

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

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**THE AUDITOR-GENERAL**

**ON**

**SIAYA COUNTY EMERGENCY FUND**

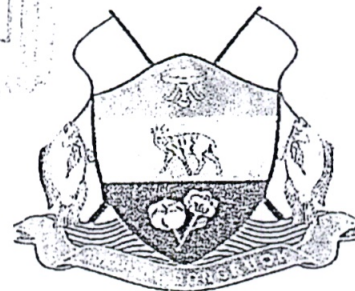
**FOR THE YEAR ENDED  
30 JUNE, 2023**

OFFICE OF THE AUDITOR GENERAL

PERAK STATE

★ 2023 ★

P.O. BOX 470, KUALA PERAK



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**SLAYA COUNTY 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)**

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

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**1. Acronyms and Glossary of Terms**

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
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**2. Key Entity Information and Management**

**a) Background information**

Siaya County Emergency Fund is established by and derives its authority and accountability from The Kenya Gazette Supplementary Siaya County Act, 2022 on 7<sup>th</sup> July, 2020. The Fund is wholly owned by the County Government of Siaya and is domiciled in Kenya.

The Fund's principal activity is to enable payments to be made when an urgent and unforeseen need for the expenditure arises for which there is no specific legislative authority.

An executive member shall only pay monies out of the Fund after approval and ascertaining of the emergency by the County Executive Committee.

**b) Principal Activities**

The principal activity/mission/ mandate of the Fund is to enable payments to be made when an urgent and unforeseen need for the expenditure arises for which there is no specific legislative authority

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

Siaya County Emergency fund does not have Board of Trustee since it's not provided for in the Act.

**d) Key Management Steam**

Ref	Name	Position
1	Hon. CPA, Benedict Abonyo Omollo	CECM-Finance and Economic Planning
2	Ouma Jacktone Odinga	Ag. Chief Officer- Finance and Economic Planning
3	Mr. Maurice Owira	Accountant- Finance and Economic Planning

**Key Entity and Management (Continued)**

**e) Fiduciary Oversight Arrangements**

The key fiduciary oversight bodies at the County for the period ended 30<sup>th</sup> June 2023 were;

1. Siaya County Assembly
2. Public Accounts and Investment Committee; and

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

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3. Budget and Appropriations Committee

**f) Registered Offices**

P.O. Box 803-40600  
Siaya County Headquarters  
Siaya, KENYA

**g) Fund Contacts**

Telephone: (254) 792 631 619  
E-mail: [inf@siaya.go.ke](mailto:inf@siaya.go.ke)

Website: [www.siaya.go.ke](http://www.siaya.go.ke)

**h) Fund Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. Faulu Bank Limited  
P.O Box 60240-40600  
NAIROBI

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**Key Entity and Management (Continued)**

**j) Independent Auditors**

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

**k) Principal Legal Adviser**

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

**l) County Attorney**

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

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

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**3. Board of Trustees/ Fund Administration Committee (Or Any Other Corporate Governance Body for The Fund)**

Siaya County Emergency fund does not have Board of Trustee since it's not provided for in the Siaya County Emergency Fund Act 2020



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

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**4. Management Team**

Siaya County Emergency fund does not have Board of Trustee since it's not provided for in the Siaya County Emergency Fund Act 2020.

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

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**5. Board/Fund Chairperson's Report**

I have the pleasure of presenting the Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023. During the year under review, the management discharged its mandate as stipulated in the Siaya County Emergency Fund Act, 2020. I'm pleased to report that the management was able to achieve all the targets set for the financial year. Siaya County Emergency Fund was created by the Siaya County Emergency Fund Act, 2020. The purpose of the Fund is to enable payments to be made when an urgent and unforeseen need for expenditure arises for which there is no specific legislative authority. A disaster-emergency condition generates extensive damage and destruction to life or property. These events may lead to overwhelming social and physical disruption of functioning of society or community and overwhelms their sources of the affected community or country to provide a timely and effective response to meet the needs of the situation. The emergency aspect of such an event requires immediate attention to alleviate threats to life, pain, distress, anxiety and the destruction to the environment. The County's disaster profile is dominated by droughts, fires, floods, diseases and epidemics that disrupt people's livelihoods, destroy the infrastructure, divert planned use of resources, interrupt economic activities and retard development

Our progressive Constitution has provided for devolution, not only of functions but also of resources, under county governments. In this regard, the county governments are the first point of response to calamities such as drought, fires, flood diseases and accidents. It is with this in mind that we need to work together and take far-reaching measures that can ensure long-term food security

While our achievements are substantial, they are still insufficient. I laud the Government's move to institutionalise the Disaster Management as a risk financing instrument and, therefore, appeal for fast-tracking of its operationalization

In a bid to entrench the gains made thus far, the management also commits to a collective institutional resolve to adhere to our core values of integrity and accountability, responsiveness to vulnerable groups and participatory approaches in executing our mandate.

Signed: \_\_\_\_\_



CECM-Finance and Economic Planning

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

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**6. Report of The Fund Administrator**

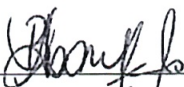
I have the pleasure of presenting the Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023. During the year under review, the management discharged its mandate as stipulated in the Siaya County Emergency Fund Act, 2020. I'm pleased to report that the management was able to achieve all the targets set for the financial year. Siaya County Emergency Fund was created by the Siaya County Emergency Fund Act, 2020. The purpose of the Fund is to enable payments to be made when an urgent and unforeseen need for expenditure arises for which there is no specific legislative authority. A disaster-emergency condition generates extensive damage and destruction to life or property. These events may lead to overwhelming social and physical disruption of functioning of society or community and overwhelms their sources of the affected community or country to provide a timely and effective response to meet the needs of the situation. The emergency aspect of such an event requires immediate attention to alleviate threats to life, pain, distress, anxiety and the destruction to the environment. The County's disaster profile is dominated by droughts, fires, floods, diseases and epidemics that disrupt people's livelihoods, destroy the infrastructure, divert planned use of resources, interrupt economic activities and retard development

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While our achievements are substantial, they are still insufficient. I laud the Government's move to institutionalise the Disaster Management as a risk financing instrument and, therefore, appeal for fast-tracking of its operationalization

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During the reporting period, there were flooding reported in Usonga, North Sakwa, Yimbo West and West Ugenya wards. In the past the county has reported certain cases such as School fires, Collapse of gold mines, Cases of flooding and Malanga oil tanker accident

Signed:  \_\_\_\_\_

CECM-Finance and Economic Planning

**7. Statement of Performance Against the County Fund's Predetermined Objectives**

**Introduction**

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

The fund doesn't have predetermined objectives since the purpose of the Fund is to enable payments to be made when an urgent and unforeseen need for expenditure arises for which there is no specific legislative authority.

A disaster-emergency condition generates extensive damage and destruction to life or property. These events may lead to overwhelming social and physical disruption of functioning of society or community and overwhelms their sources of the affected community or country to provide a timely and effective response to meet the needs of the situation. The emergency aspect of such an event requires immediate attention to alleviate threats to life, pain, distress, anxiety and the destruction to the environment

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

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**8. Corporate Governance Statement**

Siaya County Emergency fund does not have Board of Trustee since it's not provided for in the Siaya County Emergency Fund Act 2020.

## **9. Management Discussion and Analysis**

It is my pleasure to present the Siaya County Emergency Fund financial statements for the year ended 30th June 2023. The financial statements present the financial performance of the Fund over the past year.

The promulgation of the Constitution of Kenya, 2010 under Chapter 11 ushered Kenya into a new system of governance, replacing the centralized system with a devolved system of governance. The devolved system of governance consists of the National Government and 47 County Governments.

### **a. Financing of the County Governments**

Article 202 of the Constitution of Kenya provides that revenue raised nationally shall be shared equitably among the National Government and the County Governments. Each County Government's equitable share of revenue raised nationally, is determined yearly through the County Allocation of Revenue Act (CARA). The revenue sharing formula is developed by the Commission on Revenue Allocation and approved by Parliament in accordance with Article 217 of the Constitution.

The County also finances its operations through own generated revenues. These are revenues collected within the County. They key local revenue sources for Siaya County included business permits, land rates, business plan approval, plot rents, cesses and various other administrative charges.

### **a. Financial Performance**

#### **i. Revenue**

In the year ended 30<sup>th</sup> June 2023 the Fund had a budget of Kshs.70, 000,000. The Fund was able to realize Kshs. 70,000,000 and additional Transfer from County Treasury of Kshs. 3, 200,000 resulting to an actual revenues of Kshs.73,200,000.

#### **ii. Payments**

Our total expenditure for the year amounted to Kshs.27, 332,036.85 representing 37% performance

## **10. Environmental and Sustainability Reporting**

### **1. Sustainability strategy and profile**

Spatial Development Framework (SDF) sets out the principles to be used to decide the right development to promote economic growth within the county taking into consideration spatial disparities. The proposed strategies include:

1. Setting industrial incubation centres and initiating agro-processing value addition.
2. Pursuing mining resources to increase revenue generation.
3. Revitalization of the blue economy to improve fishing resources
4. Undertake sustainable tourism and ecotourism.
5. Targeted infrastructural development in trading centres such as markets to connect electricity (street lighting and solar power), establish stall markets, connect water and sanitation.
6. Enhance financial capacity of local traders by availing credit facilities
7. Expand the resource base by pursuing resource mobilization from public finance, private finance and public-private financing.
8. Expanding the role of SME and MSE contribution to the local economy.
9. Tapping into Foreign Direct Investments (FDI) as a driver of investment.

### **2. Environmental performance**

Environment is a broad term representing the totality of the surrounding such as plants, animals, microorganisms, socio economic and cultural factors. It includes the physical factors of the surroundings of human beings such as land, water, atmosphere, sound, odour, taste; the biological factors of animals and plants and the social factors of aesthetics including both natural and built environment. The right to a clean and healthy environment is one of the rights safeguarded under the Constitution of Kenya, 2010. To ensure its protection not only for the present generation, but also the future generations as envisioned, it is critical that Siaya County puts in place measures to conserve the environment. The main activities contributing to environmental degradation in the County include unsustainable land use practices, poor soil and water management practices, unsustainable fishing, and deforestation, overgrazing, over exploitation of wetland resources, encroachment of riparian reserves, pollution and effects of climate change. To address the challenges, the county outlines a strategy to promote sustainable natural resource management in

Siaya County focusing on the following aspects: Reforestation of gazetted forests; Provision and protection of migratory corridors; Protection of water catchment and environmentally fragile ecosystems and Provision and protection of migratory corridors (areas connecting wildlife population but are separate from human activities or structures i.e. roads). This will help to re-establish population of wildlife (crocodiles, warthogs, monkeys, birds, antelopes, leopards, hyenas, squirrels and snakes) which had been reduced due to events such as fires, human wildlife conflict arising from habitat fragmentation where urbanization splits up habitats. The county has also identified wetlands along the Lakes i.e. Lake Victoria and Lake Kanyaboli as well as County rivers as strategic migratory corridors. It also proposes the use of riparian areas along rivers, lakes and other water bodies for utilization as migratory corridors.

### **3. Employee welfare**

The County has an approved structure and establishment, however, the establishment is yet to be implemented fully and with a big mismatch with the skills and competencies needed to drive the County's development agenda. The Agriculture led development model is a major paradigm shift that introduces approaches and innovations in execution. To realise this development goal, a change management approach is required and it involves the identification and assignment of champions across all sectors. The approach also requires realignment of roles and responsibilities and drawing a staff framework to support the desired change. Such a framework will lead to the restructuring and reorganisation of departments such as Agriculture, Trade and Enterprise. As a result of restructuring there will be the abolishment of offices that do not align with the desired Plan. It will also require strategic recruitment, training and tooling to align the staff to the desired change.

Currently, there is no established policy to guide Human Resource development, limited capacity in Directorate of Human Resource Management and the County Public Service Board; weaknesses in the recruitment and promotion processes; lack of clarity in career progression paths, skill development and relevant training plans. To address these challenges, the county will develop and implement a Human Resource Management and Development Policy, institute a performance management system, and review the staff establishment to align it to the new development approach for the County.



**4. Market place practices-**

The weaknesses in the value chains for agriculture have an interactive relationship with weak market systems. The aggregation, bulking, wholesale and retail systems are under-developed. As part of the agenda to transform Siaya through investment in agriculture, one of the five priority areas is the development of market systems to support the anchor value chains.

The plan is to promote and facilitate the development of a strong network of direct market players such as producers, buyers, and consumers; suppliers of supporting goods and services such as finance, equipment and business consulting; and entities that influence the business environment such as regulatory agencies and County Government Departments, infrastructure providers and business associations. The envisaged market structures and systems will include storage, ICT support, road networks that facilitate movement and confluence of goods and people and a command area with an anchor value chain each linked to a market centre. In this respect, Yala is envisaged as the market centre for the dairy value chain, the Ugunja for the avocado value chain, Bondo for the fish value chain, Rarieda for the fruit and cotton value chain, Alego Usonga for the poultry and rice value chain.

Arising from lack of commercialization of agriculture in Siaya, the farmer-led producer organisations remain few and the existing ones are weak in their operations. This lack of high-capacity in farmer organisations limits smallholder integrations into value chains, raising transaction cost and reduces competitiveness. As a result of this, farmers end up with high post-harvest losses causing the farmers to engage in distress sales of produce at lower prices. The county will place a strong focus on the development of high capacity producer organisations, savings and credit (saccos) and cooperative unions to enhance commercialization and market participation for farmers while boosting productivity through improved access to quality input and extension services and finance and credit. The county will also focus on establishing thirty ward based cooperative SACCOs and federation of these ward based SACCOs into six cooperative unions at sub-county level. Critical to the success of these saccos will be training on corporate governance, linkage to market systems and input supply chains.

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

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**5. Community Engagements-**

The County Government is fostering interaction with businesses, NGOs and other key stakeholders to address social problems through Corporate Social Responsibility (CSR) agenda. Various sectors have partnered with NGO's to provide CSR services. In health sector, the county has partnered with NGO's to provide polio vaccine to new born in the communities, training of expectant mothers, providing mosquito nets and providing food supplements. In agriculture, through partners, farmers have benefitted from free extension services, provision of certified seeds and fertilizers, provision of fingerlings and fishing gears.

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

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**11. Report of The Trustees**

Siaya County Emergency fund does not have Board of Trustee since it's not provided for in the Act

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

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**12. 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 Siaya County Emergency Fund Act, 2020 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.

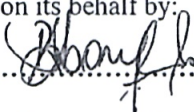
The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*quote the applicable legislation establishing the County Public Fund*). 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. OR

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**

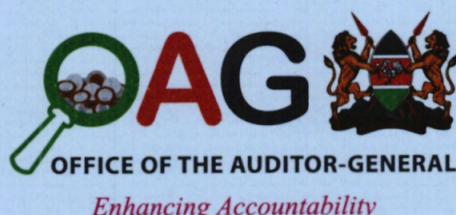
The Fund's financial statements were approved by the Board on \_\_\_\_\_ 2023 and signed on its behalf by:

.....  


**Administrator of the County Public Fund**

# REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## REPORT OF THE AUDITOR-GENERAL ON SIAYA COUNTY 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 the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Siaya County Emergency Fund set out on pages 1 to 46, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net

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

In my opinion, 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 Siaya County 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 Siaya County Emergency Fund Act, 2020 and Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Unconfirmed Transfers from the County Government**

The statement of financial performance and as disclosed in Note 2 to the financial statements reflects an amount of Kshs.73,200,000 in respect of transfers from the County Government. However, the financial statements of the Siaya County Executive reflect transfers of Kshs.22,328,125 resulting to an unreconciled variance of Kshs.50,871,875. It is not clear, and Management has not provided a reconciliation or any supporting documentation for the difference.

In the circumstances, the accuracy and completeness of the transfers from the County Government of Kshs.73,200,000 could not be confirmed.

#### **2. Irregular Expenditure in the Fund**

The statement of financial performance reflects use of goods and services amount of Kshs.27,332,036 which, as disclosed in Note 7 to the financial statements includes general expenses, electricity and water expenses and fuel and oil costs of Kshs.4,765,820, Kshs.300,000 and Kshs.2,267,431 respectively. However, the nature and purpose of the items procured did not appear to qualify as an emergency. This was contrary to Section 5(1) of the Siaya County Emergency Fund Act, 2020 which stipulates that "Emergency" shall be construed to mean an urgent, unforeseen need. Further, the entire expenditure of Kshs.27,332,036 did not have any payment sanctioned by the County Executive Committee as an emergency in line with the Siaya County Emergency Fund Act, 2020. The expenditure was mainly normal operations expenditure.

In the circumstances, the accuracy, completeness and validity of the expenditure totalling to Kshs.27,332,036 could not be confirmed.

#### **3. Unsupported Expenditure**

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects use of goods and services amount of Kshs.27,332,037. However, the following unsatisfactory matters were noted:

- i. The department of health requested for funds to procure pharmaceuticals items amounting to Kshs.4,185,820. However, review of the Programme Based

Supplementary Budget Estimates II of Siaya County indicate that supply of pharmaceutical items had a budget allocation. No justification was rendered for the decision to reallocate funds already voted for the Emergency Fund. Further, Management did not provide stores records to support receipt and issuance of drugs and non-pharmaceuticals to the respective health facilities.

- ii. The Management procured food and non-food items from various suppliers totalling to Kshs.2,847,431 for flood disaster victims. However, the expenditure was not supported by receipt and issue vouchers from the stores, approved list of beneficiaries and distribution list to final users. Further, the Management did not provide contract documents between the Management and the suppliers.

In the circumstances, the propriety and validity of the expenditure of Kshs.27,332,036 in respect of use of goods and services could not be confirmed.

#### **4. Cash and Cash Equivalents**

The statement of financial position reflects cash and cash equivalents balance of Kshs.47,690,927 which, as disclosed in Note 12 to the financial statements includes Central Bank of Kenya (CBK) and a commercial bank account balance of Kshs.47,671,874 and Kshs.19,053 respectively. However, the CBK reconciliation statement for 30 June, 2023 reflects a balance of Kshs.47,671,874 while the certificate of bank balance confirmation reflects Kshs.44,879,274, resulting to an unreconciled and unexplained variance of Kshs.2,792,600. Further, the commercial bank account had been dormant for over three (3) years and continues to incur unnecessary running expenses.

In the circumstances, the accuracy and completeness of bank balances of Kshs.47,690,927 could not be confirmed.

#### **5. Statement of Financial Position**

The statement of financial position reflects a balance of Kshs.45,867,963 under accumulated surplus. However, the amount is at variance with the balance of Kshs.47,690,927 reflected in the statement of changes in net assets, resulting to unexplained variance of Kshs.1,822,964. Further the statement of financial position reflects reserves balance of Kshs.1,822,964. However, the statement of changes in net assets reflects a nil balance.

In the circumstances, the accuracy of accumulated surplus balance reported in the statement of financial position could not be confirmed.

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

## **Emphasis of Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects a final expenditure budget of Kshs.70,000,000 against an actual of Kshs.27,332,036 resulting to under-expenditure of Kshs.42,667,964 or 39% of the budget. In addition, review of the statement of comparison of budget and actual amounts revealed that the explanatory notes to give the reasons for material differences between the budgeted and actual amounts has not been provided as prescribed by the Public Sector Accounting Standards Board (PSASB).

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

My opinion is however, not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

#### **Progress on Follow Up of Prior Year Auditor's Recommendations**

As disclosed in the progress on follow up of auditor's recommendations section of the financial statements, the prior year audit issues remained unresolved as at 30 June, 2023. Management has not provided satisfactory reasons for the delay in resolving the issues.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Non-Compliance with International Public Sector Accounting Standards (IPSAS)**

The statement of financial position reflects nil balance on property, plant and equipment. However, Note 17 to the financial statements discloses property, plant and equipment balance of Kshs.64,237,149. In addition, the property, plant and equipment movement schedule at Note 17 has not been prepared in accordance with International Public Sector Accounting Standards (IPSAS) No. 17 which requires an entity to disclose each class of asset recognized in the statements; the measurement bases for determining the carrying amounts, depreciation methods used, useful lives or depreciation rates used, accumulated depreciation at the beginning and end of the period, additions, depreciation and net book values.



In the circumstances, Note 17 to the financial statements did not comply with the requirements of IPSAS No. 17.

## **2. Renovation Works at Siaya County Referral Hospital**

The statement of financial performance reflects expenditure amount of Kshs.27,332,036 in respect to use of goods and services which, as disclosed in Note 7 to the financial statements include expenditure on civil works amounting to Kshs.19,998,785. Management awarded a contract to renovate and repair leaking roofs at the Siaya County Referral Hospital at a contract sum of Kshs.25,774,634. However, the contract documents were not provided to confirm whether the works were carried out as stipulated in the contract. In addition, it was noted that the Local Purchase Order (LPO) was issued on the same date as the supplier's invoice of 14 June, 2023. No explanation was provided for this anomaly.

Further, review of minutes of the Implementation Committee dated 13 July, 2023 indicated that the original contract period and practical completion date were yet to be determined. As at the time of the audit in November, 2023, no completion and hand over certificate was provided for audit.

In the circumstances, the propriety and value for money for the funds spent on renovation of Siaya Referral Hospital could not be confirmed and the Management was in breach of the law.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to terminate the Fund or to cease operations.

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of

the internal control would not necessarily disclose all matters in the internal 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 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of 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 controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and 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

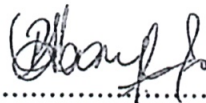
12 January, 2024

*Siaya County Emergency Fund*

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

**14. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2023**

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
Public Contributions and Donations	1		
Transfers From the County Government	2	73,200,000.00	80,000,000.00
Fines, Penalties and Other Levies	3		
<b>Revenue From Exchange Transactions</b>			
Interest Income	4		
Other Income	5		
<b>Total Revenue</b>		<b>73,200,000.00</b>	<b>80,000,000.00</b>
<b>Expenses</b>			
Employee Costs	6		
Use of goods and services	7	27,332,036.85	82,619,056.00
Depreciation and Amortization Expense	8		
Finance Costs	9		
<b>Total Expenses</b>		<b>27,332,036.85</b>	<b>82,619,056.00</b>
<b>Other Gains/Losses</b>			
Gain/Loss on Disposal of Assets	10		
Gain /Loss on fair value of investments	11		
<b>Surplus/(Deficit) for the Period</b>		<b>45,867,963.15</b>	<b>- 2,619,056.00</b>



.....  
Name: Hon.CPA, Benedict Abonyo Omollo  
Administrator of the Fund

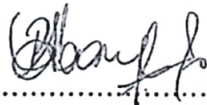


.....  
Name: Maurice Owira  
Fund Accountant


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

**14. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2023**

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
Public Contributions and Donations	1		
Transfers From the County Government	2	73,200,000.00	80,000,000.00
Fines, Penalties and Other Levies	3		
<b>Revenue From Exchange Transactions</b>			
Interest Income	4		
Other Income	5		
<b>Total Revenue</b>		<b>73,200,000.00</b>	<b>80,000,000.00</b>
<b>Expenses</b>			
Employee Costs	6		
Use of goods and services	7	27,332,036.85	82,619,056.00
Depreciation and Amortization Expense	8		
Finance Costs	9		
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<b>Other Gains/Losses</b>			
Gain/Loss on Disposal of Assets	10		
Gain /Loss on fair value of investments	11		
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 Name: Hon.CPA, Benedict Abonyo Omollo  
 Administrator of the Fund



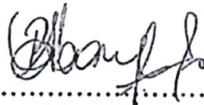
.....  
 Name: Maurice Owira  
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*Siaya County Emergency Fund*

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

**14. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2023**

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
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Depreciation and Amortization Expense	8		
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<b>Total Expenses</b>		<b>27,332,036.85</b>	<b>82,619,056.00</b>
<b>Other Gains/Losses</b>			
Gain/Loss on Disposal of Assets	10		
Gain /Loss on fair value of investments	11		
<b>Surplus/(Deficit) for the Period</b>		<b>45,867,963.15</b>	<b>- 2,619,056.00</b>



.....  
Name: Hon.CPA, Benedict Abonyo Omollo  
Administrator of the Fund



.....  
Name: Maurice Owira  
Fund Accountant

*Siaya County Emergency Fund*

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

**15. Statement of Financial Position As at 30 June 2023**

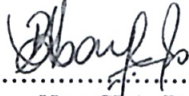
Description	Note	2022-2023	2021-2022
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	12	47,690,927.75	1,822,964.60
Current Portion of Long- Term Receivables From Exchange Transactions	13		
Prepayments	14		
Inventories	15		
Investments in financial assets	16		
<b>Total current assets</b>		<b>47,690,927.75</b>	<b>1,822,964.60</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	17	-	-
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	-	-
Investment Property	19	-	-
<b>Total non- current assets</b>		<b>-</b>	<b>-</b>
<b>Total Assets</b>		<b>47,690,927.75</b>	<b>1,822,964.60</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables from Exchange Transactions	20	-	-
Current Portion of Borrowings	21	-	-
Employee Benefit Obligations	22	-	-
Social benefit liabilities	23	-	-
<b>Total current liabilities</b>		<b>-</b>	<b>-</b>
<b>Non-Current Liabilities</b>			
Long Term Portion of Borrowings	21	-	-
Non-Current Employee Benefit Obligation	22	-	-
Social benefit liabilities	23	-	-
		-	-
<b>Total Liabilities</b>		<b>-</b>	<b>-</b>
<b>Net Assets</b>		<b>47,690,927.75</b>	<b>1,822,964.60</b>
Revolving Fund		47,690,927.75	1,822,964.60
Reserves		1,822,964.53	4,442,020.53
Accumulated Surplus		45,867,963.15	-
<b>Total Net Assets and Liabilities</b>		<b>47,690,927.68</b>	<b>1,822,964.53</b>



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

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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 \_\_\_\_\_ 2023 and signed by:



.....  
Name: Hon.CPA, Benedict Abonyo Omollo  
Administrator of the Fund



.....  
Name: Maurice Owira  
Fund Accountant

*Siaya County Emergency Fund*

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

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

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
<b>Balance As At 1 July (Previous FY)</b>	4,442,020.53			4,442,020.53
Surplus/(Deficit) For the Period	2,619,056.00	4,442,020.53		2,619,056.00
Funds Received During the Year				-
Transfers				-
Revaluation Gain				-
<b>Balance As At 30 June (Previous FY)</b>	<b>1,822,964.53</b>	<b>4,442,020.53</b>		<b>1,822,964.53</b>
				-
<b>Balance As At 1 July (Current FY)</b>	<b>1,822,964.53</b>	<b>4,442,020.53</b>		<b>1,822,964.53</b>
Surplus/(Deficit) For the Period	45,867,963.15	2,619,056.00		45,867,963.15
Funds Received During the Year				-
Transfers				-
Revaluation Gain				-
<b>Balance As At 30 June (Current FY)</b>	<b>47,690,927.68</b>	<b>1,822,964.53</b>		<b>47,690,927.68</b>

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

**17. Statement of Cash Flows for The Year Ended 30 June 2023**

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>		73,200,000.00	80,000,000.00
Public contributions and donations			
Transfers from the county government			
Interest received			
Receipts from other operating activities			
<b>Total receipts</b>		<b>73,200,000.00</b>	<b>80,000,000.00</b>
<b>Payments</b>			
Fund administration expenses			
General expenses		27,332,036.85	82,619,056.00
Finance cost			
Other payments			
<b>Net cash flows from operating activities</b>	24	<b>45,867,963.15</b>	<b>- 2,619,056.00</b>
<b>Cash flows from investing activities</b>		-	-
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
<b>Net cash flows used in investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>		-	-
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		<b>45,867,963.15</b>	<b>- 2,619,056.00</b>
Cash and cash equivalents at 1 July		1,822,964.60	4,442,020.53
<b>Cash and cash equivalents at 30 June</b>		<b>47,690,927.75</b>	<b>1,822,964.53</b>

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

**18. Statement Of Comparison Of Budget And Actual Amounts For The Period**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
<b>Revenue</b>						
Public Contributions and Donations						
Transfers From County Govt.	70,000,000.00		70,000,000.00	70,000,000.00	-	100.00
Interest Income						
Other Income						
<b>Total Income</b>	<b>70,000,000.00</b>	<b>-</b>	<b>70,000,000.00</b>	<b>70,000,000.00</b>	<b>-</b>	<b>100.00</b>
<b>Expenses</b>						
Fund Administration Expenses						
General Expenses	70,000,000.00		70,000,000.00	27,332,036.85	42,667,963.15	39.05
Finance Cost						
<b>Total Expenditure</b>	<b>70,000,000.00</b>	<b>-</b>	<b>70,000,000.00</b>	<b>27,332,036.85</b>	<b>42,667,963.15</b>	<b>39.05</b>
<b>Surplus For the Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,667,963.15</b>	<b>-</b>	
<b>Capital expenditure</b>						

**Budget notes**

1. There was no change between the original and the final budget

**19. Notes to the Financial Statements**

**1. General Information**

Siaya County Emergency Fund entity is established by and derives its authority and accountability from Siaya County Emergency Fund Act. The entity is wholly owned by the Siaya County Government and is domiciled in Kenya. The entity’s principal activity is to enable payments to be made when an urgent and unforeseen need for the 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) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023*

Standard	Effective date and impact
<b>IPSAS 41: Financial Instruments</b>	<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>

*Siaya County Emergency Fund*

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

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

*Siaya County Emergency Fund*

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

Standard	Effective date and impact
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><b><i>Applicable 1<sup>st</sup> January 2023</i></b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023</p>

*(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:
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>

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

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

**(iii) Early adoption of standards**

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*



## **2. 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.

##### **Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

##### **Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

### **b) Budget information**

The original budget for FY 2023 was approved by the County Assembly on 31<sup>st</sup> July 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 recorded additional appropriations of on the FY 2022-2023 budget following the governing body's approval.

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.

**Summary of Significant Accounting Policies (Continued)**

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

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

**c) Property, plant and equipment**

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

**d) Intangible Assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

**e) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an xx-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

**Summary of Significant Accounting Policies (Continued)**

**f) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**Financial assets**

**Classification of financial assets**

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

**Summary of Significant Accounting Policies (Continued)**

**Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

**Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

**Significant Accounting Policies (Continued)**

**Financial liabilities**

**Classification**

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

**g) 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.

**h) 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.

**i) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

*Summary of Significant Accounting Policies (Continued)*

**j) Contingent liabilities**

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

**Contingent assets**

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.

**k) 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.*

**l) 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.

**m) Employee benefits – Retirement benefit plans**

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

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

*Summary of Significant Accounting Policies (Continued)*

**n) 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.

**o) 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.

**p) 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.

**q) 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.

**r) Comparative figures**

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

*Summary of Significant Accounting Policies (Continued)*

**5. Significant judgments and sources of estimation uncertainty**

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

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

**a) Estimates and assumptions –**

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

**b) Useful lives and residual values**

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

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

**c) Provisions**

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

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

*(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)*



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

**6. Notes To The Financial Statements**

**1. Public contributions and donations**

Description	2022-2023	2021-2022
	Kshs	Kshs
Donation From Development Partners		
Contributions From The Public		
<b>Total</b>		

*(Provide brief explanation for this revenue)*

**2. Transfers from County Government**

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers From County Govt. –Operations	73,200,000.00	80,000,000.00
Payments By County On Behalf Of The Entity		
Unconditional Development grants		
<b>Total</b>	<b>73,200,000.00</b>	<b>80,000,000.00</b>

**3. Fines, penalties and other levies**

Description	2022-2023	2021-2022
	Kshs	Kshs
Late Payment Penalties		
Fines		
<b>Total</b>		

*(Provide brief explanation for this revenue)*

**4. Interest income**

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest Income from Mortgage Loans		
Interest Income From Car Loans		
Interest Income From Investments in financial assets		
Interest Income On Bank Deposits		
<b>Total Interest Income</b>		

*Siaya County Emergency Fund*

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

**Notes to the Financial Statements Continued**

**5. Other income**

Description	2022-2023	2021-2022
	Kshs	Kshs
Insurance Recoveries		
Income from Sale of Tender Documents		
Bad debts recovered		
Miscellaneous Income		
<b>Total Other Income</b>		

**6. Employee Costs**

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries And Wages		
Staff Gratuity		
Staff Training Expenses		
Social Security Contribution		
Other ( <i>Specify</i> )		
<b>Total</b>		

**7. Use of Goods and Services**

Description	2022-2023	2021-2022
	Kshs.	Kshs.
General Office Expenses		
Loan Processing Costs		
Professional Services Costs		
Administration Fees		
Committee Allowances		
Bank Charges		
Electricity And Water Expenses		
Fuel And Oil Costs	300,000.00	
Insurance Costs		
Postage And Courier		
Specialized Materials	7,033,251.20	82,619,056.00
Printing And Stationery		

*Siaya County Emergency Fund*

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

Rental Costs		
Civil Works	19,998,785.65	
Security Costs		
Telephone And Communication Expenses		
Bank Charges		
Social benefit expenses*		
<b>Total</b>	<b>27,332,036.85</b>	<b>82,619,056.00</b>

**8. Depreciation and Amortization Expense**

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Property Plant and Equipment		
Intangible Assets		
<b>Total</b>		

**9. Finance costs**

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest On Bank Overdrafts		
Interest On Loans From Banks		
<b>Total</b>		

**10. Gain/(loss) on disposal of assets**

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, Plant and Equipment		
Intangible Assets		
<b>Total</b>		

**11. Gain/ (loss) on Fair Value Investments**

Description	2022-2023	2021-2022
	Kshs	Kshs
Investments at Fair Value- Equity investments		
Fair value – Investment property		
Fair value- other financial assets (specify)		
<b>Total Gain</b>		

*Siaya County Emergency Fund***Annual Report and Financial Statements for the year ended June 30, 2023****12. Cash and cash equivalents**

Description	2022-2023	2021-2022
	Kshs	Kshs
Emergency Fund Account (CBK)	47,671,874.45	1,803,911.30
Emergency Fund Account Faulu	19,053.30	19,053.30
Fixed Deposits Account		
On – Call Deposits		
Current Account		
Others ( <i>Specify</i> )		
<b>Total Cash And Cash Equivalents</b>	<b>47,690,927.75</b>	<b>1,822,964.60</b>

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

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
<b>a) Fixed Deposits Account</b>			
Central Bank of Kenya	1000468677	47,671,874.45	1,803,911.30
Sub- Total		47,671,874.45	1,803,911.30
<b>b) On - Call Deposits</b>			
Kenya Commercial Bank			
Siaya County Emergency Faulu	1010825462	19,053.30	19,053.30
Sub- Total		19,053.30	19,053.30
<b>c) Current Account</b>			
Kenya Commercial Bank			
Bank B			
Sub- Total			
<b>d) Others(Specify)</b>			
Cash In Transit			
Cash In Hand			
Sub- Total			
<b>Grand Total</b>		<b>47,690,927.75</b>	<b>1,822,964.60</b>

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

**13. Receivables from exchange transactions**

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Current Receivables</b>		
Interest Receivable		
Current Loan Repayments Due		
Other Exchange Debtors		
Less: Impairment Allowance		
<b>Total Current Receivables</b>		
<b>Non-Current Receivables</b>		
Long Term Loan Repayments Due		
<b>Total Non- Current Receivables</b>		
<b>Total Receivables From Exchange Transactions</b>		

**Additional disclosure on interest receivable**

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Interest Receivable</b>		
Interest receivable from current portion of long-term loans of previous years		
Accrued interest receivable from of long-term loans of previous years		
Interest receivable from current portion of long-term loans issued in the current year		
<b>Current loan repayments due</b>		
Current portion of long-term loans from previous years		
Accrued principal from long-terms loans from previous periods		
Current portion of long-term loans issued in the current year		

**14. Prepayments**

Description	2022-2023	2021-2022
	Kshs	Kshs
Prepaid Rent		
Prepaid Insurance		
Prepaid Electricity Costs		
Other Prepayments ( <i>Specify</i> )		
<b>Total</b>		

*Siaya County Emergency Fund*

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

**15. Inventories**

Description	2022-2023	2021-2022
	Kshs	Kshs
Consumable Stores		
Spare Parts And Meters		
Catering		
Other Inventories (Specify)		
<b>Total Inventories at The Lower of Cost and Net Realizable Value</b>		

**Notes to the Financial Statements Continued**

**16. Investments in financial assets**

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>a. Investment in Treasury bills and bonds</b>		
Financial institution		
CBK		
CBK		
Sub- total		
<b>b. Investment with Financial Institutions/ Banks</b>		
Bank x		
Bank y		
Sub- total		
<b>c. Equity investments (specify)</b>		
Equity/ shares in Entity xxx		
Sub- total		
<b>Grand total</b>		

**Movement of Equity Investments**

Impairment allowance/ provision	2022-2023	2021-2022
	Kshs	Kshs
At the beginning of the year		
Purchase of investments in the year		
Sale of investments during the year		
Gain/(loss) in fair value of investments through surplus or deficit		
<b>At the end of the year</b>		

**e) Shareholding in other entities**

*For investments in equity share listed above, list down the equity investments under the following categories:*

*Siaya County Emergency Fund*

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

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding		Current year	Prior year
	%	%	%	Kshs	Kshs	Kshs
Entity A						
Entity B						
Entity C						

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

**17. Property, plant and equipment**

	Land and Buildings	Motor vehicles	Refurbishment of Building	Furniture and fittings	Purchase of Medical Equipment	Total
Cost	Kshs	Kshs		Kshs	Kshs	Kshs
At 1 <sup>st</sup> July 2021	49,551,333.00		7,008,916.80	7,217,000.00	459,900.00	64,237,149.80
Additions						
Disposals						
Transfers/Adjustments						
At 30 <sup>th</sup> June 2022	49,551,333.00		7,008,916.80	7,217,000.00	459,900.00	64,237,149.80
At 1 <sup>st</sup> July 2022	49,551,333.00		7,008,916.80	7,217,000.00	459,900.00	64,237,149.80
Additions						
Disposals						
Transfer/Adjustments						
At 30 <sup>th</sup> June 2023	49,551,333.00		7,008,916.80	7,217,000.00	459,900.00	64,237,149.80
<b>Depreciation And Impairment</b>						
At 1 <sup>st</sup> July 2021	49,551,333.00		7,008,916.80	7,217,000.00	459,900.00	64,237,149.80
Depreciation						
Impairment						
At 30 <sup>th</sup> June 2022	49,551,333.00		7,008,916.80	7,217,000.00	459,900.00	64,237,149.80
At 1 <sup>st</sup> July 2022	49,551,333.00		7,008,916.80	7,217,000.00	459,900.00	64,237,149.80
Depreciation						
Disposals						
Impairment						
Transfer/Adjustment						
At 30 <sup>th</sup> June 2022	49,551,333.00		7,008,916.80	7,217,000.00	459,900.00	64,237,149.80
<b>Net Book Values</b>						
At 30 <sup>th</sup> June 2022	49,551,333.00		7,008,916.80	7,217,000.00	459,900.00	64,237,149.80
At 30 <sup>th</sup> June 2023	49,551,333.00		7,008,916.80	7,217,000.00	459,900.00	64,237,149.80



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

**Notes To The Financial Statements (Continued)**

**18. Intangible assets**

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Cost</b>		
<b>At Beginning of The Year</b>		
Additions		
<b>At End of The Year</b>		
<b>Amortization And Impairment</b>		
<b>At Beginning of The Year</b>		
Amortization		
<b>At End of The Year</b>		
Impairment Loss		
<b>At End of The Year</b>		
<b>NBV</b>		

**19. Investment Property**

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>At beginning of the year</b>		
Additions		
Disposal during the year		
Depreciation		
Impairment		
Gain/(loss) in fair value (if fair value is elected)		
<b>At end of the year</b>		

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

**Notes To The Financial Statements (Continued)**

**20. Trade and other payables from exchange transactions**

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Trade Payables				
Refundable Deposits				
Accrued Expenses				
Other Payables				
<b>Total Trade and Other Payables</b>				
<b>Ageing analysis (Trade and other payables)</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year				
1-2 years				
2-3 years				
Over 3 years				
<b>Total (tie to above total)</b>				

*(NB: Amount under deposits and retentions should tie to cash held in deposit account)*

**21. Provisions**

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At the Beginning Of The Year				
Additional Provisions				
Provision Utilised				
Change Due To Discount And Time Value For Money				
Transfers From Non -Current Provisions				
<b>Balance At The End of The Year</b>				

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

**Notes To The Financial Statements (Continued)**

**22. Borrowings**

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Balance At Beginning of The Period</b>		
External Borrowings During the Year		
Domestic Borrowings During the Year		
Repayments Of External Borrowings During the Period		
Repayments Of Domestic Borrowings During the Period		
<b>Balance At End of The Period</b>		

The table below shows the classification of borrowings into external and domestic borrowings:

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>External Borrowings</b>		
Dollar Denominated Loan From 'X Organization'		
Sterling Pound Denominated Loan From 'Y Organization'		
Euro Denominated Loan from Z Organization'		
<b>Domestic Borrowings</b>		
Kenya Shilling Loan From KCB		
Kenya Shilling Loan from Barclays Bank		
Kenya Shilling Loan from Consolidated Bank		
Borrowings From Other Government Institutions		
<b>Total Balance at End of The Year</b>		

The table below shows the classification of borrowings long-term and current borrowings:

Description	2022-2023	2021-2022
	Kshs	Kshs
Short Term Borrowings (Current Portion)		
Long Term Borrowings		
<b>Total</b>		

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

**Notes To The Financial Statements (Continued)**

**23. Employee benefit obligations**

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Insert Current FY	Insert Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation					
Non-Current Benefit Obligation					
<b>Total</b>					

**24. Social Benefit Liabilities**

Description	2022-2023	2021-2022
	Kshs	Kshs
Health social benefit scheme		
Unemployment social benefit scheme		
Orphaned and vulnerable benefit scheme		
Elderly social benefit scheme		
Bursary social benefits		
<b>Total</b>		
Current social benefits		
Non- current social benefits		
<b>Total (tie to totals above)</b>		

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**Notes To The Financial Statements (Continued)**

**25. Cash generated from operations**

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Surplus/ (Deficit) For the Year Before Tax</b>		
<b>Adjusted For:</b>		
Depreciation		
Amortisation		
Gains/ Losses On Disposal Of Assets		
Interest Income		
Finance Cost		
<b>Working Capital Adjustments</b>		
Increase In Inventory		
Increase In Receivables		
Increase In Payables		
<b>Net Cash Flow From Operating Activities</b>		

*(The total of this statement should tie to the cash flow section on net cash flows from operating activities)*

Notes To The Financial Statements (Continued)

26. Related party balances

a) Nature of related party relationships

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

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Board of Trustees; etc.

b) Related party transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers From Related Parties'		
Transfers To Related Parties		

c) Key management remuneration

Description	2022-2023	2021-2022
	Kshs	Kshs
Board Of Trustees		
Key Management Compensation		
<b>Total</b>		

d) Due from related parties

Description	2022-2023	2021-2022
	Kshs	Kshs
Due From Parent Ministry		
Due From County Government		
<b>Total</b>		

**Siaya County Emergency Fund**  
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**Other Disclosures Continued**

**e) Due to related parties**

Description	2022-2023	2021-2022
	Kshs	Kshs
Due To Parent Ministry		
Due To County Government		
Due To Key Management Personnel		
<b>Total</b>		

**27. Contingent assets and contingent liabilities**

Contingent Liabilities	2022-2023	2021-2022
	Kshs	Kshs
Court Case Xxx Against the Fund		
Bank Guarantees		
<b>Total</b>		

*(Give details)*

**Notes To The Financial Statements (Continued)****28. 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:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2022</b>				
Receivables From Exchange Transactions				
Receivables From Non-Exchange Transactions				
Bank Balances				
<b>Total</b>				
<b>At 30 June 2021</b>				
Receivables From Exchange Transactions				
Receivables From Non-Exchange Transactions				
Bank Balances				
<b>Total</b>				



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

**Notes To The Financial Statements (Continued)**

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

The entity has significant concentration of credit risk on amounts due from xxxx

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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June (Current FY)</b>				
Trade Payables				
Current Portion Of Borrowings				
Provisions				
Employee Benefit Obligation				
<b>Total</b>				
<b>At 30 June (Comparative FY)</b>				
Trade Payables				
Current Portion Of Borrowings				
Provisions				
Employee Benefit Obligation				
<b>Total</b>				

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**Notes To The Financial Statements (Continued)**

**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:

Description		Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2023</b>			
Financial Assets			
Investments			
Cash			
Debtors/ Receivables			
<b>Liabilities</b>			
Trade And Other Payables			
Borrowings			
<b>Net Foreign Currency Asset/(Liability)</b>			

**Notes To The Financial Statements (Continued)**

**Foreign currency sensitivity analysis**

The following table demonstrates the effect on the Fund's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
<b>2022-2023</b>			
Euro	10%	xxx	xxx
USD	10%	xxx	xxx
<b>2021-2022</b>			
Euro	10%	xxx	xxx
USD	10%	xxx	xxx

**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.

***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. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (2022: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (2021 – Kshs xxx).

**Siaya County Emergency Fund**  
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**Notes To The Financial Statements (Continued)**

**d) Capital risk management.**

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Revaluation reserve		
Revolving fund		
Accumulated surplus		
<b>Total funds</b>		
Total borrowings		
Less: cash and bank balances		
Net debt/(excess cash and cash equivalents)		
<b>Gearing</b>		

**29. Events after the reporting period**

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

**30. Ultimate and Holding Entity**

The entity is a County Public Fund established by Siaya County Emergency Fund Act, under the Ministry of Finance . Its ultimate parent is the County Government of Siaya.

**31. Currency**

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

## 20. Annexes

## Annex I: 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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	<p><b>Non-Emergency Expenditure in the Fund</b> The statement of financial performance and Note 8 to the financial statements reflects general expenditure of Kshs.82,619,056 relating to purchase of specialized materials. However, the entire expenditure was non-emergency in nature and there was no documentation to show that the funds withdrawals and payments were sanctioned in line with the Act.</p> <p>In the circumstances, the financial statements were not prepared in accordance with the requirements of the Public</p>	<p><i>We note your observation and state that, the period under review, was the time where globally the Country had been hit with the Corona virus pandemic, and its after effects. The County government during the initial Budgeting process had provided an allocation although this allocation fell short as a result of the pandemic and its after effect. (Post Covid effects). The expenditure of Kshs.82,619,056 as provided in the financial statement for FY2021/2022 under note 8 was an additional budgetary allocation to cushion the already overstretched resource, where a shortage was created for drugs, non-pharmaceuticals and other medical supplies in the County. The shortage created necessitated the emergency purchases.</i></p>	The Report is before County Assembly of Siaya	

*Siaya County Emergency Fund*

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Sector Accounting Standards Board reporting template.			
2 (i)	<p><b>Unauthorized and Irregular Reallocation of Funds</b></p> <p>The Fund lent an amount of Kshs.70,000,000 to the County Executive to be utilized by the Department of Health towards procuring pharmaceuticals and non-pharmaceuticals items. The amount borrowed, as resolved was to be returned as a first charge of the FY2022/2023 budget. Further, the Management did not provide minutes of the Budget and Appropriation Committee which deliberated on the issue and any evidence from the Department of Health requesting for the funds.</p>	<p><i>We note your observations and state that, Budgetary allocation has always been provided for the Department, however the Commodity quantification report carried out by the department revealed that the optimum supply for commodities for a budget cycle is kshs.943,218.083 . Due to the Budgetary constraints the available budget for the department was Kshs.225,556,993.30 for the financial year. Further, during the year under review, the post covid effects were still felt necessitating the need for procurement of the commodities caused by</i></p>	The Report is before County Assembly of Siaya	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p><i>shortage of drugs. The County Assembly, Votes and Proceedings of the 6<sup>th</sup> Session dated January 25<sup>th</sup> 2022 at 2.30 pm on authorization of short-term loan for Siaya County Government department of Health and Sanitation suffices as approval and is available for your verification. The County Government refunded Kshs. 70,000,000 in the financial year 2022/2023.</i></p> <p><i>Annex I: Hansard minutes. Health Commodity quantification report 2021/2022-2024/2025 and Supplementary Budget Extract 2022/2023</i></p>		
2(ii)	<p><b>Unauthorized and Irregular Reallocation of Funds</b> Review of the Programme Based</p>	<p><i>We note your observation and wish to state that, the optimum allocation as stated in the Health Commodities</i></p>	<p>The Report is before County Assembly of Siaya</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Supplementary Budget Estimates II of Siaya County Executive indicated that the medical items had a budget allocation, and no justification was rendered for the decision to reallocate funds already voted for the Emergency Fund. As per the Siaya County Emergency Fund Act, 2020. No reallocation for funds appropriated can be reallocated</p>	<p><i>quantification report by the department indicates a figure of 943,218,083 while the allocation to the department was 225,556,993.30 and a shortfall arose due to the demand of post covid effects for commodities. The amount of Kshs 70,000,000 was not a reallocation of funds, but an additional funding to the department, as stated above. County Assembly Budget and Appropriation committee made a deliberate attempt to acquire critical pharmaceutical and non-pharmaceutical products.</i></p> <p><i>Refer to Annex I: Hansard minutes, and Health Commodity quantification report 2021/2022-2024/2025</i></p>		



*Siaya County Emergency Fund*

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2(iii)	<p><b>Unauthorized and Irregular Reallocation of Funds</b>                      The Management did not provide a request to the County Treasury with reasons for the reallocation of the funds. In addition, the County Treasury approvals to reallocate were not provided for audit review</p>	<p><i>We note your observation and wish to state that the funds were not reallocated but utilised from the Emergency Fund. County Assembly Budget and Appropriation committee approved for the purchase of commodities. Notice of Motion No.4 and 5</i></p> <p><i>Annex 2: Hansard minutes (Notice of Motion No.4 and 5)</i></p>	The Report is before County Assembly of Siaya	
2(iv)	<p><b>Unauthorized and Irregular Reallocation of Funds</b>                      The Management did not provide any evidence of the refund of the borrowing by the County Executive as directed by the County Assembly.</p> <p>In the circumstances, the validity and propriety of the expenditure totalling to Kshs.</p>	<p><i>70,000,000 in the financial year 2022/2023. Refer to Annex 1 : Supplementary Budget Extract</i></p>	The Report is before County Assembly of Siaya	

Siaya County Emergency Fund

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	82,619,056 on general expenses could not be confirmed.			
3	<p><b>Errors in Presentation of the Financial Statements</b></p> <p>The statement of financial position was not presented as recommended in the template issued by the Public Sector Accounting Standards Board. The net assets were described as the revolving fund. Further, in the statement of changes in net assets, surplus for the period was described as the revolving fund and the closing balance of assets as a revaluation gain. In addition, Notes to the financial statements 1 to 19, except for Notes 2, 8 and 11 were not relevant as they do not reflect any balances.</p>	<p><i>We note your observation and wish to state that Kshs1,802,695.30 was erroneously reported as revolving fund. In the subsequent years we will ensure that our financial statements are presented as prescribed by the Public Sector Accounting Standards Boards. Please note that this error does not change the Financial position of the statement of changes in net assets</i></p>	<p>The Report is before County Assembly of Siaya</p>	

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4	<p><b>Failure to Prepare and Operationalize the Fund's Regulations</b></p> <p>The Fund was enacted through an Act of the County Assembly on 7 July, 2020. However, Management is yet to prepare and operationalize the regulations contrary to the provisions of Section 12 of the Act which requires the County Executive Member to make regulations for the better carrying out of the provisions of this Act.</p> <p>In the circumstances, Management was in breach of the law.</p>	<p><i>We note your findings and wish to state that Section 12 of Siaya County Emergency Fund Act stipulates that "The county Executive Committee Member may make regulation for the better carrying out of the provision of this act". However, all expenditures are approved by the Cabinet. We are currently working on modalities to ensure that the regulations are in place.</i></p>	<p>The Report is before County Assembly of Siaya</p>	
5.0	<p><b>Lack of Internal Audit Review</b></p> <p>During the year under review, it was noted that there was no internal audit review of the Fund's activities</p>	<p><i>We note your observation and wish to state that as at the time of audit the County Government did not perform system audit, going forward the department will all payments and financial</i></p>	<p>The Report is before County Assembly of Siaya</p>	

**Siaya County Emergency Fund  
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	contrary to Regulation 153(1)(c) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Internal Auditor to review the effectiveness of the financial and non-financial performance management systems of the entities.	statement for review by Internal Audit.		



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Name: Hon. CPA, Benedict Abonyo Omollo  
Administrator of the Fund

Date: 16/11/2023.....