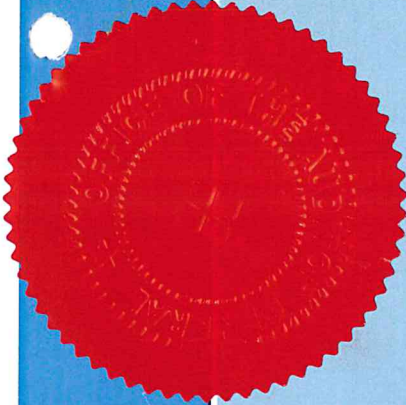


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

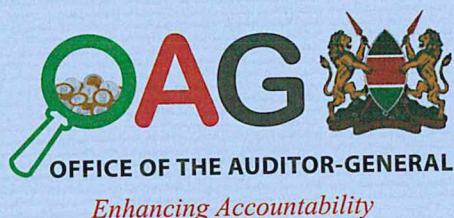
BARINGO COUNTY EMERGENCY FUND

FOR THE YEAR ENDED
30 JUNE, 2017

PAPERS LAID	
DATE	05/04/2022
TABLED BY	DLM
COMMITTEE	—
CLERK AT THE TABLE	MR. AMOLD

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, 2017

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, 2017, 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. Incomplete Financial Statements

The financial statements for the year ended 30 June, 2017 presented for audit contained the following anomalies:

- i. The statements were prepared in accordance with International Public Sector Accounting Standards (IPSAS) cash basis of accounting instead of accrual basis.
- ii. The financial statements were incomplete and lacked the following information:
 - a) Key entity information by Management.
 - b) The Board of Trustees (or any other Corporate Governance Body for the Fund).
 - c) Management Team.
 - d) Board/Fund Chairperson's report.
 - e) Report of the Fund Administrator.
 - f) Corporate Governance Statement.
 - g) Management Discussion and Analysis.

- h) Corporate Social Responsibility Statement/Sustainability report.
- i) Report of the Trustees.
- j) Statement of Management Responsibilities
- k) Blank page for the insertion of the independent report of the auditor.
- l) Statement of changes in net assets.
- m) Statement of comparison of budget and actual amounts.
- n) Summary of significant accounting policies and.
- o) Notes to the financial statements and annexures.

Consequently, the financial statements for the year ended 30 June, 2017 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, 2017 contained the following inaccuracies: -

- a) The statement of receipts and payments reflects balance brought forward of Kshs.23,817,900. However, this disclosure is 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;
- b) The statement of financial position reflects fund balance carried forward of Kshs.473,306 which was not supported by schedules.

Consequently, the accuracy and completeness of the financial statements for the year ended 30 June, 2017 could not be confirmed.

3.0 Unsupported Balances

3.1 Variance Between the Financial Statements and Supporting Schedules

The financial statements for the year ended 30 June, 2017 contained figures that differed with the supporting as detailed below:

Component	Financial Statements (Kshs.)	Supporting Schedules (Kshs.)	Variance (Kshs.)
Transfer from Baringo County Treasury	17,000,000	31,178,323	(14,178,323)
Fund Uses/Expenditure/Disbursement	40,462,053	39,925,755	536,298
Administration Costs	23,658	691,325	(667,667)
Cash and Cash Equivalent	473,306	473,208	98

In the circumstances, the accuracy and completeness of the financial statements for the year ended 30 June, 2017 could not be confirmed.

3.0 Expenditure/Disbursements

The statement of receipts and payments for the year ended 30 June, 2017 reflects total expenditure/disbursements of Kshs.40,485,711. However, review of records in respect of the payments totalling Kshs.16,215,244 revealed the following anomalies:

No.	Date	Payment Voucher No.	Amount (Kshs.)	Remarks
1.	11 November, 2016	000113	63,000	Imprest issued for repair of Orola SDA borehole. Tender documents to confirm that the works were not competitively sourced were not availed for audit review.
2.	02 March, 2017	RTGS	2,400,000	Relief food (maize and beans). Tender documents to confirm that the works were competitively purchased were not availed for audit review and evidence of delivery and distribution to affected areas and people was also not provided.
3.	06 April, 2017	RTGS	3,750,000	Maize for draught response. Tender documents to confirm that the works were competitively procured were not provided for audit review and evidence of taking them on charge and issuance was also not provided.
4.	11 April, 2017	RTGS	1,822,146	Construction of Sasurwo Water Project was prioritized and authorized as emergency. Tender documents to confirm that the works were competitively sourced were not provided for audit review and evidence of professional certification of works was also not provided for audit review.
5.	18 April, 2017	RTGS	2,900,098	Rehabilitation of Oinopmoi-Kapluk – Kapatara section. Tender documents to confirm that the works were competitively sourced were not presented for audit review. This payment was narrated as routine maintenance in first certificate an indication that the works were not emergency in nature and were not authorized by the committee.
6.	19 April, 2017	RTGS	5,200,000	Maize and beans for disaster response. Tender documents to confirm that the works were competitively procured were not provided for audit review and not prequalified to supply food items. There is no evidence of their taking on charge and issuance to identified deserving beneficiaries.

No.	Date	Payment Voucher No.	Amount (Kshs.)	Remarks
7.	16/Jun/2017	000146	80,000	Imprest for repair and painting of GKA862C. Tender documents to confirm that the works were competitively procured were not provided for audit review and supplier not prequalified for these services. There was no pre and post inspection reports and the expenditure were not authorized as emergency by the committee.
	Total		16,215,244	

In the circumstances, the validity, accuracy and completeness of the disbursements of Kshs.16,215,244 for the year ended 30 June, 2017 could not be confirmed.

4.0 Budgetary Control and Performance

The statement of receipts and payments reflects total revenue of Kshs.40,959,018 and total payments of Kshs.40,485,711. However, the Fund's annual budget and cash flow projections were not provided for audit review. This contravenes Section 31(a) of the Public Finance Management (County Governments) 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.

In the circumstances, the Fund is in breach of the Law.

5.0 Non-Response to Management Letter

The Fund Management failed to respond to issues raised in the management letter dated 08 June, 2020. This is contrary to Section 31(4) of the Public Audit Act, 2015, which requires the 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.

In the circumstances, the Fund is in breach of the Law.

6.0 Submission of Financial Statements

6.1 Late Submission of Financial Statements

The Management failed to submit the financial statements by 30 September, 2017 for audit as required by Section 47 of the Public Audit Act, 2015 which states that the financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate. Instead, the Fund Management submitted the financial statements on 20 January, 2020, a delay of two (2) years four (4) months after the end of the fiscal year to which the accounts relate.

Management was therefore in breach of the Law.

6.2 Failure to Submit 2014/2015 and Prior Years' Financial Statements

As previously reported, the financial statements for the year ended 30 June, 2015 and previous years were not submitted for audit. This is contrary to Public Finance Management Act, 2012 Section 167 which requires the administrator of a county public fund established by the Constitution, an Act of Parliament or county legislation shall prepare financial statements for the fund for each financial year in a form prescribed by the Accounting Standards Board.

In the circumstances, the Fund is in breach of the law and the opening balances included in these financial statements for the year ended 30 June, 2017 could not be confirmed.

7.0 Lack of Risk Management Policy

It was noted that in the year under review, the Fund did not have a risk management strategy contrary to Section 158 (1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires the accounting officer to develop risk management strategies, which include fraud prevention mechanism and internal control that builds robust business operations.

In the circumstances, the risk management, development of strategies and controls may not have been implemented as required.

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 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 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

26 January, 2022

BARINGO COUNTY GOVERNMENT.

Email:

chard.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 2016/2017 (1ST JULY,2016 – 30TH JUNE, 2017)

RECEIPTS	KSHS	KSHS
Balance B/F	23,817,899.85	
Intrest earned	141,118.00	
Transfers from Baringo County Treasury	<u>17,000,000.00</u>	
Total Revenue		<u>40,959,017.85</u>
PAYMENTS		
Funds Uses/Expenditure/Disbursements	40,462,053.40	
Administratiön costs	<u>23,658.00</u>	
Total Payments		<u>(40,485,711.40)</u>
SURPLUS		<u>473,306.45</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 10/07/2017 and signed by:

Fund Administrator

Emergency Fund



STATEMENT OF CASH FLOW

Operating Activities:	Kshs.	Kshs.
Receipts for operating income (bal b/d)	23,817,899.85	
Transfers from Baringo county governme	17,000,000.00	
Intrest earned	<u>141,118.00</u>	
		<u>40,959,017.85</u>
Less:		
Funds Uses/Expenditure/Disbursements	40,462,053.40	
Administration costs	<u>23,658.00</u>	<u>(40,485,711.40)</u>
Net Cash Inflow From Operating Activities		<u>473,306.45</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>473,306.45</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 10/07/2017 and signed by:



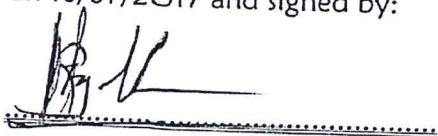
Fund Administrator

Emergency Fund

STATEMENT OF FINANCIAL POSITTON

	KSHS
FINANCIAL ASSETS	
Cash and cash equivalent	
Bank balance	-
Total Financial Assets	<u>473,306.45</u>
	<u>473,306.45</u>
Less:	
FINANCIAL LIABILITIES	
Accounts Payable	<u>0.00</u>
Total Financial Liabilities	<u>0.00</u>
NET FINANCIAL ASSETS	<u>473,306.45</u>
REPRESENTED BY:	
Fund Balance c/Fwd	473,306.45
Add: Surplus Adjustment for previous period	<u>0.00</u>
Net Financial Position	<u>473,306.45</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 10/07/2017 and signed by:



Fund Administrator

Emergency Fund

