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REPORT

OF

THE AUDITOR-GENERAL

ON

KERICHO COUNTY EMERGENCY FUND

FOR THE YEAR ENDED
30 JUNE, 2017

PAPERS LAID	
DATE	28/04/2022
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COMMITTEE	—
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TOLSON
C. WHITE
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COUNTY GOVERNMENT OF KERICHO
FINANCIAL STATEMENT FOR
KERICHO COUNTY EMERGENCY FUND
AS AT 30.06.2017

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



I. FOREWORD

This is the County Government of Kericho end of FY status report as at 30th Jun 2017 for the Emergency Fund.

The Constitution of Kenya Articles 2010 gives a constitutional right and requirement for the public to participate in budgetary process and prudent financial management of the public resources. According to the County Government Act, 2012 each county shall prepare a county integrated plan which shall be the basis for all budgeting and spending of public funds. The acts clearly states that “A county government shall plan for the county and no public funds shall be appropriated outside a planning framework developed by the County Executive Committee and approved by the County Assembly” The county integrated plan shall focus on economic, physical, social, environmental and spatial planning.

The guiding legislation is the Kericho County Emergency Fund Act, 2014 which was assented and commenced on 21st November, 2014. The Fund Administrator is CEC Finance and Economic Planning and its primary purpose is Payments for urgent and unforeseen needs which don't have a specific legislative authority.

It is expected that this report will enable the county government to adequately monitor the challenges faced in budget implementation and use the lessons learnt in future economic forecasts. In addition, the report expounds on the actionable steps to be taken by all stakeholders in the subsequent reporting periods.

CHALLENGES, WAY FORWARD AND CONCLUSION

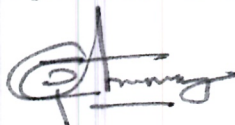
Key challenges

The following key challenges were noted.

- a) Re-classification of Emergency Fund from Development to Recurrent which delayed release of funds
- b) Unfavourable weather condition e.g unexpected heavy rains

Conclusion

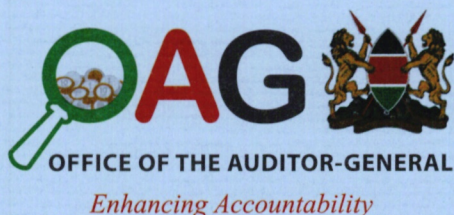
The operationalization of the 2016-2017 financial cycle will be greatly determined by the procurement processes. In addition, delay in funding from the national government continues to impact negatively on execution projects which may eventually lead to pending bills. The execution of the budget and the service delivery for citizens of the County Government will be achieved through collaboration of all the stakeholders in the national and county levels to bring out the potential of the County Government of Kericho.



Patrick Mutai

**County Executive Committee Member- Finance and Economic Planning and
Head of County Treasury**

REPUBLIC OF KENYA



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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KERICHO COUNTY EMERGENCY FUND FOR THE YEAR ENDED 30 JUNE, 2017

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Kericho County Emergency Fund set out on pages 4 to 5, which comprise the statement of financial assets as at 30 June, 2017 and the statement of receipts and payments 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. Late Submission of Financial Statements

The financial statements for the year ended 30 June, 2017 were submitted and received by the Office of the Auditor-General on 3 March, 2020, over two years after the statutory date. This was contrary to Section 164(4) of the Public Finance Management Act, 2012 which requires financial statements to be submitted within three months after the end of the financial year to which the accounts relate.

Consequently, the Management was in breach of the law.

2. Presentation of Financial Statements

As reported in the previous year, the financial statements for the year ended 30 June, 2017 were prepared on cash basis as opposed to accrual basis. Further, the following statements and reports were not prepared and included in the financial statements:

- (i) The statement of changes in net assets
- (ii) The Statement of cash flows
- (iii) Statement of comparison of budget and actual amounts

- (iv) A summary of significant accounting policies and other explanatory notes
- (v) Statement of performance against County entity's predetermined objectives
- (vi) Key entity information and management
- (vii) Report of the Fund Administrator
- (viii) Statement of Management's Responsibilities

Consequently, the financial statements do not conform to the reporting requirements prescribed by the Public Sector Accounting Standards Board template for the year ended 30 June, 2017.

3. Cash and Cash Equivalents

The statement of financial assets for the year ended 30 June, 2017 reflects bank balances of Kshs.35,029,999. However, this balance was not supported with bank reconciliation statements or bank confirmation certificates. In addition, the statement of financial assets reflects a comparative bank balance of Kshs.386,848 which differ with the 2015/2016 balance of Kshs.2,386,848 by Kshs.2,000,000.

In the circumstances, the accuracy and validity of the cash and cash equivalents balance of Kshs.35,029,999 as at 30 June, 2017 could not be confirmed.

4. Use of Goods and Services

The statement of receipts and payments reflects use of goods and services of Kshs.1,548,238 that was however not supported with ledgers, schedules, payment vouchers or other relevant documents.

In the circumstances, the propriety of use of goods and services expenditure of Kshs.1,548,238 for the year ended 30 June, 2017 could not be confirmed.

5. Construction of Kichowir Bridge

Included in acquisition of assets figure of Kshs.77,290,295 is an amount of Kshs.4,945,334 incurred on construction of Kichowir Bridge. Upon physical verification in September, 2020, it was observed that the bridge was not in use as one side of the bridge had already collapsed into the river.

Consequently, the residents did not realize value for money for the amount of Kshs.4,945,334.

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.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management either intends 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 manner.

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the entity 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 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.

I am independent of the Kericho 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

15 October, 2021

COUNTY GOVERNMENT OF KERICHO**Financial Statement****As at 30st Jun 2017****KERICHO COUNTY EMERGENCY FUND
STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2016-17	2015-16
		Kshs	Kshs
RECEIPTS			
Transfers from CRF	1	113,500,000.00	57,000,000.00
Unspent funds	2	386,847.85	6,537,800.00
TOTAL RECEIPTS		113,886,847.85	63,537,800.00
PAYMENTS			
Use of goods and services	3	1,548,238.00	1,661,226.00
Acquisition of Assets	4	77,290,295.00	61,474,736.15
Other Payments (Bank Charges)	5	18,315.00	14,990.00
TOTAL PAYMENTS		78,856,848.00	63,150,952.15
SURPLUS/DEFICIT		35,029,999.85	386,847.85

COUNTY GOVERNMENT OF KERICHO**Financial Statement****As at 30st Jun 2017**

II. STATEMENT OF FINANCIAL ASSETS

	Note	2016-17	2015-16
FINANCIAL ASSETS		Kshs	Kshs
Cash and Cash Equivalents			
Bank Balances	6	35,029,999.85	386,847.85
TOTAL FINANCIAL ASSETS		35,029,999.85	386,847.85
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions			
NET FINANCIAL ASSETS			
REPRESENTED BY			
Fund balance b/fwd			
Surplus/Deficit for the quarter		35,029,999.85	386,847.85

COUNTY GOVERNMENT OF KERICHO

Financial Statement

As at 30st Jun 2017

NOTES

1-TRANSFERS

During the close of FY total of Ksh 113,500,000.00 was disbursed on various dates as evidenced in the attached copies of the bank statement (See Annex 1)

2 -OPENING BALANCES

At the beginning of the financial year the opening balance was Ksh 386,847.85 and as per copies of the bank statement in Annex 1.

3-USE OF GOODS AND SERVICES

Procurement of Goods and services during the Financial Year amounted to Ksh 1,548,238.00. This is in relation to Disaster relief actions as per the Emergency Fund Act

4-ACQUISITION OF ASSETS

Acquisitions of Assets incurred during the Financial Year amounted to Ksh 77,290,295.00. This is in relation to infrastructure works that were damaged and therefore necessitating remedial works under emergencies.

5-OTHER PAYMENTS

A total of Ksh 18,315.00 were incurred as bank charges during the end of Financial Year as evidenced in Annex 1

6-CASH AND CASH EQUIVALENTS

The balance as at end of the Financial Year is Ksh 35,029,999.85 as evidenced in Annex 1



HEAD OFFICE PO Box : 75104 - 00200 Nairobi, Tel: 020-2262000 Fax: 2737276, Mobile: 0711 026000,0732 112060, Email: info@equitybank.co.ke, Website www.equitybank.co.ke

Account No. : 0280263500766

Customer Name : KERICHO COUNTY EMERGENCY FUND

Tran Date	Value Date	Tran Particulars	Debit	Credit	Balance
10-07-2017	10-07-2017	Cheque Book Issue Charges	1,650.00		34,739,797.85
10-07-2017	10-07-2017	chbk Issue Stamp Charges	250.00		34,739,547.85
13-07-2017	13-07-2017	ChequeNo.000196 Presented	748,522.00		33,991,025.85
13-07-2017	13-07-2017	ChequeNo.000197 Presented	398,276.00		33,592,749.85
13-07-2017	13-07-2017	Inward Clearing Charge	55.00		33,592,694.85
13-07-2017	13-07-2017	ChequeNo.000184 Presented	584,352.00		33,008,342.85
13-07-2017	13-07-2017	Inward Clearing Charge	55.00		33,008,287.85
13-07-2017	13-07-2017	Inward Clearing Charge	55.00		33,008,232.85
14-07-2017	14-07-2017	remittance charges RTGS/SWIFT no: RTO02800938092	550.00		33,007,682.85
14-07-2017	14-07-2017	RTGS:RTO02800938092 BELSOT CONTRACTORS LTD	2,271,940.50		30,735,742.35
20-07-2017	20-07-2017	remittance charges RTGS/SWIFT no: RTO02800946003	550.00		30,735,192.35
20-07-2017	20-07-2017	RTGS:RTO02800946003 SIMWOLO CONTRACTORS LTD	2,675,758.00		28,059,434.35
21-07-2017	21-07-2017	remittance charges RTGS/SWIFT no: RTO02800946987	550.00		28,058,884.35
21-07-2017	21-07-2017	RTGS:RTO02800946987 ZEDICK ENTERPRISES LTD	5,037,600.00		23,021,284.35
Grand Total			90,865,563.50	113,500,000.00	23,021,284.35

EQUITY BANK (KENYA) LTD.
KERICHO BRANCH
CERTIFIED TRUE COPY
OF THE ORIGINAL.
 Sign: Date: 15/2/20

Note: Any omission or errors in this statement should be promptly advised in writing to the Branch Manager within 30 days from the date of receipt otherwise the account will be presumed to be in order
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Account No. : 0280263500766

Customer Name : KERICHO COUNTY EMERGENCY FUND

Tran Date	Value Date	Tran Particulars	Debit	Credit	Balance
24-02-2017	24-02-2017	remittance charges RTGS/SWIFT no: RTO028778453	550.00		39,408,489.85
24-02-2017	24-02-2017	RTGS:RTO028778453 NAYAN INVESTMENT LTD	2,779,397.00		36,629,092.85
24-02-2017	24-02-2017	remittance charges RTGS/SWIFT no: RTO028778414	550.00		36,628,542.85
24-02-2017	24-02-2017	RTGS:RTO028778414 KENVA ENTERPRISES LTD	2,476,194.00		34,152,348.85
24-02-2017	24-02-2017	remittance charges RTGS/SWIFT no: RTO028778400	550.00		34,151,798.85
24-02-2017	24-02-2017	RTGS:RTO028778400 TIMBERLAND HOLDING LTD	2,861,873.00		31,289,925.85
24-02-2017	24-02-2017	remittance charges RTGS/SWIFT no: RTO028778391	550.00		31,289,375.85
24-02-2017	24-02-2017	RTGS:RTO028778391 PULP CONSTRUCTION CO LTD	4,778,611.00		26,510,764.85
24-02-2017	24-02-2017	remittance charges RTGS/SWIFT no: RTO028778381	550.00		26,510,214.85
24-02-2017	24-02-2017	RTGS:RTO028778381 TRI PARAGON SUPPLIES AND SERVICE	2,821,252.00		23,688,962.85
24-02-2017	24-02-2017	remittance charges RTGS/SWIFT no: RTO028778370	550.00		23,688,412.85
24-02-2017	24-02-2017	RTGS:RTO028778370 BENRO INV LTD	2,712,852.00		20,975,560.85
24-02-2017	24-02-2017	remittance charges RTGS/SWIFT no: RTO028778356	550.00		20,975,010.85
24-02-2017	24-02-2017	RTGS:RTO028778356 SHERDA ENTERPRISES LTD	2,455,879.00		18,519,131.85
24-02-2017	24-02-2017	remittance charges RTGS/SWIFT no: RTO028778343	550.00		18,518,581.85
24-02-2017	24-02-2017	RTGS:RTO028778343 TRIPPLE TIE INVESTMENT LTD	1,131,966.00		17,386,615.85
24-02-2017	24-02-2017	remittance charges RTGS/SWIFT no: RTO028778326	550.00		17,386,065.85

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Account No. : 0280263500766

Customer Name : KERICHO COUNTY EMERGENCY FUND

Tran Date	Value Date	Tran Particulars	Debit	Credit	Balance
25-08-2016	25-08-2016	remittance charges RTGS/SWIFT no: RTO028604649	550.00		12,297,928.85
25-08-2016	25-08-2016	RTGS:RTO028604649 TRIDOME LIMITED	1,000,000.00		11,297,928.85
25-08-2016	25-08-2016	Interim statement printing charges	165.00		11,297,763.85
29-08-2016	29-08-2016	remittance charges RTGS/SWIFT no: RTO028606738	550.00		11,297,213.85
29-08-2016	29-08-2016	RTGS:RTO028606738 KENDI AGENCIES & SUPPLIES LTD	500,000.00		10,797,213.85
29-08-2016	29-08-2016	remittance charges RTGS/SWIFT no: RTO028606757	550.00		10,796,663.85
29-08-2016	29-08-2016	RTGS:RTO028606757 CLOVIKO CONTRACTORS LTD	1,389,694.00		9,406,969.85
29-08-2016	29-08-2016	remittance charges RTGS/SWIFT no: RTO028606769	550.00		9,406,419.85
29-08-2016	29-08-2016	RTGS:RTO028606769 MARABA CONSTRUCTION LIMITED	1,500,000.00		7,906,419.85
10-10-2016	10-10-2016	Interim statement printing charges	165.00		7,906,254.85
10-11-2016	10-11-2016	ChequeNo.000143 Presented	403,255.00		7,502,999.85
10-11-2016	10-11-2016	Inward Clearing Charge	55.00		7,502,944.85
22-11-2016	22-11-2016	ChequeNo.000154 Presented	448,000.00		7,054,944.85
22-11-2016	22-11-2016	Inward Clearing Charge	55.00		7,054,889.85
15-12-2016	15-12-2016	Interim statement printing charges	165.00		7,054,724.85
16-12-2016	16-12-2016	remittance charges RTGS/SWIFT no: RTO028709327	550.00		7,054,174.85
16-12-2016	16-12-2016	RTGS:RTO028709327 KENYA REVENUE AUTHORITY COLLECTI	1,138,875.00		5,915,299.85
16-12-2016	16-12-2016	remittance charges RTGS/SWIFT no: RTO028709352	550.00		5,914,749.85
16-12-2016	16-12-2016	RTGS:RTO028709352 KENYA REVENUE AUTHORITY COLLECTI	2,322,825.00		3,591,924.85
16-12-2016	16-12-2016	remittance charges RTGS/SWIFT no: RTO028709347	550.00		3,591,374.85

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