member      |
| 4   | Mr. Justus Masika Khisa       | Member      |
| 5   | Mr. Francis E. Kooli          | Member      |
| 6   | Mr. David Barasa Kibiti       | Member      |
| 7   | Mr. Geoffrey Simiyu Wafula    | Member      |
| 8   | Ms. Margaret Achieng Wanyonyi | Member      |
| 9   | Mr. Robert J. Simiyu          | Member      |
| 10  | Ms. Christine Wafula Chacha   | Member      |

**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**e) Key Management**

| Ref | Position               | Name                               |
|-----|------------------------|------------------------------------|
| 1   | CPA. Chrispinus Barasa | CECM – Finance                     |
| 2   | Mr. Robert J. Simiyu   | Chief Officer & Fund Administrator |
| 3   | Ms. Mafunga Mary       | Accountant                         |

**f) Fiduciary Oversight Arrangements**

| Ref | Position                     |
|-----|------------------------------|
| 1   | Controller of Budget         |
| 2   | Auditor General              |
| 3   | County Assembly Committees   |
| 4   | County Internal Audit Office |
| 5   | Audit Committee              |

**g) Registered Offices**

County Government Bungoma  
Municipal Building, Bungoma Town  
P.O.B ox 437-50200  
BUNGOMA

**h) Fund Contacts**

Telephone: 0728 039 039  
E-mail: [bungomacountygovernment@gmail.com](mailto:bungomacountygovernment@gmail.com)  
Website: [www.go.ke](http://www.go.ke)

**i) Fund Bankers**

Kenya Commercial Bank  
P.O Box 201-50200  
Bungoma, Kenya

**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**j) Independent Auditors**

Auditor General

Office of The Auditor General

Anniversary Towers, University Way

P.O.Box 30084

GPO 00100

Nairobi, Kenya

**k) Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112



City Square 00200

Nairobi, Kenya







**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**





**2. The Fund Administration Committee**

| Name  | Details of Qualifications and Experience  |
|---|---|
| <p>1. Chairperson</p>  | <p><b>Caren Nasimiyu Wanyonyi</b><br/>           DOB:16/07/1990<br/>           Bachelor of Theology Jacksonville Baptist Theological Seminary FL, USA<br/>           Diploma in Clinical Medicine and surgery-Kenya Medical Training College Eldoret.<br/>           Certificate in Leadership and management in Health-University of Washington (USA)<br/>           Currently Ongoing-Bachelor of Arts International relations and Diplomacy UON<br/>           Work Experience: Worked as:<br/>           1.The Company Registered Clinical Officer for PJ Dave Flower Company, Kajiado. (1year) 2.Director at The Karen Medical Centre Nairobi(21/2years 3.Hospital Administrator for Kory Group of Hospitals, Bungoma(3years 1 month) 4.Registered Clinical Officer, Paediatric unit and Accident and Emergency department at Bungoma County Referral Hospital (3years)<br/>           5.Current-Director Special Programmes Office of the Governor Bungoma County (from October 2022 to date)</p> |
| <p>2. Secretary</p>  | <p><b>CPA Ambrose Makokha</b><br/>           Education: CPA (K)<br/>           Work exp: Director Revenue Department<br/>           Current: Director Accounting Services</p>   |

**Bungoma County Disaster Management Emergency Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**


|  |  |
|--|--|
| <p>3. Member</p>    | <p><b>David Barasa Kibiti</b><br/>D.O.B 20/02/1962<br/>Education: Master of Education Kibabii University<br/>Work Experience: Former chief officer Public service management &amp; Admin<br/>Current: C.E.O Chwele kukufarm Enterprise (Agribiz value chains)<br/>Director KNCCI Member CDEC-BGM</p>                 |
| <p>4. Member</p>   | <p>Francis E. Kooli<br/>DoB; 21.11.1970<br/>Education: Form IV<br/>Work experience: 30 years experience<br/>Current: County Police Commander Bungoma.<br/>Member CDEC.</p>   |
| <p>5. Member</p>  | <p>Dr. Ruth Atidah Mitalo<br/>DoB: 15.08.1980<br/>PhD HRM UoN, MBA HRM UoN, BBA KEMU<br/>CPS (K), CHRP (K)<br/>Work experience: Worked as Human Resource Manager, Multimedia University of Kenya,<br/>Current work experience: Registrar Administration and HR, Kibabii University</p>                               |
| <p>6. Member</p>  | <p><b>Justus Masika Khisa</b><br/>D.O.B: 4<sup>th</sup> November 1975<br/>Education: Diploma in sales and marketing, diploma in Theology<br/>Work experience: salesman Blue Triangle cement. Pastor, The Church of God for all Nations.<br/>Current: Bishop, The Church of God for all Nations.<br/>Member CDEC.</p> |

**Bungoma County Disaster Management Emergency Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

|  |   |
|--|---|
| <p>7. Member</p>    | <p>Margaret Achieng Wanyonyi<br/>D.O.B:24/6/1986<br/>Education: BA community health/health system Management<br/>Previous position: GBV officer/Gender inclusion coordinator<br/>Current: County coordinator/GBV officer Kenya Red cross Bungoma.</p>   |
| <p>8. Member</p>    | <p><b>Geoffrey Wafula</b><br/>DOB: 18-08-1973<br/>Education: BSc. Fin- USIU. CPA Sec III<br/>Work exp: Served as Accountant/Fund Admin. CDE.<br/>Currently: Accountant, Member of CDEC</p>  |
| <p>9. Member</p>  | <p><b>Christine Wafula Chacha</b><br/>DOB: 30-04-1974<br/>Education: PGDE(KU), BCOM(India)<br/>Work exp: Administration, Teaching.<br/>Current: National Government Administrative Officer as Senior Assistant County Commissioner.</p>   |
| <p>10.</p>        | <p><b>Robert Juma Simiyu</b><br/>Education: PGDE at KU, BSC, Masters in Planning<br/>Work exp: He worked as District Lands Officer in Uasin Gishu, Robert has worked as a Chief Officer in the ministries of Lands and Health. He also worked as a deputy Director Lands Administration in the Ministry of Lands and Physical Planning. He is currently the chief Officer in the ministry Agriculture and also acting in Finance.</p> |

**Bungoma County Disaster Management Emergency Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

**3. Management Team**

| Name   | Details of qualifications and experience  |
|--|---|
|  | <p><b>CPA Chrispinus Barasa</b></p> <p>CPA Chrispinus Barasa is currently the County Executive Committee Member for Finance and Economic Planning for County Government of Bungoma.</p> <p>He has over a decade of experience in Matters of Finance and Project Management. He started his professional career as an Accountant of the fast growing Ng'arisha SACCO and rose through the ranks to the appointment as the Chief Executive Officer from October 2010 to April 2014. Between April 2014 to October 2019 he served as County Chief Officer in charge of Finance and Economic Planning, Bungoma County Government. He has also served as a Finance manager at Friends Lugulu Mission Hospital between Oct 2021 to August 2022.</p> <p>Chrispinus Barasa is currently Pursing PhD in Project Planning and Management (Project Financing), University of Nairobi. In 2014 he acquired a Master of Arts in Project Planning and Management, University of Nairobi. He is a graduate of Kenyatta University with a degree in Bachelor of Commerce (Accounting Option) between 2001 and 2005. He joined St. Mary's Sosio Secondary School in 1996 and sat for his KCSE in 1999.</p> |

**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**Robert Juma Simiyu**

Education: PGDE at KU, BSC, Masters in Planning  
Work exp: He worked as District Lands Officer in Uasin Gishu, Robert has worked as a Chief Officer in the ministries of Lands and Health. He also worked as a deputy Director Lands Administration in the Ministry of Lands and Physical Planning. He is currently the chief Officer in the ministry Agriculture and also acting in Finance.



**Mafunga Mary**

Ms Mary Mafunga holds a Bachelor of Commerce from Kibabii University. She has an MBA from Kibabii University and a CPA (K) and member of the Institute of Certified Public Accountants of Kenya.

# **Bungoma County Disaster Management Emergency Fund**

## **Annual Report and Financial Statements for the year ended June 30, 2023**

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### **4. Fund Chairperson's Report**

It is my esteemed duty to present the Bungoma County Disaster Management Emergency Fund's Annual Report and Financial Statements for the Year ended 30<sup>th</sup> June 2023. This is the fourth year that the Fund has used IPSAS Accrual Basis of Accounting having transitioned from the IPSAS Cash Basis of Accounting. The financial statements have been prepared in full compliance with International Public Sector Accounting Standards (IPSAS).

The Fund is playing a positive role towards helping the County Government to meet urgent and unforeseen needs of expenditure for which there is no specific legislative authority. The Fund covers all areas of operations that the County Government is obligated to undertake.

We are committed to improve the quality of engagement with all our stakeholders in disaster management and emergency funding.

Good governance, transparency and accountability, remain the greatest undertaking of the committee.

My sincere acknowledgment goes to all stakeholders, Committee members, staff and the County Government, for their continued support, which has contributed to our tremendous achievement.



.....  
**Ms. Caren Nasimiyu Wanyonyi**  
**Chairperson**

# **Bungoma County Disaster Management Emergency Fund**

## **Annual Report and Financial Statements for the year ended June 30, 2023**

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### **5. Report of The Fund Administrator**

The 2022/2023 Annual Report marks yet another milestone for Bungoma County Disaster Management and Emergency Fund. The Fund was formed pursuant to Disaster Management Emergency Fund Regulations, 2019. The Fund endeavours to fulfil its mandate in providing advances so as to enable payments to be made in respect of the County Government when an urgent and unforeseen need of expenditure arises for which there is no specific legislative authority. The Fund shall also endeavour to build its reputation by embracing transparency and integrity. The Management commits to ensure that these endeavours are sustained in the long-run.

#### **Financial Performance**

As discussed in the Statement of Statement of Performance against the Fund's Predetermined Objectives, the Fund budgeted for KShs. 102,298,000 that was to be financed by the County Government. As at the closure of the year, KShs. 102,298,000 had been received by the Fund. Therefore, there was a performance by 100%. The budget was also financed by cash and cash equivalents brought forward of KShs. 8,450,171.93.

#### **Major challenges**

The Fund has experienced various challenges, the key challenge of which was the delayed release of funds.

#### **Risk management**

Risk management is an essential corporate governance requirement because certain information about key programmes' cost and performance are often unknown until late in the implementation stage. The Fund has not fully entrenched risk management. However, the Fund has adopted the Approved Risk Management Policy Framework of the County Government. The management undertakes to establish a risk management committee whose mandate shall be to develop action plans to address major risks.

#### **Responsibility**

As the Fund Administrator, I am accountable for maintaining a sound system of internal controls aimed at ensuring the accomplishment of established objectives and goals of operations. The economical use of resources, the reliability and integrity of information, compliance with policies, plans, procedures, rules, and regulations and the safeguarding of the assets of the Fund. This is in accordance with the provisions of Public Finance Management Act, 2012, Public Finance

## **Bungoma County Disaster Management Emergency Fund Annual Report and Financial Statements for the year ended June 30, 2023**

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Management (County Governments) Regulations, 2015 and Bungoma County Disaster Management Emergency Fund Regulations, 2019.

### **Internal Control and Financial Risk Management**

The primary objective of the Fund's internal control framework is to continuously put in place measures to attain accountability and the Fund's objectives while meeting stakeholders' expectations. The Fund administrator is accountable for maintaining a sound system of internal controls to ensure the accomplishment of established objectives and goals for operations; the economic use of resources; the reliability and integrity of information; compliance with policies, plans procedures, rules and regulations and the safeguarding of assets.

### **Review of Effectiveness**

The Fund reviews its internal control using the COSO Internal Control – Integrated Framework, 2013. The Framework identifies five components of internal control, three of which have been discussed in detail hereunder. The review of the effectiveness of the system of internal controls is mainly informed by:

- a) Control Activities – Control activities are the policies and procedures that help ensure management directives are carried out. They help ensure that necessary actions are taken to address risks to achieve the Fund's objectives. Control activities occur throughout the Fund, at all levels and in all functions. They include arrange of activities as diverse as approvals, authorisations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties.
- b) Information and Communication – Pertinent information must be identified, captured, and communicated in a form and timeframe that enables people to carry out their responsibilities. Information systems produce reports related to operational, financial, and compliance information that is reliable on a timely basis for submission to key stakeholders and economic decision makers.
- c) Risk Management – The Fund undertake risk management roles as explained.

### **Appreciation**

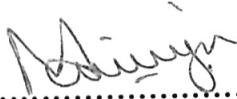
I would like to extend my appreciation to the County Government, including The County Treasury and the County Ministry of Public Service Management and Administration for its continued support and insights. The County Government has offered critical support in terms of resources and the enabling legislations.



**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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I would also wish to thank the Fund's Committee for their enormous support during the implementation of the fund programmes and activities. Finally, I extend my sincere thanks to all employees attached or seconded to the Fund who made it possible for the Fund to deliver on its objectives. Their skills, resources and commitments enabled the Fund to deliver on its objectives.



.....  
Mr. Robert J. Simiyu  
**Fund Administrator**

## **6. Corporate Governance Statement**

The Fund is guided by the public service core values of integrity, professionalism and team spirit. The Fund has at all times endeavoured in its functions to take cognizance of the need for compliance with the relevant legal principles and the highest ethical standards. The Committee recognizes its mandate to direct and be held accountable.

This Statement of Corporate Governance has been established by the Fund's Committee and is intended, in conjunction with the Fund's Act and other corporate governance documents and all applicable laws, to be a flexible framework within which the Committee may conduct its business.

### **The Committee**

With the approval of the County Government and the CECM for Finance, the Committee establishes broad corporate policies for the Fund and sets the strategic direction for the management with a focus on enhancing the interests of stakeholders. The Committee is also responsible for the corporate governance of the Fund.

### **Composition of the Committee**

The Fund Administration Committee consists of nine (9) members led by the Governor of the county or a representative appointed in writing by the Governor who shall be the chairperson.

Other members are;

- i. County Commissioner or his/her representative,
- ii. County Police Commander or his/her representative, the
- iii. Executive Committee Member responsible for matters relating to disaster management in the county,
- iv. A person nominated by the Kenya Red Cross Society,
- v. A representative of the private sector appointed in writing by the chairperson of an association representing the private sector,
- vi. One representative from civil society that is active on disaster management in the county,
- vii. Two representatives from faith based organizations and a
- viii. A representative from learning institution.

The members of the committee are appointed on a three-year term subject to renewal by the CECM responsible for the Fund. The head of Disaster Management in the County is the

## **Bungoma County Disaster Management Emergency Fund Annual Report and Financial Statements for the year ended June 30, 2023**

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Chairperson to the Committee. The Committee members are specialists in different areas of operation.

Regular meetings of the Committee are held at such times and places as determined by the Committee and special meetings are held at other times as the Committee may determine. Committee Meeting Materials to the extent practicable, the Committee is provided with appropriate materials in advance of each meeting to permit prior review by the Members.

### **Functions of Committee members**

The responsibilities of members of the Fund are clearly spelt out in Sec. 10 of the Bungoma County Disaster Management Emergency Fund Regulations as follows;

- a) To review, approve and endorse where appropriate, any recommendation or advise given by the Committee and to give direction to the County Government departments and agencies to ensure that its decisions are immediately carried out;
- b) To require the implementation of the planning requirements provided for in the Plan and to approve the County Disaster Management Plan and any modification of the plan;
- c) To oversee the application of the Disaster Management Plan during any period of a disaster or emergency and give any order or direction necessary for the plan to be implemented;
- d) To oversee the implementation of risk reduction, prevention, preparedness, response and recovery activities by all County Government agencies and other agencies performing roles related to disaster management;
- e) To lead, coordinate, mobilize resources and enhance ministries, institutions, relevant authorities, professional entities, local and international organizations and development partners, public and private institutions and communities in taking action and implementing measures of disaster prevention and mitigation, disaster risk reduction, preparedness, response and recovery aimed at the protection of life and wellbeing of the people, properties, environment and for sustainable development;
- f) To ensure that Disaster Management is a county priority with a strong institutional and coordination mechanism;
- g) To ensure all county policies, plans and initiatives integrate Disaster Risk Reduction matters;
- h) To develop or strengthen disaster preparedness mechanisms for effective response at community level including but not limited to establishing strategic stockpiles, contingency Planning, search and rescue, First Aid, disaster recovery planning among others;

- i) To develop a disaster management information system including early warning and disaster information database;
- j) To ensure disaster management is integrated and mainstreamed into critical sectors including but not limited to health, construction, infrastructure, agriculture, water, environment and natural resources, county economic plans and physical planning;
- k) To mainstream climate change related risks;
- l) To establish county disaster dissemination and education strategies including factoring Disaster Risk Reduction issues into county education system and community awareness strategy;
- m) To review and approve proposed agencies for Disaster Management by the Committee and their plans and budget for funding from the Fund;

### **Members Access to Management**

The Committee receives operating and financial reports of the Fund and has access to senior management at Fund and the senior officers of the County Government and Committee Meetings.

### **Ethical Standards**

The Committee and the Management recognise that a strong ethical culture is very important in our vision to provide world class services that delight our customers. The Code of Ethics is a public statement that clarifies our expectations and holds us accountable for our business conduct. The standards of professional conduct are provided in the various Code of Conducts, the Fund's Act and Regulations, Mwongozo Code of Governance, PFM Act and Regulations and the Constitution of Kenya. The standards of professional conduct deal with the following main areas:

- a) The Fund's assets and information:
- b) Conflicts of interest;
- c) Dealings with others;
- d) Other areas include:
  - Equal opportunity and unlawful harassment;
  - Safety of the workplace and environmental protection;
  - Relationships with stakeholders;
  - Anti-bribery and anti-corruption;
  - Improper benefit;

# **Bungoma County Disaster Management Emergency Fund**

## **Annual Report and Financial Statements for the year ended June 30, 2023**

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- financial records and public communications;
- Political activities and lobbying.

### **Sub-Committees**

The Committee is in the process of operationalizing the sub-committees otherwise known as steering committee at the Sub County and Ward Level so as to support the functioning of the Fund. The Sub-committees had not been formed by the time of preparing the Annual Financial Statements and Reports.

### **Remuneration**

The members of the committee are entitled to Committee sitting allowances at the rates prescribed by the Salaries and Remuneration Commission. The members are also entitled to other allowances as allowed by the Salaries and Remuneration Commission whenever they are on official duty. However, the members are not entitled to salaries and other remunerative allowances.

### **Communication with Third Parties**

It is the responsibility of the Secretary to speak on behalf of the Fund to outside parties. Communication to third parties on matters of the fund by members must be authorised by the Secretary.

### **Members' Tenure and Retirement**

Subject to the provisions of Fund's Act, the Chairperson and Members of the Committee shall hold office for a term of three years and shall be eligible for re-appointment for one further and final term.

# **Bungoma County Disaster Management Emergency Fund**

## **Annual Report and Financial Statements for the year ended June 30, 2023**

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### **7. Management Discussion and Analysis**

The fund has continued to grow over the years and the management has put measures in place to safeguard against risks. The fund's activities are exposed to a variety of financial risks including credit and liquidity risks. The Fund's overall risk management programme focuses on unpredictability of changes in 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 emergency activities are funded.

The management has ensured compliance with statutory requirements relating to the functions of the fund and also makes sure that statutory deductions are remitted on time to avoid incurring penalties and interests for non-compliance.

### **PERFORMANCE**

#### **Revenue**

The Fund annual budget was KShs. 102,298,000 that was to be financed by the County Government. At the end of the reporting period, KShs. 102,298,000,000 translating to 100%. The fund did not receive any public contributions nor donations for the period under review.

#### **Cash flow**

The cash and cash equivalents increased from KShs. 16,678,122.73 as at 30 June 2022 to KShs. 58,681,937.10 as at 30 June 2023.

#### **Operational Performance**

The fund's core operating activities is to respond to emergency situation as they arise within the county as identified within line ministries in consultation with the board committee. During the period under review the fund undertook projects totalling to kshs. 53,378,939.90.

#### **Conclusion**

We appreciate the unrelenting support from the board of trustees, management, staff, the county government, development partners and all the key stakeholders. We look forward to the continued partnerships and cooperation in areas of mutual interest in the FY 2023/2024.

**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**8. Report of The Trustees**

The Committee Members submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the Fund affairs.

**Principal activities**

The principal activity of the Fund is to cater for the unplanned disaster events in the county of Bungoma.

**Results**

The results of the Fund for the year ended June 30, 2023 are set out on page 1-5.

**Committee Members**

The members of the Committee who served during the year are shown on page 6. In accordance with Bungoma COUNTY DISASTER MANAGEMENT EMERGENCY FUND Regulation, 2019, members retire by rotation and, being eligible offer themselves for re-election.

**Auditors**

The Auditor General is responsible for the statutory audit of the *Fund* in accordance with the Section 116 of the Public Finance Management (PFM) Act, 2012, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

By Order of the Board



.....  
**Chairperson**

**Fund Administration Committee**

**Date:**

# Bungoma County Disaster Management Emergency Fund Annual Report and Financial Statements for the year ended June 30, 2023

## 9. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by the Public Finance Management Act, 2012 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *the Bungoma County Legislative Supplement No. 1*. 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, 2023, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

### Approval of the financial statements

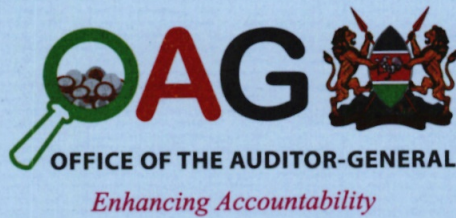
The Fund's financial statements were approved by the Board on 27<sup>th</sup> 2023 and signed on its behalf by:

.....

**Administrator**  
**Bungoma County Disaster Management Emergency Fund**



# REPUBLIC OF KENYA



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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON BUNGOMA COUNTY DISASTER MANAGEMENT AND EMERGENCY FUND FOR THE YEAR ENDED 30 JUNE, 2023**

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### **Qualified Opinion**

I have audited the accompanying financial statements of Bungoma County Disaster Management and Emergency Fund set out on pages 1 to 41, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial

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*Report of the Auditor-General on Bungoma County Disaster Management and Emergency Fund for the year ended 30 June, 2023*

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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Bungoma County Disaster Management and Emergency Fund as at 30 June, 2023, 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 and the Bungoma County Disaster and Emergency Management Act, 2019.

### **Basis for Qualified Opinion**

#### **1. Inaccuracy of Cash and Cash Equivalents**

The statement of financial position reflects a cash and cash equivalents balance of Kshs.58,681,937 as disclosed in Note 4 to the financial statements. Included in the balance is Kshs.6,347,550 referred to as others which relates to imprest and advances. However, no explanation was provided on why imprest and advances were reported under cash and cash equivalents. Further, the balance reduced by Kshs.1,880,400 from Kshs.8,227,950 reported in the previous year to Kshs.6,347,550 as at 30 June, 2023. No documentary evidence was provided to support recoveries of Kshs.1,880,400 effected during the year under review.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.58,681,937 could not be confirmed.

#### **2. Lack of Ownership Documents**

The statement of financial position reflects property, plant and equipment balance of Kshs.213,314,751 which, as disclosed in Note 5 to the financial statements, includes Kshs.4,700,000 relating to land. However, the respective supporting ownership documents were not provided for audit.

In the circumstances, the ownership and fair valuation of the land could not be confirmed.

#### **3. Un-authorized Expenditure**

The statement of financial performance reflects total recurrent expenditure of Kshs.12,643,177 while both the statement of financial position under Note 5 and the statement of cash flows reflect capital expenditure totalling Kshs.53,378,940 as additions to assets during the year under review. However, Management did not provide approved budget for the year to support the expenditures totalling Kshs.66,022,117.

In the circumstances, propriety of the expenditure totaling Kshs.66,022,117 could not be confirmed.

#### **4. Long-Outstanding Imprest and Advances**

The statement of financial position reflects a nil balance in respect of imprests as at 30 June, 2023. However, Note 6 to the financial statements reflects an imprest and advances balance of Kshs.6,347,550 which has remained outstanding from the previous year. No explanation was provided for the failure to recover the long outstanding balances.

In the circumstances, the accuracy and recoverability of the Nil imprest balance could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Bungoma County Disaster Management and 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 qualified opinion.

#### **Emphasis of Matter**

##### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects actual expenditure of Kshs.12,643,177 against approved budget of Kshs.102,298,000 resulting to under-performance of Kshs.89,654,823 or 87% of the budget.

The under-performance affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

#### **Key Audit Matters**

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

#### **Other Matter**

##### **Unresolved Prior Year Matters**

In the audit of the previous year, several issues were raised under Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has indicated that all the issues except two have been resolved.

No explanation was provided for the failure to resolve the two outstanding issues as required by the Public Sector Accounting Standards Board templates.

## 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, I confirm that, nothing 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**

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, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

#### **Lack of Internal Audit Reports**

During the year under review, there were no internal audit reports. As a result, there was no review of governance structures, value for money and risk-based audits. There was also no verification of internal controls and assets.

In the circumstances, effectiveness of internal controls, risk management and governance could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, 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 controls 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 continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease its operations.

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the 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 controls 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 controls would not necessarily disclose all matters in the internal controls 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 controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Fund's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures, as I consider necessary in the circumstances.

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

16 February, 2024

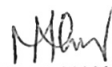
**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**11. Statement of Financial Performance for The Year Ended 30th June 2023**

| Description                                   | Note | FY2022/2023        | FY2021/2022       |
|---|------|--------------------|-------------------|
|   |      | KShs               | KShs              |
| <b>Revenue from non-exchange transactions</b> |      |                    |                   |
| Transfers from the County Government          | 1    | 102,298,000        | 47,000,000        |
| <b>Total revenue</b>                          |      | <b>102,298,000</b> | <b>47,000,000</b> |
| <b>Expenses</b>                               |      |                    |                   |
| Use of goods                                  | 2    | 6,915,244          | 6,595,092         |
| Depreciation and Amortization                 | 3    | 5,727,933          | 4,393,460         |
| <b>Total expenses</b>                         |      | <b>12,643,177</b>  | <b>10,988,552</b> |
| <b>Surplus/(deficit) for the period</b>       |      | <b>89,654,823</b>  | <b>36,011,448</b> |



.....  
**Name: Robert J. Simiyu**  
**Administrator of the Fund**



.....  
**Name: Mafunga Mary**  
**Fund Accountant**  
**ICPAK Member Number: 11779**




**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

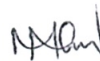
**12. Statement of Financial Position as at 30 June 2023**

| Description                             | Note | FY2022/2023           | FY2021/2022        |
|---|------|-----------------------|--------------------|
|   |      | KShs                  | KShs               |
| <b>Assets</b>                           |      |                       |                    |
| <b>Current assets</b>                   |      |                       |                    |
| Cash and cash equivalents               | 4    | 58,681,937.10         | 8,450,171          |
| Imprests                                | 5    |                       | 8,227,950          |
|   |      | <b>58,681,937.10</b>  | <b>16,678,121</b>  |
| <b>Non-current assets</b>               |      |                       |                    |
| Property, plant and equipment           | 5    | 213,314,750.68        | 165,663,744        |
|   |      |                       |                    |
| <b>Total assets</b>                     |      | <b>271,996,687.78</b> | <b>182,341,865</b> |
|   |      |                       |                    |
| <b>Net assets</b>                       |      |                       |                    |
| Accumulated surplus                     |      | 271,996,688.75        | 182,341,866        |
| <b>Total net assets and liabilities</b> |      | <b>271,996,688.75</b> | <b>182,341,866</b> |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 27th Oct 2023 and signed by:



.....  
**Name: Robert J. Simiyu**  
**Administrator of the Fund**



.....  
**Name: Mafunga Mary**  
**Fund Accountant**  
**ICPAK Member Number: 11779**

**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**13. Statement Of Changes in Net Assets for the year ended 30<sup>th</sup> June 2023**

|                                   | Revolving Fund | Revaluation Reserve | Accumulated surplus | Total              |
|-----------------------------------|----------------|---------------------|---------------------|--------------------|
|                                   |                | Kshs                | Kshs                | Kshs               |
| <b>Balance As At 1 July 2020</b>  | -              | -                   | 132,146,355         | 132,146,355        |
| Surplus/(Deficit) For the Period  | -              | -                   | 14,184,062          | 14,184,062         |
| <b>Balance As At 30 June 2021</b> | -              | -                   | <b>146,330,417</b>  | <b>146,330,417</b> |
|                                   |                |                     |                     | -                  |
| <b>Balance As At 1 July 2021</b>  | -              | -                   | <b>146,330,417</b>  | <b>146,330,417</b> |
| Surplus/(Deficit) For the Period  |                | -                   | 36,011,448          | 36,011,448         |
| <b>Balance As At 30 June 2022</b> | -              | -                   | <b>182,341,865</b>  | <b>182,341,865</b> |
| Surplus/(Deficit) For the Period  | -              | -                   | 89,654,823          | 89,654,823         |
| <b>Balance As At 30 June 2023</b> | -              | -                   | <b>271,996,689</b>  | <b>271,996,689</b> |



.....  
**Name:** Robert J. Simiyu  
**Administrator of the Fund**



.....  
**Name:** Mafunga Mary  
**Fund Accountant**  
**ICPAK Member Number:** 11779

**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**14. Statement Of Cash Flows for The Year Ended 30 June 2023**

|  | Note | FY2022/2023            | FY2021/2022         |
|--|------|------------------------|---------------------|
|  |      | KShs                   | KShs                |
| <b>Cash flows from operating activities</b>                  |      |                        |                     |
| <b>Receipts</b>  |      |                        |                     |
| Transfers from the County Government                         | 1    | 102,298,000.00         | 47,000,000          |
| <b>Total Receipts</b>  |      | <b>102,298,000.00</b>  | <b>47,000,000</b>   |
| <b>Payments</b>  |      |                        |                     |
| Use of Goods   | 2    | 6,915,244.00           | 6,595,092           |
| Depreciation and Amortization                                | 3    | -                      | -                   |
| <b>Total Payments</b>  |      | <b>6,915,244.00</b>    | <b>6,595,092</b>    |
| <b>Net cash flows from operating activities</b>              | 7    | <b>95,382,756.00</b>   | <b>40,404,908</b>   |
| <b>Cash flows from investing activities</b>                  |      |                        |                     |
| Purchase of property, plant, equipment and intangible assets | 5    | - 53,378,939.90        | - 40,572,729        |
| <b>Net cash flows used in investing activities</b>           |      | <b>- 53,378,939.90</b> | <b>- 40,572,729</b> |
| <b>Net increase/(decrease) in cash and cash equivalents</b>  |      | <b>42,003,816.10</b>   | <b>- 167,821</b>    |
| Cash and cash equivalents at 1 JULY                          |      | 16,678,122.73          | 16,845,943          |
| <b>Cash and cash equivalents at 30 JUNE</b>                  |      | <b>58,681,938.83</b>   | <b>16,678,123</b>   |



.....  
**Name: Robert J. Simiyu**  
**Administrator of the Fund**



.....  
**Name: Mafunga Mary**  
**Fund Accountant**  
**ICPAK Member Number: 11779**

15. Statement Of Comparison of Budget and Actual Amounts for The Period

|                               | Original Budget       | Adjustments | Final budget          | Actual on comparable basis | Performance difference | % utilization |
|-------------------------------|-----------------------|-------------|-----------------------|----------------------------|------------------------|---------------|
|                               | 2022-2023             | 2022-2023   | 2022-2023             | 2022-2023                  | 2022-2023              | 2022-2023     |
|                               | KShs                  | KShs        | KShs                  | KShs                       | KShs                   |               |
| Revenue                       |                       |             |                       |                            |                        |               |
| Transfers from County Govt.   | 102,298,000.00        | -           | 102,298,000.00        | 102,298,000.00             | -                      | 100%          |
| <b>Total income</b>           | <b>102,298,000.00</b> | <b>-</b>    | <b>102,298,000.00</b> | <b>102,298,000.00</b>      | <b>-</b>               | <b>100%</b>   |
|                               |                       |             |                       |                            |                        |               |
| <b>Expenses</b>               |                       |             |                       |                            |                        |               |
| Use of Goods                  | -                     | -           | -                     | 6,915,244                  | (6,915,244)            |               |
| Depreciation and Amortization |                       |             |                       | 5,727,933                  | (5,727,933)            |               |
| <b>Total expenditure</b>      | <b>-</b>              | <b>-</b>    | <b>-</b>              | <b>12,643,177</b>          | <b>- 12,643,177</b>    |               |
| <b>Surplus for the period</b> | <b>102,298,000.00</b> | <b>-</b>    | <b>102,298,000.00</b> | <b>89,654,823</b>          | <b>12,643,177</b>      |               |

**16. Notes to the Financial Statements**

**1. General Information**

The Bungoma County Disaster Management and Emergency Fund entity is established by and derives its authority and accountability from Public Financial Management Act, 2012. The entity is wholly owned by the Bungoma County Government and is domiciled in Kenya. The entity's principal activity is to enable payments to be made in respect of the County Government when an urgent and unforeseen need of expenditure arises for which there is no specific legislative authority.

**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 2023**

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

**(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023**

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

**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**(iii) Early adoption of standards**

The Bungoma County Disaster Management Emergency Fund did not early – adopt any new or amended standards in year 2023.

**1. 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 2022-2023 was approved by the County Assembly on 23<sup>rd</sup> August 2022. 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 did not record any additional appropriations in the FY 2022-2023.

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 these financial statements.

*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. In the year under review, the Property Plant and Equipment of Ksh. 229,117,338 was depreciated at the rate of 2.5% amounting to Ksh. 5,727,933.47.

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

*Financial liabilities*

*Initial recognition and measurement*

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

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

*Loans and borrowing*

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

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

*Summary Of Significant Accounting Policies (Continued)*

**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. *Entity to state the reserves maintained and appropriate policies adopted.*

**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) 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.

**g) 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.

**h) 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.

**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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*Summary Of Significant Accounting Policies (Continued)*

**i) 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. In the year under review, cash and cash equivalent of Ksh. 58,681,937.10 included imprests and advances of Ksh. 6,347,550.

**j) Comparative figures**

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

**k) Events after the reporting period**

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

**l) Ultimate and Holding Entity**

The entity is a County Public Fund established by Public Finance Management Act, 2012 under the Ministry of Finance and Economic Planning. Its ultimate parent is the County Government of Bungoma.

**m) Currency**

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

**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

*Summary Of Significant Accounting Policies (Continued)*

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. Additional disclosure of these estimates of provisions is included.

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.

**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**6. Notes to The Financial Statements**

**1. Transfers from County Government**

| Description                              | FY2022/2023        | FY2021/2022       |
|--|--------------------|-------------------|
|  | Kshs               | Kshs              |
| Transfers from County Govt. – operations | 102,298,000        | 47,000,000        |
| <b>Total</b>                             | <b>102,298,000</b> | <b>47,000,000</b> |

**2. Use of Goods and Services**

| Description    | FY2022/2023      | FY2021/2022      |
|----------------|------------------|------------------|
|                | Kshs             | Kshs             |
| Hospitality    | 2,731,200        | 6,590,175        |
| Other expenses | 4,184,044        | 4,917            |
| <b>Total</b>   | <b>6,915,244</b> | <b>6,595,092</b> |

**3. Depreciation and Amortization**

| Description                  | FY2022/2023         | FY2021/2022      |
|------------------------------|---------------------|------------------|
|                              | Kshs                | Kshs             |
| Property Plant and Equipment | 5,727,933.47        | 4,393,460        |
| <b>Total</b>                 | <b>5,727,933.47</b> | <b>4,393,460</b> |

**4. Cash and cash equivalents**

| Description                            | FY2022/2023          | FY2021/2022      |
|--|----------------------|------------------|
|  | Kshs                 | Kshs             |
| Current account                        | 52,334,387.10        | 8,450,171        |
| Others                                 | 6,347,550            |                  |
| <b>Total cash and cash equivalents</b> | <b>58,681,937.10</b> | <b>8,450,171</b> |

**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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

**Current account**

|                              |                       | <b>FY2022/2023</b>   | <b>FY2021/2022</b> |
|------------------------------|-----------------------|----------------------|--------------------|
| <b>Financial institution</b> | <b>Account number</b> | <b>KShs</b>          | <b>KShs</b>        |
|                              |                       |                      |                    |
| Kenya Commercial bank        | 117967462             | 4,215,731.93         | 8,450,171          |
| CBK                          | 1000715073            | 48,118,656.10        |                    |
| <b>Total</b>                 |                       | <b>52,334,388.03</b> | <b>8,450,171</b>   |

**Others**

| <b>Description</b>               | <b>FY2022/2023</b> | <b>FY2021/2022</b> |
|----------------------------------|--------------------|--------------------|
|                                  | <b>KShs</b>        | <b>KShs</b>        |
| Imprests and Advances            | 6,347,550          | 8,227,950          |
| <b>Total Current receivables</b> | <b>6,347,550</b>   | <b>8,227,950</b>   |

**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**5. Property, plant and equipment**

|                              | <b>Land</b>      | <b>Roads and<br/>other Civil<br/>works</b> | <b>Totals</b>      |
|------------------------------|------------------|--|--------------------|
| <b>As at 30th June 2022</b>  | <b>4,700,000</b> | <b>160,963,744</b>                         | <b>165,663,744</b> |
| <b>Cost</b>                  | <b>4,700,000</b> | <b>175,738,399</b>                         | <b>180,438,399</b> |
| <b>Additions/(Disposals)</b> |                  | 53,378,940                                 | 53,378,940         |
| <b>As at 30th June 2023</b>  | <b>4,700,000</b> | <b>229,117,339</b>                         | <b>233,817,339</b> |
|                              |                  |  |                    |
| <b>Depreciation(rate)</b>    | 2.5%             | 2.5%                                       | 2.5%               |
|                              |                  |  |                    |
| Bal b/f 1st July 2022        | -                | 14,774,654.75                              | 14,774,655         |
| Charge for the year          | -                | 5,727,933.47                               | 5,727,933          |
| Acc dep as at 30th June 2023 | -                | 20,502,588.22                              | 20,502,588         |
| <b>NET BOOK VALUE</b>        |                  |  | -                  |
| <b>As at 30th June 2022</b>  | <b>4,700,000</b> | <b>160,963,744</b>                         | <b>165,663,744</b> |
| <b>As at 30th June 2023</b>  | <b>4,700,000</b> | <b>208,614,751</b>                         | <b>213,314,751</b> |



**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**Notes to the Financial Statements Continued**

**6. Changes in Accounts Receivable**

| <b>Description</b>                                | <b>FY2022/2023</b> | <b>FY2021/2022</b> |
|---|--------------------|--------------------|
|   | <b>KShs</b>        | <b>KShs</b>        |
| Account receivable as at 1 <sup>st</sup> July (A) | 8,227,950          | 13,835,840         |
| Account receivable issued during the year (B)     |                    | 300,000            |
| Account receivable settled during the Year (C)    | - 1,880,400        | - 5,907,890        |
| <b>Net change in account receivables= A+B-C</b>   | <b>6,347,550</b>   | <b>8,227,950</b>   |

**7. Cash generated from operations**

|  | <b>FY2022/2023</b> | <b>FY2021/2022</b>   |
|--|--------------------|----------------------|
|  | <b>KShs</b>        | <b>KShs</b>          |
| <b>Surplus for the year before tax</b>         | 89,654,823         | 36,011,448           |
| <b>Adjusted for:</b>                           |                    |                      |
| Depreciation                                   | 5,727,933          | 4,393,460            |
| <b>Working Capital adjustments</b>             |                    |                      |
| <b>Net cash flow from operating activities</b> | <b>95,382,756</b>  | <b>40,404,908.00</b> |

# **Bungoma County Disaster Management Emergency Fund**

## **Annual Report and Financial Statements for the year ended June 30, 2023**

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### **Other Disclosures Continued**

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

##### **b) Liquidity risk management**

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

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

**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**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.

**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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***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:

**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**17. Progress On Follow Up of Prior Year Auditor's Recommendations**

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

| Reference no. in the audit Report                            | Issue / Observations from Auditor   | Management comments  | Focal Point person to resolve the issue (Name and designation) | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|---|--|--|-----------------------------------|--|
| 1.0<br>Presentation and Inaccuracies of Financial Statements | <p>The statement of comparison of budget and actual amounts indicates that the Fund had a final capital expenses budget of Kshs.9,791,306 and actual expenditure on comparable basis of Kshs.26,313,207 leading to a performance difference of Kshs.26,313,207. However, the recomputed amount was Kshs.16,521,901 thereby resulting in an unexplained variance of Kshs.9,791,306. Further, the financial statements do not reflect pages 1 to 4 as well as pages 30 and 31.</p> <p>In the circumstances, the accuracy and completeness of financial statements could not be confirmed.</p> | <p>The Kshs. 9,791,306 refers to the refunds from the advances that formed part of the income that was used to fund the activities for the year that included the capital expenditure of Ksh.26,313,207.</p> | Fund Administrator   | Resolved                          |  |

**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

| Reference no. in the audit Report | Issue / Observations from Auditor            | Management comments   | Focal Point person to resolve the issue (Name and designation) | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |   |  |           |   |          |            |   |         |           |  |                             |                   |  |                     |  |  |           |            |  |             |            |  |  |                   |  |                    |                  |  |  |  |
|-----------------------------------|--|---|--|-----------------------------------|--|---|--|-----------|---|----------|------------|---|---------|-----------|--|-----------------------------|-------------------|--|---------------------|--|--|-----------|------------|--|-------------|------------|--|--|-------------------|--|--------------------|------------------|--|--|--|
|                                   |  | <table border="1" data-bbox="1176 603 1456 1114"> <thead> <tr> <th>No</th> <th>Details</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Opening balance as 1<sup>st</sup> July 2020</td> <td>2,126,203</td> </tr> <tr> <td>2</td> <td>Transfer</td> <td>70,000,000</td> </tr> <tr> <td>3</td> <td>Refunds</td> <td>9,791,306</td> </tr> <tr> <td></td> <td><b>TOTAL CASH AVAILABLE</b></td> <td><b>81,917,509</b></td> </tr> <tr> <td></td> <td><b>Expenditures</b></td> <td></td> </tr> <tr> <td></td> <td>Recurrent</td> <td>52,594,202</td> </tr> <tr> <td></td> <td>Development</td> <td>26,313,207</td> </tr> <tr> <td></td> <td></td> <td><b>78,907,409</b></td> </tr> <tr> <td></td> <td><b>BALANCE C/D</b></td> <td><b>3,010,100</b></td> </tr> </tbody> </table> <p data-bbox="1176 1177 1456 1310">On the paging, pages 1-4 were as a result of printer incompatibility and configuration. The</p> | No   | Details                           | Amount   | 1 | Opening balance as 1 <sup>st</sup> July 2020 | 2,126,203 | 2 | Transfer | 70,000,000 | 3 | Refunds | 9,791,306 |  | <b>TOTAL CASH AVAILABLE</b> | <b>81,917,509</b> |  | <b>Expenditures</b> |  |  | Recurrent | 52,594,202 |  | Development | 26,313,207 |  |  | <b>78,907,409</b> |  | <b>BALANCE C/D</b> | <b>3,010,100</b> |  |  |  |
| No                                | Details                                      | Amount  |  |                                   |  |   |  |           |   |          |            |   |         |           |  |                             |                   |  |                     |  |  |           |            |  |             |            |  |  |                   |  |                    |                  |  |  |  |
| 1                                 | Opening balance as 1 <sup>st</sup> July 2020 | 2,126,203   |  |                                   |  |   |  |           |   |          |            |   |         |           |  |                             |                   |  |                     |  |  |           |            |  |             |            |  |  |                   |  |                    |                  |  |  |  |
| 2                                 | Transfer                                     | 70,000,000  |  |                                   |  |   |  |           |   |          |            |   |         |           |  |                             |                   |  |                     |  |  |           |            |  |             |            |  |  |                   |  |                    |                  |  |  |  |
| 3                                 | Refunds                                      | 9,791,306   |  |                                   |  |   |  |           |   |          |            |   |         |           |  |                             |                   |  |                     |  |  |           |            |  |             |            |  |  |                   |  |                    |                  |  |  |  |
|                                   | <b>TOTAL CASH AVAILABLE</b>                  | <b>81,917,509</b>   |  |                                   |  |   |  |           |   |          |            |   |         |           |  |                             |                   |  |                     |  |  |           |            |  |             |            |  |  |                   |  |                    |                  |  |  |  |
|                                   | <b>Expenditures</b>                          |   |  |                                   |  |   |  |           |   |          |            |   |         |           |  |                             |                   |  |                     |  |  |           |            |  |             |            |  |  |                   |  |                    |                  |  |  |  |
|                                   | Recurrent                                    | 52,594,202  |  |                                   |  |   |  |           |   |          |            |   |         |           |  |                             |                   |  |                     |  |  |           |            |  |             |            |  |  |                   |  |                    |                  |  |  |  |
|                                   | Development                                  | 26,313,207  |  |                                   |  |   |  |           |   |          |            |   |         |           |  |                             |                   |  |                     |  |  |           |            |  |             |            |  |  |                   |  |                    |                  |  |  |  |
|                                   |  | <b>78,907,409</b>   |  |                                   |  |   |  |           |   |          |            |   |         |           |  |                             |                   |  |                     |  |  |           |            |  |             |            |  |  |                   |  |                    |                  |  |  |  |
|                                   | <b>BALANCE C/D</b>                           | <b>3,010,100</b>  |  |                                   |  |   |  |           |   |          |            |   |         |           |  |                             |                   |  |                     |  |  |           |            |  |             |            |  |  |                   |  |                    |                  |  |  |  |

**Bungoma County Disaster Management Emergency Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

| Reference no. in the audit Report                 | Issue / Observations from Auditor  | Management comments   | Focal Point person to resolve the issue (Name and designation) | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|---|--|---|--|-----------------------------------|--|
|   |  | last 2 pages were attachment therefore was an omission which has since been rectified in subsequent financial statements.   |  |                                   |  |
| 2.0<br>Overstatement of Cash and Cash Equivalents | <p>The statement of financial position reflects cash and cash equivalents balance of Kshs.16,845,940 as disclosed in Note 3 to the financial statements. Included in the balance is an amount of Kshs.13,835,840 in respect of outstanding imprest and advances disclosed as part of cash and cash equivalents. However, Management did not explain why the imprests and advances were wrongly classified as part of cash.</p> <p>Further, no explanation was provided for the failure to have the outstanding imprests surrendered or recovered from the respective officers, as required</p> | Imprests and advances were correctly classified as part of cash and cash equivalents as per the PSASB Approved Financial Reporting Template for the Fund. See Accounting Policy No. 14 on Cash and Cash Equivalents |  |                                   |  |

**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

| Reference no. in the audit Report | Issue / Observations from Auditor   | Management comments  | Focal Point person to resolve the issue (Name and designation) | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |     |             |           |             |           |              |                   |  |  |  |
|-----------------------------------|---|--|--|-----------------------------------|--|-----|-------------|-----------|-------------|-----------|--------------|-------------------|--|--|--|
|                                   | <p>by Section 93(5) and (6) of the Public Finance Management (County Governments) Regulations, 2015, which provides that imprests be surrendered or accounted for within seven (7) working days after returning to duty station.</p> <p>In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.16,845,940 could not be confirmed.</p> | <p>The Management acknowledges that the imprests and advances were KShs. 13,835,840 as at 30<sup>th</sup> June, 2021. The status of the imprests and advances is currently as follows;</p> <table border="1" data-bbox="1184 911 1473 1219"> <thead> <tr> <th>Description</th> <th>Amount (KShs.)</th> </tr> </thead> <tbody> <tr> <td>Refunded advances</td> <td>840</td> </tr> <tr> <td>Surrendered</td> <td>5,607,060</td> </tr> <tr> <td>Outstanding</td> <td>8,227,940</td> </tr> <tr> <td><b>Total</b></td> <td><b>13,835,840</b></td> </tr> </tbody> </table> | Description  | Amount (KShs.)                    | Refunded advances  | 840 | Surrendered | 5,607,060 | Outstanding | 8,227,940 | <b>Total</b> | <b>13,835,840</b> |  |  |  |
| Description                       | Amount (KShs.)  |  |  |                                   |  |     |             |           |             |           |              |                   |  |  |  |
| Refunded advances                 | 840   |  |  |                                   |  |     |             |           |             |           |              |                   |  |  |  |
| Surrendered                       | 5,607,060   |  |  |                                   |  |     |             |           |             |           |              |                   |  |  |  |
| Outstanding                       | 8,227,940   |  |  |                                   |  |     |             |           |             |           |              |                   |  |  |  |
| <b>Total</b>                      | <b>13,835,840</b>   |  |  |                                   |  |     |             |           |             |           |              |                   |  |  |  |



**Bungoma County Disaster Management Emergency Fund  
Annual Report and Financial Statements for the year ended June 30, 2023**

| Reference no. in the audit Report               | Issue / Observations from Auditor   | Management comments   | Focal Point person to resolve the issue (Name and designation) | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|---|---|---|--|-----------------------------------|--|
| 3.0<br><b>Budgetary Control and Performance</b> | <p>The statement of comparison budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.70,000,000. Similarly, the Fund expended Kshs.55,815,938 against the approved budget resulting to an under-expenditure of Kshs.14,184,062 or 20% of the budget. The underperformance affected the planned activities and may have impacted negatively on service delivery to the public. Further, the statement indicates that the Fund had a final capital expenses budget of Kshs.9,791,306 but realized actual expenditure of Kshs.26,313,207. The over-expenditure of Kshs.16,521,901 was however not explained.</p> <p>In the circumstances, the approved budget of the Fund was not realistic.</p> | <p>The statement of comparison budget and actual amounts in the Approved Financial Reporting Template of the Fund is not exhaustive. Therefore, the conclusion on underperformance may not be accurate but will require one to look at all aspects of the financial statements. The current deficiencies include;</p> <p>i.It does not include reporting on acquisition of Assets. In IPSAS Accrual Basis of reporting, this expenditure is</p> | Fund Administrator   | Resolved                          |  |

**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

| Reference no. in the audit Report           | Issue / Observations from Auditor   | Management comments  | Focal Point person to resolve the issue (Name and designation) | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|---|---|--|--|-----------------------------------|--|
|   |   | <p>included in the Fixed Assets Movement Schedule; Property, Plant and Equipment. There was a capital expenditure of KShs. 26,313,207</p> <p>ii. It does not recognize prior cash and cash equivalents as a source of funds for financing the current year budget.</p> |  |                                   |  |
| 4.0 Construction of Siuna-Kimalewa Culverts | Note 4 to the financial statements reflects additions of roads and other civil works of Kshs.26,313,207. Included in the balance, was an amount of Kshs.13,845,876 incurred on construction of the Siuna-Kimalewa culverts project. The contract had been awarded to a local contractor at a contract sum | The indicated sum of Ksh. <b>139,845,876</b> was not the contract sum of any specific contract but the accumulated cost of   | Fund Administrator   | Resolved                          |  |

**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

| Reference no. in the audit Report | Issue / Observations from Auditor  | Management comments   | Focal Point person to resolve the issue (Name and designation) | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|-----------------------------------|--|---|--|-----------------------------------|--|
|                                   | <p>of Kshs.139,865,671. However, the drawings and designs of the project were not provided for audit review. In addition, the bills of quantity for the project provided for the inclusion of a pedestrian passage on both sides of the culverts. However, a site inspection of the project carried out in October, 2021 revealed that the pedestrian passages had not been constructed.</p> | <p>PPE as at 30<sup>th</sup> June 2021. The contract sum for the identified project was KShs. Kshs.13,845,876</p> <p>The drawings and designs were availed, the documents had been erroneously excluded from a copy of the project file availed for the audit.</p> <p>The BOQs were reviewed which scaled down the scope. Pedestrian passages were removed.</p> |  |                                   |  |

**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

| Reference no. in the audit Report | Issue / Observations from Auditor  | Management comments  | Focal Point person to resolve the issue (Name and designation) | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|-----------------------------------|--|--|--|-----------------------------------|--|
| 5.0<br>Lack of an Approved Budget | <p>During the audit, Management did not provide an approved budget for the year under review, as required by Section 33 of the Bungoma County Disaster and Emergency Management Act, 2019, which provides that the estimates are prepared, approved by the Committee and submitted to the Executive Committee Member for transmission to the County Assembly for approval.</p> <p>In the circumstances, Management was in breach of the law.</p> <p>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</p> | <p>The Management has noted the concern. At the time of the audit, the Fund did not have guidelines for preparation of a budget for the Fund. The County Treasury has since issued Budget Preparation Guidelines that have been used for the subsequent year so as to comply with Section 33 of the Bungoma County Disaster and Emergency Management Act, 2019</p> | Fund Administrator   | Unresolved                        | 6 Months   |

**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

| Reference no. in the audit Report     | Issue / Observations from Auditor  | Management comments   | Focal Point person to resolve the issue (Name and designation) | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|---------------------------------------|--|---|--|-----------------------------------|--|
|                                       | them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.  | Budget Preparation Guidelines for the County Established Funds were issued  |  |                                   |  |
| 6.0<br>Lack of Internal Audit Reports | <p>During the audit, it was revealed that there were no internal audit reports. As a result, there was no review of governance structures, value for money and risk-based audits. There was also no verification of internal controls and assets.</p> <p>This was in contravention of Section 155(1)(a) of the Public Finance Management Act, 2012, which states that a County Government entity shall ensure that it has appropriate arrangements for conducting internal audit according to the guidelines issued by the Accounting Standards Board.</p> | <p>During the year 2020/2021 the Fund received KShs. 70,000,000. This funding was among other sources that financed Covid-19 interventions during the year 2020/2021 – See Page 84 of the attached Report on the audit of Covid-19 funds. This Special Audit on the Emergency Fund was an intervening audit</p> | Fund Administrator   | Resolved                          |  |

**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

| Reference no. in the audit Report | Issue / Observations from Auditor | Management comments  | Focal Point person to resolve the issue (Name and designation) | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|-----------------------------------|-----------------------------------|--|--|-----------------------------------|--|
|                                   |                                   | <p>undertaken in October, 2020.</p> <p>Further, the concept of Combined Assurance requires parties to place reliance on each other's work so as to avoid duplication of resources. This concept requires the external auditor to evaluate and make a decision on whether to rely on the internal auditor's work and for the internal auditor to also evaluate and make a decision on whether to rely on the external auditor's work.</p> |  |                                   |  |

**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

| Reference no. in the audit Report | Issue / Observations from Auditor | Management comments   | Focal Point person to resolve the issue (Name and designation) | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|-----------------------------------|-----------------------------------|---|--|-----------------------------------|--|
|                                   |                                   | <p>Therefore, the audit on Covid-19 funds during the year 2020-2021 was considered exhaustive by the Directorate of Internal Audit so as the Directorate to undertake an audit in other auditable areas that had not been covered during the year 2020-2021.</p> <p>Subsequent audits have since been undertaken by the Directorate. The fund has since been audited and Internal reports</p> |  |                                   |  |

**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

| Reference no. in the audit Report        | Issue / Observations from Auditor | Management comments   | Focal Point person to resolve the issue (Name and designation) | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|-----------------------------------|---|--|-----------------------------------|--|
|  |                                   | have been here attached.  |  |                                   |  |
| 1.0 Accuracy of the Financial Statements |                                   | Management takes note of the variance with the corresponding balance in comparative Financial Statements which was occasioned by overstatement of Cash and cash equivalents amounting to Ksh. 190,004 that was adjusted in the Fund Financial Statements of 2021/22, which caused the variance. The same is regrettably noted for correction in preparing | Fund Administrator   | Resolved                          |  |



**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

| Reference no. in the audit Report        | Issue / Observations from Auditor   |   |               |  | Management comments | Focal Point person to resolve the issue (Name and designation)  | Status: (Resolved / Not Resolved)                   | Timeframe: (Put a date when you expect the issue to be resolved) |                         |  |  |  |                           |            |            |           |                |            |            |           |  |            |            |         |                                  |  |  |  |
|--|---|---|---------------|--|---------------------|---|---|--|-------------------------|--|--|--|---------------------------|------------|------------|-----------|----------------|------------|------------|-----------|--|------------|------------|---------|----------------------------------|--|--|--|
|  | <table border="1"> <thead> <tr> <th>Description</th> <th>Comparative Balances in the 2021/2022 Financial Statements Ksh.</th> <th>Balances in the 2020/2021 Financial Statements Ksh.</th> <th>Variance Kshs</th> </tr> </thead> <tbody> <tr> <td>Statement of Cash Flows</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Use of Goods and Services</td> <td>55,815,938</td> <td>56,005,942</td> <td>(190,004)</td> </tr> <tr> <td>Total Payments</td> <td>52,436,796</td> <td>52,626,800</td> <td>(190,004)</td> </tr> <tr> <td>Net Cash Flows from Operating Activities</td> <td>17,563,204</td> <td>17,373,200</td> <td>190,004</td> </tr> </tbody> </table> |   |               |  | Description         | Comparative Balances in the 2021/2022 Financial Statements Ksh. | Balances in the 2020/2021 Financial Statements Ksh. | Variance Kshs  | Statement of Cash Flows |  |  |  | Use of Goods and Services | 55,815,938 | 56,005,942 | (190,004) | Total Payments | 52,436,796 | 52,626,800 | (190,004) | Net Cash Flows from Operating Activities | 17,563,204 | 17,373,200 | 190,004 | FY 2022/23 Financial Statements. |  |  |  |
| Description                              | Comparative Balances in the 2021/2022 Financial Statements Ksh.   | Balances in the 2020/2021 Financial Statements Ksh. | Variance Kshs |  |                     |   |   |  |                         |  |  |  |                           |            |            |           |                |            |            |           |  |            |            |         |                                  |  |  |  |
| Statement of Cash Flows                  |   |   |               |  |                     |   |   |  |                         |  |  |  |                           |            |            |           |                |            |            |           |  |            |            |         |                                  |  |  |  |
| Use of Goods and Services                | 55,815,938  | 56,005,942  | (190,004)     |  |                     |   |   |  |                         |  |  |  |                           |            |            |           |                |            |            |           |  |            |            |         |                                  |  |  |  |
| Total Payments                           | 52,436,796  | 52,626,800  | (190,004)     |  |                     |   |   |  |                         |  |  |  |                           |            |            |           |                |            |            |           |  |            |            |         |                                  |  |  |  |
| Net Cash Flows from Operating Activities | 17,563,204  | 17,373,200  | 190,004       |  |                     |   |   |  |                         |  |  |  |                           |            |            |           |                |            |            |           |  |            |            |         |                                  |  |  |  |

**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

| Reference no. in the audit Report        | Issue / Observations from Auditor   | Management comments  | Focal Point person to resolve the issue (Name and designation) | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|---|--|--|-----------------------------------|--|
| 2.0<br>Budgetary Control and Performance | The statement of comparison of budget and actual amounts reflects final expenditure budget and actual on comparable basis of Kshs. 47,000,000 and Kshs 10,988,552 respectively, resulting to underperformance of Kshs. 36,011,448 or 77% of the budget. | Accrual basis of accounting was adopted in the preparation of Disaster and Emergency Fund Financial Statements for FY 2021/2022. Expenditure in acquisition of assets of Ksh. 40,572,728 was not considered by audit in determining expenditure absorption. The revised absorption was as follows: | Fund Administ rator  | Resolved                          |  |

**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

|  |  |  |            |            |  |  |
|--|--|--|------------|------------|--|--|
|  |  |  |            |            |  |  |
|  |  | Revenue  |            |            |  |  |
|  |  | Opening Balance  | Cash       | 3,010,100  |  |  |
|  |  |  | Imprest    | 13,835,840 |  |  |
|  |  | Transfer from CRF  |            | 47,000,000 |  |  |
|  |  | Total Revenue  |            | 63,845,940 |  |  |
|  |  | Payments   |            |            |  |  |
|  |  | Use Of Goods   | 6,590,175  |            |  |  |
|  |  | Bank Charges   | 4,917      |            |  |  |
|  |  | Acquisition of Assets  | 40,572,728 |            |  |  |
|  |  | Total Expenditure  |            | 47,167,820 |  |  |
|  |  | Closing Balance  |            | 16,678,120 |  |  |
|  |  | <p>Revised Performance<br/> is = <math>\frac{47,167,820}{63,845,940} =</math><br/> 73.87%<br/> Underperformance is<br/> 26.13%</p> |            |            |  |  |

**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

| Reference no. in the audit Report          | Issue / Observations from Auditor   | Management comments   | Focal Point person to resolve the issue (Name and designation) | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|---|---|--|-----------------------------------|--|
| 3.0<br>Unresolved<br>Prior year<br>matters | In the Audit of the previous year, several issues were raised under the report on the financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues or provided reasons for the delay in resolving them. Further, the issues included under the progress on follow up of auditor's recommendations section of the financial statements do not relate to the issues raised in the report for the year ended 30 <sup>th</sup> June, 2021. | The Management has since included the issues raised by the auditors in the FY 2021/2022 | Fund Administrator   | Resolved                          |  |

**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

| Reference no. in the audit Report | Issue / Observations from Auditor   | Management comments  | Focal Point person to resolve the issue (Name and designation) | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|-----------------------------------|---|--|--|-----------------------------------|--|
|                                   |   |  |  |                                   |  |
| 3.0<br>Lack of Approved Budget    | During the audit, Management did not provide an approved budget for the year under review, as required by Section 33 of the Bungoma County Disaster and Emergency Management Act, 2019, which provides that the estimates are prepared, approved by the Committee and submitted to the Executive Committee Member for Finance for transmission to the County Assembly for approval. | The fund administration will ensure that it adheres to Section 33 of the Bungoma County and Emergency Management Act 2019. | Fund Administrator   | Not resolved                      | 6 months   |

**Bungoma County Disaster Management Emergency Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**APPENDIX 1. TRIAL BALANCE**

| <b>BUNGOMA COUNTY DISASTER MANAGEMENT EMERGENCY FUND</b> |  |                       |                       |
|--|--|-----------------------|-----------------------|
| <b>TRIAL BALANCE AS AT 30TH JUNE 2023</b>                |  |                       |                       |
| <b>ITEM</b>  | <b>DETAILS</b>                           | <b>2022/2023</b>      |                       |
|  |  | <b>KSH. DR</b>        | <b>KSH. CR</b>        |
| <b>Cash and Cash equivalents</b>                         | <b>Cash and Bank Balances</b>            |                       |                       |
|  | KCB Account No.117967462 - Kshs          | 4,215,731.93          |                       |
|  | CBK                                      | 48,118,656.10         |                       |
|  | <b>Fund Balance B/F</b>                  |                       |                       |
|  | Accumulated surplus                      |                       | 182,341,866.23        |
|  | <b>Transfers</b>                         |                       |                       |
|  | Transfer from county Government          |                       | 102,298,000.00        |
|  | <b>Accounts Receivable</b>               |                       |                       |
|  | Government Imprests/Accounts Receivables | 8,227,950.00          |                       |
|  | Accumulated depreciation                 |                       | 20,502,588.22         |
| <b>Payments</b>  | <b>General Expenses</b>                  |                       |                       |
|  | Hospitality supplies and services        | 850,800.00            |                       |
|  | Depreciation and Amortization            | 5,727,933.47          |                       |
|  | Other operating expenses                 | 4,184,044.00          |                       |
|  | <b>Acquisition of Assets</b>             |                       |                       |
|  | Land & Buildings                         | 4,700,000.00          |                       |
|  | Roads and Bridges                        | 229,117,338.90        |                       |
| <b>TOTAL</b>   |  | <b>305,142,454.40</b> | <b>305,142,454.45</b> |

Prepared by: *Mahmud MAAW*

Date: *30/6/23*

Reviewed by: *AGC*

Date: .....