

REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

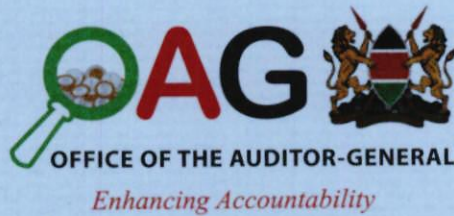
BARINGO COUNTY EMERGENCY FUND

**FOR THE YEAR ENDED
30 JUNE, 2016**

	PAPERS LAI
DATE	29/3/22
TABLED BY	E.M.L
COMMITTEE	-
CLERK AT THE TABLE	Daniel

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON BARINGO COUNTY EMERGENCY FUND FOR THE YEAR ENDED 30 JUNE, 2016

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Baringo County Emergency Fund set out on pages 1 to 3, which comprise the statement of financial position as at 30 June, 2016, and the statement of receipts and payments and statement of cash flows for the year then ended in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

I do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Presentation of the Financial Statements

The financial statements for the year ended 30 June, 2016 presented for audit were prepared in accordance with International Public Sector Accounting Standards (IPSAS) cash basis of accounting instead of accrual basis. Further, the financial statements are incomplete and lacked the following information:

- i. Key Entity Information by Management.
- ii. The Board of Trustees (or any other corporate governance body for the Fund).
- iii. Management Team.
- iv. Board/ Fund Chairperson's report.
- v. Report of the Fund administrator.
- vi. Corporate Governance statement.
- vii. Management discussion and analysis.
- viii. Corporate Social Responsibility Statement/Sustainability Report.
- ix. Report of the Trustees.
- x. Statement of Management responsibilities.

- xi. Statement of changes in net assets.
- xii. Statement of comparison of budget and actual amounts.
- xiii. Summary of significant accounting policies.
- xiv. Notes to the financial statements and.
- xv. Other important disclosures.

Consequently, the financial statements for the year ended 30 June, 2016 were not prepared in accordance with International Public Sector Accounting Standard No.1 and the reporting template as prescribed by the Public Sector Accounting Standards Board.

2. Inaccuracies in the Financial Statements

The financial statements for the year ended 30 June, 2016 presented for audit review contained the following anomalies:

- i. Pages 1, 2 and 3 did not include the name and the date when the financial statements were approved and signed off.
- ii. The statement of receipts and payments reflects balance brought forward of Kshs.1,675,093. However, this disclosure is misleading and not in line with the requirement of International Public Sector Accounting Standards No.1 on presentation of the financial statements which requires opening balances to be reflected in the statement of financial position and not in the statement of receipts and payments.
- iii. The statement of receipts and payments reflects interest earned of Kshs.151,449 which was not supported with bank statements and schedules.
- iv. The statement of financial position reflects fund balance carried forward of Kshs.23,817,900 whose supporting documents were not provided for audit verification.

Consequently, the accuracy and completeness of the financial statements for the year ended 30 June, 2016 could not be confirmed.

3. Unexplained Variances

The statement of receipts and payments for the year ended 30 June, 2016 contained figures that varied with supporting schedules presented for audit review as detailed below:

Component	Financial Statements Amount (Kshs.)	Schedules Balance (Kshs.)	Variance (Kshs.)
Balance B/F	1,675,092	-	1,675,092
Transfer from Baringo County Treasury	62,584,500	56,218,092	6,366,408
Fund Uses/Expenditure/Disbursement	40,386,912	32,551,642	7,835,270
Bank Charges	6,230	-	6,230

The above variances have not been reconciled or explained.

Consequently, the accuracy and completeness of the financial statements for the year ended 30 June, 2016 could not be confirmed.

4. Unsupported Payments

The statement of receipts and payments reflects fund uses/expenditure/disbursements payments of Kshs.40,386,912. However, this amount differs with an amount of Kshs.52,416,500 derived from payment vouchers resulting to unreconciled nor explained variance of Kshs.12,029,588. Further, records revealed payments totalling to Kshs.52,172,182 for various expenditure items that were single sourced. In addition, the expenditure was not supported by inspection and acceptance report for goods received. In addition, documents attached to the payment vouchers were for the financial year 2014/2015 and procurement requisition forms were duplicates.

Consequently, the validity, accuracy and completeness of fund uses/expenditure disbursements of Kshs.40,386,912 for the year ended 30 June, 2016 could not be confirmed.

5. Cash and Cash Equivalents

The statement of financial position as at 30 June, 2016 reflects cash and cash equivalents balance of Kshs.23,817,900. However, the cash book and bank reconciliation statements were not provided for audit review.

Under the circumstances, the accuracy and completeness of cash and cash equivalent balance of Kshs.23,817,900 as at 30 June, 2016 could not be confirmed.

6. Lack of Approved Budget

The statement of receipts and payments reflects total revenue of Kshs.64,211,042 and gross expenditure of Kshs.40,393,142. However, the Fund's budget estimates, work plans and cash flow projections were not provided for audit review. This contravenes Section 13 of the Public Finance Management (Baringo County Emergency Fund) Regulations, 2015 which requires the committee appointed under these regulations at least three months before the commencement of each financial year to prepare estimates of the income and expenditure of the fund for the year detailing the amount to disaster fund and the cost of the administration and appropriations of the committee.

The Fund Management was therefore in breach of the law.

7. Failure to Submit Response to Management Letter

The Fund Management failed to respond to the management letter dated 08 June, 2020. This is contrary to Section 31(4) of the Public Audit Act, 2015, which requires an Accounting Officer within fourteen days from the date of receipt of the draft management letter, to submit a response to the Auditor-General including remedial actions that have been undertaken to address any qualifications in the draft management letter.

No reason was given for the failure to comply with the law.

8.0 Submission of Financial Statements

8.1 Late Submission of Financial Statements

The financial statements for the financial year 2015/2016 were submitted on 20 January, 2020, four (4) years after the statutory date of 30 September, 2016. This is contrary to Section 116(7) of the Public Finance Management Act, 2012 which requires an Accounting Officer to prepare annual financial statements within three months after the end of the financial year to which the accounts relate.

8.2 Failure to Submit Prior Year Financial Statements

The statement of receipts and payments for the year ended 30 June, 2016 reflects balance brought forward (BF) of Kshs.1,675,093 which represents closing balance in the financial year 2014/2015. However, the financial statements for the year ended 30 June, 2015 and prior years were not submitted for audit. This is contrary to Section 167 of the Public Finance Management Act, 2012 which requires the administrator of a county public fund established by the Constitution, an Act of Parliament or county legislation to prepare financial statements for the fund for each financial year in a form prescribed by the Accounting Standards Board.

In the circumstances, the Fund Management is in breach of the law and the opening balances included in the financial statements for the year ended 30 June, 2016 could not be confirmed.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

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


Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the Fund's financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them, and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution. I also consider internal control, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion on lawfulness and

effectiveness in use of public resources, and internal controls, risk management and governance.

I am independent of the Baringo 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

24 January, 2022

BARINGO COUNTY GOVERNMENT.

mail.

richard.koech60@gmail.com



AFC Building,
P.O. BOX 053-30400,
KABARNET.

Department of Treasury, Finance & Economic Planning

BARINGO COUNTY – EMERGENCY FUND

STATEMENT OF RECEIPTS AND PAYMENTS

FOR FY 2015/2016 (1ST JULY, 2015 – 30TH JUNE, 2016)

RECEIPTS	<u>KSHS</u>	<u>KSHS</u>
Balance B/F	1,675,092.90	
Intrest earned	151,449.00	
Transfers from Baringo County Treasury	<u>62,384,500.00</u>	
Total Revenue		<u>64,211,041.90</u>
PAYMENTS		
Funds Uses/Expenditure/Disbursements	40,386,912.05	
Bank Charges	<u>6,230.00</u>	
Total Payments		<u>(40,393,142.05)</u>
SURPLUS		<u>23,817,899.85</u>

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 15/07/2016 and signed by:

A handwritten signature in black ink, appearing to be "Richard Koech", written over a horizontal line.

Fund Administrator

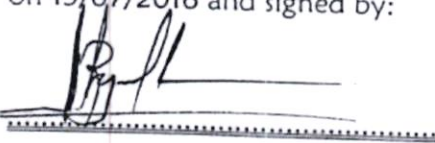
Emergency Fund



STATEMENT OF CASH FLOW

Operating Activities:	Kshs.	Kshs.
Receipts for operating income (bal b/d)	1,675,092.90	
Transfers from Baringo county governme	62,384,500.00	
Intrest earned	<u>151,449.00</u>	
		<u>64,211,040.90</u>
Less:		
Funds Uses/Expenditure/Disbursements	40,386,912.05	
Bank Charges	<u>6,230.00</u>	
Net Cash Inflow From Operating Activities		<u>40,393,142.05</u>
 Investing Activities:		
Proceeds from sale of Assets	0.00	
Acquisition of Asset	<u>0.00</u>	
Net Cash Inflow From Investing Activities		<u>0.00</u>
 Finacing Activities:		
Proceeds from Domestic borrowing	0.00	
Proceeds from Foreign Borrowing	0.00	
Loan repayments	<u>0.00</u>	
Net Cash Inflow From Financing Activities		<u>0.00</u>
 Changes in Cash and cash Equivalent		
Cash at end of the period		<u>23,817,899.85</u>

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 15/07/2016 and signed by:



Fund Administrator

Emergency Fund

STATEMENT OF FINANCIAL POSITITON

FINANCIAL ASSETS

Cash and cash equivalent

Bank balance

Total Financial Assets

23,817,899.85

23,817,899.85

Less:

FINANCIAL LIABILITIES

Accounts Payable

0.00

Total Financial Liabilities

0.00

NET FINANCIAL ASSETS

23,817,899.85

REPRESENTED BY:

Fund Balance c/Fwd

Add: Surplus Adjustment for previous period

23,817,899.85

0.00

Net Financial Position

23,817,899.85

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 15/07/2016 and signed by:



Fund Administrator

Emergency Fund

