REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

COUNTY ASSEMBLY OF VIHIGA

FOR THE YEAR ENDED 30 JUNE, 2019

VIHIGA COUNTY ASSEMBLY

AMMENDED REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2019

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

TABLE OF CONTENTS

TABLE OF CONTENTS i
1. KEY ENTITY INFORMATION AND MANAGEMENT ii
2. FORWARD BY THE CLERK OF THE ASSEMBLY vi
3. STATEMENT OF MANAGEMENT RESPONSIBILITIES viii
4. REPORT OF THE INDEPENDENT AUDITORS ON THE ENTITY ix
5. FINANCIAL STATEMENTS 1
5.1. STATEMENT OF RECEIPTS AND PAYMENTS 1
5.2. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES 2
5.3. STATEMENT OF CASH FLOWS 3
5.4. STATEMENT OF COMPARISON OF BUDGET: RECURRENT AND DEVELOPMENT COMBINED 5
5.5. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT 6
5.6. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: DEVELOPMENT 7
5.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES 9
5.8. SIGNIFICANT ACCOUNTING POLICIES 10
5.9. NOTES TO THE FINANCIAL STATEMENTS 14
5.10. OTHER DISCLOSURES 23
5. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS 26
ANNEXES 28
ANNEX 1 – ANALYSIS OF PENDING ACCOUNTS PAYABLE 28
ANNEX 2 – ANALYSIS OF PENDING STAFF PAYABLES 29
ANNEX 3 – ANALYSIS OF OTHER PENDING PAYABLES 30
ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER 31
ANNEX 5 – ANALYSIS OF OUTSTANDING IMPRESTS 32
ANNEX 6 – BANK RECONCILIATION/FO 30 REPORT 35

1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The County is constituted as per the constitution of Kenya is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The County Assembly constitutes 38 Members of County Assembly (MCAs) elected to represent members of the public from their respective wards. The MCAs are responsible for making any laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

(b) Key Management

The *entity's* day-to-day management is under the following key organs:

VIHIGA COUNTY ASSEMBLY SERVICE BOARD

(c) Fiduciary Management

The key management personnel who held office during the year ended June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	- **Mr KILINGA AMBAKA JOAB**
2.	Deputy Clerk	- **NASHON OPANGA KUSINA**
3.	Principal Finance Officer	- **OSCAR MIYINZI JAGONA**
4.	Snr. Procurement Officer	- **JULIET ASILA AMBUNE**

(d) Fiduciary Oversight Arrangements

Here, provide a high-level description of the key fiduciary oversight arrangements covering (say):

VIHIGA COUNTY ASSEMBLY FINANCE COMMITTEE- charged with scrutinizing the expenditures of the County Government Entities to ensure prudence in their Financial Undertakings

VIHIGA COUNTY ASSEMBLY PUBLIC ACCOUNTS AND INVESTMENT COMMITEES that acts as a watchdog as far as the usage of public funds is concerned

VIHIGA COUNTY ASSEMBLY AUDIT COMMITTEE
The function of the Audit Committee is to support the Board members by monitoring and reviewing the risk, control and governance processes that have been established in the entity pursuant to Board policies.

(e) Entity Headquarters

P.O. Box 90, Maragoli
Majengo- Luanda Road
VIHIGA, KENYA

(f) Entity Contacts

Telephone: (020) 2094140
E-mail: vihigaassembly@gmail.com
Website: www.vihigacountyassembly.or.ke

(g) Entity Bankers

1. Central Bank of Kenya
   Haile Selassie Avenue
   P.O. Box 60000
   City Square 00200
   Nairobi, Kenya

2. Co-operative Bank of Kenya(Mbale Branch)
   P.O BOX. 816-50300
   Maragoli, Kenya

3. Kenya Commercial Bank
   P.O. Box 1123 - 50300
   Maragoli

(h) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(i) Principal Legal Adviser

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

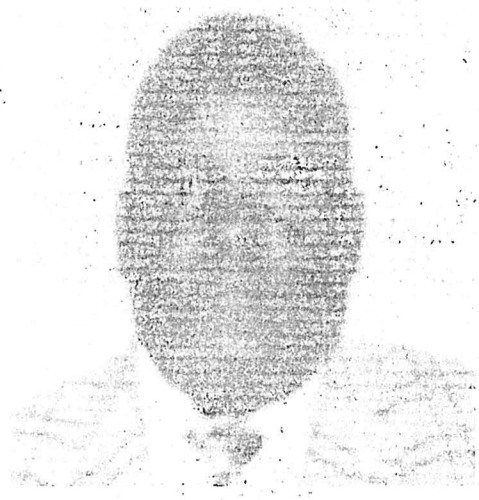
THE VIHIGA COUNTY ASSEMBLY SERVICE BOARD

The Vihiga County Assembly Service Board is established under the provisions of the section 12 of the County Government Act no.17 of 2012 that;
"The county assembly service board.
12. (1) there shall be a county assembly service board for each county assembly.
(2) The county assembly service board shall be a body corporate with perpetual succession and a common seal.
(3) The county assembly service board shall consist of—
(a) The Speaker of the county assembly as the chairperson;
(b) The leader of the majority party or a member of the county assembly deputed by him or her, as the vice-chairperson;
(c) The leader of the minority party or a member of the county assembly deputed by him or her; and
(d) One person resident in the county, appointed by the county assembly from among persons who have knowledge and experience in public affairs, but who is not a member of the county assembly.

THE SPEAKER: CHAIRPERSON

Hon. Hasna Mmbone Mudeizi is a Lawyer by profession. She runs a Law firm in Nairobi: H.M Mudeizi and Co. Advocates. She is the second Speaker of Vihiga County assembly. She has vast experience and practice in Commercial Law, Constitutional and Human Rights Law, Conveyance and Property, Defamation and Media law, Employment Labour, Family Law and Succession, Finance and securities Law and General Practice.

Message: The County Assembly is one of the key bodies of the County Government. Its leadership is made up of: The Speaker, Leader of Majority, Leader of Minority, Deputy Speaker and the Chief Whips. One of the basic roles of the County Assembly is legislation. It is important to note that so far, the County Assembly and the Office of Governor are working amiably for the benefit of the county without any scuffles



THE CLERK: SECRETARY

Hon. Ambaka Kilinga is the Clerk to Vihiga County Assembly. Formerly, the County Director, Teachers Service Commission, Meru County. He also served as the County Director, Teachers Service Commission, West Pokot County. He holds a Bachelor of Education Degree in Economics and Business Studies from

Kenyatta University, an Executive Masters Degree in Education, Leadership and Policy Management from Moi University. He also holds a certificate in Strategic Leadership from Kenya School of Government.
Having served in Public Service sector in senior positions for more than a decade, he has a wealth of experience in Transformative Leadership and Management in best Practices.

Leader of Majority	**- Hon. Wycliffe Ombajo Masini**	**Vice Chairperson**
Leader of Minority	**- Hon. Tom Atingo**	**Member**
External Member	**- Hon. Onzere Mudangale**	**Member**
External Member	**- Hon. Dorothy Owiro**	**Member**

2. FORWARD BY THE CLERK OF THE ASSEMBLY

Budget performance

Year Ended 30th June	Budget	Actual	Utilization
	FY 2018/2019	FY 2018/2019	
	Kes	Kes	
Receipts	617,253,791	620,914,441	1.01
Payments	-	617,277,773	0.99

Operational Performance

OPERATIONAL PERFORMANCE

During the FY June 30th 2018 to June 30th 2019 the County Assembly of Vihiga in exercise of article 185 of the Constitution of Kenya, as read with section 8 and 9 of the County Government Act, 2012 approved several bills which were approved on the floor on various diverse dates as indicated below,

1. The Vihiga County Finance Bill, 2018, approved on the 26th of September 2018
2. The Vihiga County Education Fund Amendment Bill, 2018, approved on the 5th of December 2018
3. The Vihiga County Supplementary. Appropriation, No 1, Bill, 2018, approved on the 6th of December 2018
4. The Vihiga County Trade and Enterprise Fund Bill, 2018. approved on the 6th of December 2018
5. The Vihiga County Trade and Markets and Management Bill, 2018 approved on the 26th of March 2019
6. The Vihiga County Weight and Measures Bill, 2018, approved on the floor on the 27th of March 2019
7. The Vihiga County Persons Living With Disability Bill, 2018 approved on the floor, 28th March 2019
8. The Vihiga County Assembly Service Amendment Bill,2019, approved on the March 2019.

9. The Vihiga County Supplementary Appropriation No.2 Bill,2019,approved on the 18th April 2019

10. The Vihiga County lake Region Economic Bloc Bill approved on the 24th of April, 2019

11. The Vihiga County Farm Inputs Fund Bill,2019 ,approved on the 15th May 2019

12. The Vihiga County Tea Cess Bill,2019 approved on the 22nd of May 2019

13. The Vihiga County Supplementary Appropriation Bill, No.3. , 2019 approved on the 25th of June 2019

The budget estimates for the Vihiga County Government for FY June 30th 2018 to June 2019 were approved on the various dates as indicated below;

1. The Vihiga County First supplementary Budget for the Vihiga County Government was approved on the 6th December 2018

2. The Vihiga County Second supplementary Budget for the Vihiga County Government was approved on the 14th April, 2019

3. The Vihiga County Third supplementary Budget for the Vihiga County Government was approved on the 21st June 2019

4. The Vihiga County Budget Estimates for the Vihiga County Government for the fy 2019/2020 were approved on the 27th June 2019

Sign

Clerk of the County Assembly

3. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Sections 164 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer of a County Government Entity to prepare financial statements in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended June 30, 2019. 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 County Assembly; (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 County Assembly; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Clerk accepts responsibility for the County Assembly's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Clerk is of the opinion that the County Assembly's financial statements give a true and fair view of the state of the County Assembly's transactions for the year ended June 30, 2019, and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the County Assembly which have been relied upon in the preparation of the its financial statements as well as the adequacy of the systems of internal financial control.

The Clerk confirms that the County Assembly has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Assembly's funds received during the quarter under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Clerk confirms that the County Assembly's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The County Government's financial statements were approved and signed by the Clerk of the County Assembly on 30/06/ 2019.

Ambaka Kilinga
Clerk of the County Assembly

4. REPORT OF THE INDEPENDENT AUDITORS ON THE ENTITY

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 COUNTY ASSEMBLY OF VIHIGA FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Vihiga set out on pages 1 to 27, which comprise of the statement of financial assets and liabilities as at 30 June, 2019, statement of receipts and payments, statement of cash flows and the summary 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the County Assembly of Vihiga as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the County Governments Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Failure to Submit Original Budget

The statement of comparative budget and actual amounts: recurrent and development combined reflects final receipts budget and actual on comparable basis of Kshs.701,285,805 and Kshs.617,914,441 respectively, resulting to an under-funding of Kshs.83,371,364 or 12% of the budget. The underfunding affected the planned activities and could have impacted negatively on service delivery for the public.

Similarly, Management spent Kshs.618,051,420 against the approved budget of Kshs.701,285,805 resulting to an under expenditure of Kshs.83,234,387 or 12% of the budget. However, Management did not avail the original budget for audit review.

Consequently, the accuracy and validity of the budget figures reflected in the statement of comparative budget and actual amounts for the year ended 30 June, 2019 could not be confirmed.

2. Accuracy of the Financial Statements

2.1. Statements of Receipts and Payments

The statement of receipts and payments reflects under acquisition of assets comparative balance of Kshs.15,125,720 whereas under Note 10 to the financial statements, the balance is disclosed as Kshs.24,814,510 resulting into a variance of Kshs.9,688,790. Similarly, the statement reflects other payments comparative balance of Kshs.9,688,790 whereas under Note 12 to the financial statements, discloses a nil balance resulting to a variance of Kshs.9,688,790. The variance has not been reconciled.

Further, foreign travel and subsistence expenses amounting to Kshs.1,845,900 was wrongly charged to domestic travel and subsistence and foreign travel expenditure of Kshs.1,381,800 was wrongly charged to trainings expenses.

2.2. Discrepancies between the Statements of Financial Assets and Liabilities and the Notes Balances

The statement of financial assets and liabilities as at 30 June, 2019 reflects a balance of Kshs.1,940,342 under Accounts receivables - outstanding imprests, and a comparative balance of Kshs.1,157,599 as at 30 June, 2018. However, Note 14 to the financial statements reflects staff advances balance of Kshs.248,644 only under Account receivables and no imprests as at 30 June, 2019 while the comparative balance for the previous is reflected as nil despite the fact that an analysis of the current outstanding imprests balance of Kshs.1,940,342 revealed that an amount of Kshs.636,788 of the imprest related to 2016/2017 and earlier years. This results to unreconciled variances of Kshs.1,691,698 and Kshs.1,157,599 respectively.

In absence of any adjustments to the financial statements, the accuracy of the financial statements for the year ended 30 June, 2019 could not be confirmed.

3. Unsupported Cash and Cash Equivalents

As disclosed under Note 13 to the financial statements, the statement of financial assets and liabilities as at 30 June, 2019 reflects cash and cash equivalents balance of Kshs.4,186,193. The balance constitutes cash in hand balance amounting to Kshs.2,433,577 and bank balances amounting to Kshs.1,752,616. However, the development account bank balance of Kshs.30,247 was supported by a bank reconciliation statement which reflected nil cash book balance resulting to a variance of Kshs.30,247, while the recurrent bank account with a nil balance was supported by a reconciled cash book balance of Kshs.326,612 resulting to a variance of Kshs.326,612. Further, Management did not provide the respective bank certificates and board of survey certificate to confirm the balances for audit review.

In the circumstance, the accuracy and validity of the cash and cash equivalent of Kshs.4,186,193 reflected in the statement financial assets and liabilities as at 30 June, 2019 could not be confirmed.

4. Unsupported Expenditure

4.1. Use of Goods and Services

As disclosed under Note 5 to the financial statements, the statement of receipts and payments reflects a balance of Kshs.268,264,331 under use of goods and services. The following unsatisfactory matters were observed;

i) Unsupported Foreign Travel and Subsistence

The balance includes foreign travel and subsistence allowances expenditure amounting to Kshs.8,893,136 out of which Kshs.3,337,236 was issued to the Clerk to the County Assembly as imprest on behalf of thirteen (13) members of the County Assembly (MCAs) and two (2) Assembly staff for a trip to Bujumbura, Burundi. However, Management did not avail a signed payment schedule acknowledging receipt of money, return to office report, visas and boarding passes for audit review. Further, Management did not give explanations why the imprest was issued to the Clerk to the County Assembly on behalf of the others.

ii) Unsupported Training Expenses

The balance includes training expenses of Kshs.4,098,250 out of which Kshs.1,381,800 was paid to three (3) MCAs to travel to Singapore. However, Management did not avail, for audit review, a signed payment schedule acknowledging receipts of money, training schedule, visas and boarding passes. Further, Management did not give any explanation on why imprest was issued to the Clerk to the County Assembly on behalf of the MCAs and reasons for charging the expenditure under training expenses instead of foreign travel and subsistence allowance.

iii) Unsupported Domestic Travel Expenditure

The balance includes domestic travel and subsistence allowance of Kshs.180,178,631. However, Management issued imprest of Kshs.163,504,018 to the Clerk of the Assembly instead of the individual MCA and Assembly staff. This is contrary to the Section 93 of the Public Finance Management (County Governments) Regulations, 2015. In addition, Management did provide supporting documents such as payment schedules, approval to hold meetings outside the County, recipients of cash, attendance registers, return to office reports, procurement documents for meetings venues. Further, foreign travel and subsistence amounting to Kshs.1,845,900 was wrongly charged to domestic travel and subsistence.

3.2 Unsupported Acquisition of Assets

As disclosed under Note 10 to the financial statements, the statement of receipts and payments reflects acquisition of assets balance of Kshs.10,184,039 which includes payments amounting to Kshs.4,348,788. However, Management did not provide supporting documents such as payment vouchers authorized by the Accounting Officer, tender opening minutes, inspection and acceptance committee appointment letters and local purchase orders, for audit review.

In the circumstances, the accuracy, completeness and validity of the of the statement of receipts and payments for the year ended 30 June, 2019, could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Assembly of Vihiga 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.

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

Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, although the Management has indicated that the issues have been responded to, the matters have remained unresolved as the Senate and the County Assembly have not deliberated on 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, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, 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 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 (Cash 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 overall governance.

In preparing the financial statements, Management is responsible for assessing the County Assembly's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to dissolve the County Assembly 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 financial reporting process, reviewing the effectiveness of how the County Assembly 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 overall 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 control 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 control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County Assembly'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 County Assembly 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 County Assembly to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships

and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Nancy Gathungu
AUDITOR-GENERAL

Nairobi

22 April, 2021

5. FINANCIAL STATEMENTS

5.1. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2018/19 KShs	2017/18 KShs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	617,914,441	544,024,244
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	3,420,000
TOTAL RECEIPTS		**617,914,441**	**547,444,244**
PAYMENTS			
Compensation of Employees	4	294,041,231	258,099,417
Use of goods and services	5	268,264,331	242,147,520
Subsidies	6	-	-
Transfers to Other Government Entities	7	10,945,935	7,011,210
Other grants and transfers	8	-	-
Social Security Benefits	9	34,449,700	14,885,006
Acquisition of Assets	10	10,184,039	15,125,720
Finance Costs	11	166,185	316,164
Other Payments	12	-	9,688,790
TOTAL PAYMENTS		**618,051,420**	**547,273,827**
SURPLUS/DEFICIT		**-136,979**	**170,417**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30.06. 2019 and signed by:

Per.

Clerk of the Assembly
Name: Ambaka Kilinga

Principal Finance Officer
Name: Miyinzi Oscar Jagona
ICPAK Member Number :24443

5.2. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

FINANCIAL ASSETS	Note	2018/19 KShs	2017/18 KShs
Cash and Cash Equivalents			
Bank Balances	13A	1,752,616	4,341,095
Cash Balances	13B	2,433,577	1,922,419
Total Cash and cash equivalents		**4,186,193**	**6,263,514**
Accounts receivables – Outstanding Imprests	14	1,940,342	1,157,599
TOTAL FINANCIAL ASSETS		**6,126,535**	**7,421,113**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	15	-	-
NET FINANCIAL ASSETS		**6,126,535**	**7,421,113**
REPRESENTED BY			
Fund balance b/fwd.	16	6,263,514	7,250,695
Surplus/Deficit for the year		-136,979	170,417
NET FINANCIAL POSITION		**6,126,535**	**7,421,112**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30.06. 2019 and signed by:

Clerk of the Assembly
Name: Ambaka Kilinga

Principal Finance Officer
Name: Miyinzi Oscar Jagona
ICPAK Member Number :24443

5.3. STATEMENT OF CASH FLOWS

	Note	Cumulative Amount 2018/2019 Kshs	Comparative Period 2017/2018 Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from operating income			
Transfers from the County Treasury/Exchequer Releases	1	617,914,441	544,024,244
Proceeds From Sale of Assets	2	0	
Other Receipts	3	0	3,420,000
Payments for operating expenses			
Compensation of Employees	4	(294,041,231)	-258,099,417
Use of goods and services	5	(268,264,331)	-242,147,520
Subsidies	6		
Transfers to Other Government Entities	7	(10,945,935)	-7,011,210
Other grants and transfers	8		-
Social Security Benefits	9	(34,449,700)	-14,885,006
Finance Costs	11	(166,185)	-316,164
Other Payments	12		-9,688,790
Adjusted for:			
Adjustments during the year- Outstanding Imprests		(1,940,342)	
Net cash flows from operating activities		**8,106,718**	**14,138,539**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2		0
Acquisition of Assets	10	(10,184,039)	(15,125,720)
Net cash flows from investing activities		**(10,184,039)**	**(15,125,720)**
NET INCREASE IN CASH AND CASH EQUIVALENT		**(2,077,321)**	**170,471**
Cash and cash equivalent at BEGINNING of the Year		**6,263,514**	**7,250,695**
Cash and cash equivalent at END of the Year		**4,186,193**	**6,263,514**
As per statement of assets		**4,186,193**	**6,263,514**
Control		0	*1,157,652*

VIHIGA COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30th, 2019.

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30.06. 2019 and signed by:

Clerk of the Assembly
Name: Ambaka Kilinga

Principal Finance Officer
Name: Miyinzi Oscar Jagona
ICPAK Member Number :24443

5.4. STATEMENT OF COMPARISON OF BUDGET: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Budget 2018/2019	Adjustments During the Year	Final Budget	Actual Utilization	Budget utilization difference
	Kshs	Kshs	Kshs	Kshs	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	563,181,344	44,072,447	607,253,791	615,594,991	
Proceeds from Sale of Assets	-	-	-	-	0%
Development	94,032,014	-	94,032,014	2,319,450	2%
TOTAL	**657,213,358**	**44,072,447**	**701,285,805**	**617,914,441**	**0%**
PAYMENTS					
Compensation of Employees	321,228,239	624,000	321,852,239	294,041,231	91%
Use of goods and services	199,496,149	39,751,399	239,247,548	268,264,331	112%
Subsidies	-	-	-	-	
Transfers to Other Government Entities	-	-	-	10,945,935	91%
Other grants and transfers	-	-	-	-	
Social Security Benefits	30,736,956	3,435,048	34,172,004	34,449,700	101%
Acquisition of Assets	102,582,014	62,000	102,644,014	10,184,039	12%
Finance Costs	200,000	200,000	400,000	166,185	42%
Other Payments	2,970,000	-	2,970,000	-	
TOTAL	**657,213,358**	**44,072,447**	**701,285,805**	**618,051,420**	

The entity financial statements were approved on 30.06. 2019 and signed by:

Clerk of the Assembly
Name: Ambaka Kilinga

Principal Finance Officer
Name: Miyinzi Oscar Jagona
ICPAK Member Number :24443

5.5. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT

Receipt/Expense Item	Budget 2018/2019	Adjustments During the Year	Final Budget	Actual on Comparable Basis	Performance Difference	Budget utilization difference
		Kshs	Kshs	Kshs	Kshs	Kshs
RECEIPTS						
Transfers from the County Treasury/Exchequer Releases	563,181,344	44,072,447	607,253,791	617,914,441		
Proceeds from Sale of Assets	-	-	-	-	-	
Other Receipts		-	-		-	
TOTAL	**563,181,344**	**44,072,447**	**607,253,791**	**617,914,441**	**-**	**0.00%**
PAYMENTS						
Compensation of Employees	321,228,239	624,000	321,852,239	294,041,231	27,811,008	91.36%
Use of goods and services	199,496,149	39,751,399	239,247,548	268,264,331	(29,016,783)	112.13%
Subsidies	-	-	-	-	-	
Transfers to Other Government Entities	-	-	-	10,945,935	-	
Other grants and transfers	-	-	-	-	-	
Social Security Benefits	30,736,956	3,435,048	34,172,004	34,449,700	(277,696)	100.81%
Acquisition of Assets	8,550,000	62,000	8,612,000	10,184,039	(1,572,039)	118.25%
Finance Costs	200,000	200,000	400,000	166,185	233,815	41.55%
Other Payments	2,970,000	-	2,970,000	-	2,970,000	
TOTAL	**563,181,344**	**44,072,447**	**607,253,791**	**618,051,420**		

The entity financial statements were approved on 30.06. 2019 and signed by:

Clerk of the Assembly
Name: Ambaka Kilinga

Principal Finance Officer
Name: Miyinzi Oscar Jagona
ICPAK Member Number :24443

5.6. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: DEVELOPMENT

Receipt/Expense Item	Budget 2018/2019	Adjustments During the Year	Final Budget	Actual Utilization	Budget utilization difference %
	Kshs	Kshs	Kshs	Kshs	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	94,032,014		94,032,014	2,319,450	
Proceeds from Sale of Assets			-	-	
Other Receipts			-		
TOTAL			-	-	
PAYMENTS			-		
Compensation of Employees			-		
Use of goods and services			-		
Subsidies			-		
Transfers to Other Government Entities			-		
Other grants and transfers			-		
Social Security Benefits			-		
Acquisition of Assets			-	2,319,450	2%
Finance Costs			-		
Other Payments			-	-	
TOTAL	-	-	**94,032,014**	**2,319,450**	**2%**

Notes:

During the Financial year 2018/2019, the County Assembly of Vihiga appropriated Kes 94,032,014 for Development, out of which, only 2% was utilised representing Kes 2,319,450.

Development projects that were budgeted, but were not initiated include:

CCTV Pending Bill	Kes 3,488,984
Acquisition of Land	Kes 10,500,000
Painting Works	Kes 4,000,000
Landscaping Services	Kes 8,000,000
Office Complex	Kes 64,500,000
	90,488,984

The entity financial statements were approved on 30.06. 2019 and signed by

Clerk of the Assembly
Name: Ambaka Kilinga

Principal Finance Officer
Name: Miyinzi Oscar Jagona
ICPAK Member Number :24443

5.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	KShs	KShs	KShs	KShs	KShs
Programme 1					
Sub-programme 1					
Sub-programme 2					
Sub-programme 3					
Programme 2					
Sub-programme 1					
Sub-programme 2					
Sub-programme 3					

5.8. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy notes below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The statement of assets and liabilities, although not a requirement of the IPSAS Cash Standard, has been included to disclose information on receivables and payables.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the entity all values are rounded to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

2. Reporting entity

The financial statements are for the Vihiga County Assembly. The financial statements encompass the reporting entity as specified in section 164 of PFM Act 2012.

3. Recognition of receipts and payments

a) Recognition of receipts

The County Assembly recognises all receipts from the various sources when the event occurs and the Assembly has actually received the related cash.

Tax receipts

Tax Receipts is recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received.

Transfers from the Exchequer/ County Treasury

Transfer from Exchequer is recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Receipts

Other receipts relate to receipts such as tender fees among others. These are recognised in the financial statements when the associated cash is received.

b) Recognition of payments

The entity recognises all expenses when the event occurs and the related cash has actually been paid out by the entity.

Compensation of employees

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

Use of goods and services

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

4. In-kind contributions

In-kind contributions are donations that are made to the *entity* in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services: Where the financial value received for in-kind contributions can be reliably determined, the *entity* includes such value in the statement of receipts and payments both as receipts and as and expense in equal and opposite amounts; otherwise, the contribution is not recorded.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. 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.

Restriction on cash

Restricted cash represents amounts that are limited /restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation.

There were no other restrictions on cash during the year.

6. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

7. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted and prescribed by the Public Sector Accounting Standards Board. Other liabilities including pending bills are disclosed in the financial statements.

8. Non-current assets

Non-current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the entity fixed asset register a summary of which is provided as a memorandum to these financial statements.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the *entity* at the end of the year. Pending bill form a first charge to the subsequent year budget and when they are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

10. Budget

The budget is prepared on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *entity's* budget was approved as required by Law .The original budget was approved by the County Assembly on 6th December 2018 for the period 1st July 2018 to 30 June 2019 as required by law. There was 1 number of supplementary budgets passed in the year. A high-level assessment of the *entity's* actual performance against the comparable budget for the financial year under review has been included in the Statement of Comparison between actual and budgeted amounts included in these financial statements.

11. Comparative figures

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

12. Subsequent events

Events subsequent to submission of the financial year-end financial statements to County Treasury and other stakeholders with a significant impact on the financial statements may be adjusted with the concurrence of the County Treasury.

13. Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

14. Related party transactions

Related party transactions involve cash and in kind transactions with the National Government, National Government entities and County Government entities. Specific information with regards to related party transactions is included in the disclosure notes.

5.9. NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from the County Treasury/Exchequer Releases

	2018/2019	2017/2018
	Kshs	Kshs
Total Exchequer Releases for quarter 1	151,800,000	133,843,000.00
Total Exchequer Releases for quarter 2	147,677,500	127,417,000.00
Total Exchequer Releases for quarter 3	154,961,766	138,981,000.00
Total Exchequer Releases for quarter 4	152,814,525	143,783,243.55
Development Vote	2,319,450	
Other Exchequer Releases	8,341,200	
Cumulative Amount	**617,914,441**	**544,024,243.55**

2. PROCEEDS FROM SALE OF ASSETS

	2018/19	2017/18
	KShs	KShs
Receipts from the Sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Receipts from Sale of Certified Seeds and Breeding Stock	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
Receipts from the Sale of Inventories, Stocks and Commodities	-	-
Disposal and Sales of Non-Produced Assets	-	-
Total	-	-

3. OTHER RECEIPTS

	2018/19	2017/18
	KShs	KShs
Transfers from Mortgage Account	0	3,420,000.00
Total	-	3,420,000.00

4. COMPENSATION OF EMPLOYEES

	2018/19	2017/18
	KShs	KShs
Basic salaries of permanent employees	78,763,694	74,087,253.00
Basic salaries of MCAs	72,292,011	68,953,883.00
Basic wages of temporary employees (Ward Office)	17,547,530	8,216,640.00
Personal allowances paid as part of salary	125,244,996	92,211,194.00
Personal allowances paid as reimbursements	-	
Personal allowances provided in kind	-	
Pension and other social security contributions	-	14,314,647.00
Compulsory national social security schemes	193,000	315,800.00
Compulsory national health insurance schemes	-	
Social benefit schemes outside government	-	
Other personnel payments	-	
Total	**294,041,231**	**258,099,417.00**

Notes:

1. Increase in Basic Salaries Permanent Employees represents the normal annual step increments.
2. Increase in Basic Salaries MCAs represents the normal annual step increments
3. Increase in Basic wages of temporary employees (Ward Office) arose from a recruitment Exercise that was done during the year under review.

5. USE OF GOODS AND SERVICES

	2018/19	2017/18
	KShs	KShs
Utilities, supplies and services	323,553	211,295.00
Communication, supplies and services	128,272	417,555.00
Domestic travel and subsistence	180,178,631	151,131,323.00
Foreign travel and subsistence	8,893,136	
Printing, advertising and information supplies & services	2,579,297	1,792,535.00
Rentals of produced assets	4,299,170	7,676,500.00
Training expenses	4,098,250	3,342,640.00
Hospitality supplies and services	9,495,362	13,047,300.00
Insurance costs	32,149,597	28,656,734.00

Specialized materials and services	4,908,341	1,874,500.00
Office and general supplies and services	3,145,658	3,664,300.00
Refined Fuels	2,034,918	967,300.00
Other operating expenses	11,471,415	26,723,994.00
Routine maintenance – vehicles and other transport equipment	1,860,739	1,185,842.00
Routine maintenance – other assets	833,472	
Expenses	1,864,520	514,021.00
Total	**268,264,331**	**242,147,520.00**

6. SUBSIDIES

Description	2018/19	2017/18
	KShs	KShs
Subsidies to County Corporations		
Subsidies to Private Enterprises		
TOTAL	-	-

(Provide explanations as to what subsidies relate to)

7. TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2018/19	2017/18
Refunds	KShs	KShs
Refunds to County Revenue Fund	217,935	7,011,210
Refunds to County Treasury	728,000	
Transfers to other County Assembly Car Loan and Mortgage Fund	10,000,000	
TOTAL	**10,945,935**	**7,011,210**

8. OTHER GRANTS AND TRANSFERS

	2018/19	2017/18
	KShs	KShs
Scholarships and other educational benefits	-	-
Emergency relief and refugee assistance	-	-
Subsidies to small businesses, cooperatives, and self employed	-	-
Total	-	-

9. SOCIAL SECURITY BENEFITS

	2018/19	2017/18
	KShs	KShs
Government pension and retirement benefits	15,214,393	
Gratuity- MCAs	13,308,720	14,885,006
Gratuity - Ward Office Staff and Contractual Employees	5,926,587	
Total	**34,449,700**	**14,885,006**

10. ACQUISITION OF ASSETS

	2018/2019	2017/2018
	Kshs	Kshs
Purchase of Buildings	-	
Construction of Buildings	-	1,242,870
Refurbishment of Buildings	-	
Construction of Roads	-	
Construction and Civil Works	2,319,450	
Overhaul and Refurbishment of Construction and Civil Works	-	
Purchase of Vehicles and Other Transport Equipment	3,313,800	6,629,200
Overhaul of Vehicles and Other Transport Equipment	-	
Purchase of Household Furniture and Institutional Equipment	-	
Purchase of Office Furniture and General Equipment	2,969,000	6,416,150
Purchase of ICT Equipment, Software and Other ICT Assets	1,581,789	10,526,290
Purchase of Specialised Plant, Equipment and Machinery	-	
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	
Purchase of Certified Seeds, Breeding Stock and Live Animals	-	

Research, Studies, Project Preparation, Design & Supervision	-	
Rehabilitation of Civil Works	-	
Acquisition of Strategic Stocks and commodities	-	
Acquisition of Land	-	
Acquisition of Intangible Assets	-	
Financial Assets		
Domestic Public Non-Financial Enterprises	-	
Domestic Public Financial Institutions	-	
Foreign financial Institutions operating Abroad	-	
Other Foreign Enterprises	-	
Foreign Payables - From Previous Years	-	
Total	**10,184,039**	**24,814,510**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. FINANCE COSTS

	2018/2019	2017/2018
	Kshs	Kshs
Bank Charges		
Cooperative Bank	152,313	316,164
Kenya Commercial bank	13,872	-
Total	**166,185**	**316,164**

12. OTHER PAYMENTS

	2018/19	2017/18
	KShs	KShs
Budget Reserves	-	-
Civil Contingency Reserves	-	-
Capital Transfers to Non-Financial Public Enterprises	-	-
Capital Transfer to Public Financial Institutions and Enterprises	-	-
Capital Transfers to Private Non-Financial Enterprises	-	-
Total	-	-

13. CASH AND BANK BALANCES

13A. BANK BALANCES

	2018/2019	2017/2018
	Kshs	Kshs
Co-operative Bank of Kenya-01141471295100, Kenya Shillings	196,504	4,308,459
Kenya Commercial Bank - 1240161565	1,525,865	
Central Bank of Kenya- 1000195347, Kenya Shillings	30,247	60,494
Central Bank Of Kenya-1000195355, Kenya Shillings	-	-
Total	**1,752,616**	**4,368,953**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13B. CASH IN HAND

	2018/2019	2017/2018
	Kshs	Kshs
Cash in Hand – Held in domestic currency	2,433,577	1,922,419
Cash in Hand – Held in foreign currency	-	-
Total	**2,433,577**	**1,922,419**

	2018/19	2017/18
	KShs	KShs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Total	-	-

14. ACCOUNTS RECEIVABLE

	2018/2019	2017/2018
	Kshs	Kshs
Clearance Accounts		
Staff Advances	248,664	
Other Advances		
Total	**248,664**	-

15. ACCOUNTS PAYABLE

	2018/19	2017/18
	KShs	KShs
Deposits	-	-
Retentions	-	-
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. FUND BALANCE BROUGHT FORWARD

	2018/19	2017/18
	KShs	KShs
Bank accounts		7,250,695
Cash in hand		
Accounts Receivables		
Accounts Payables		
Total		**7,250,695**

17. PRIOR YEAR ADJUSTMENTS

Description of the adjustment	2018/19	2017/18
	KShs	KShs
Adjustments on bank account balances	-	-
Adjustments on cash in hand	-	-
Adjustments on payables	-	-
Adjustments on receivables	-	-
Others (*specify*)	-	-
Total	-	-

5.10. OTHER DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 1)

Description	Balance b/f FY 2017/2018 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2018/2019 Kshs
Construction of buildings				
Construction of civil works				
Supply of goods				
Supply of services				613,080
Total				**613,080**

S/No.	Firm	Description of Goods or Services	Amount
1	The Standard Group Center	Advert (Public Participation)	68,440.00
2	The Standard Group Center	Advert (Addendum)	62,640.00
3	Victoria Comfort Inn	Hotel Facilities	40,000.00
4	Victoria Comfort Inn	Hotel Facilities	52,000.00
5	African Touch Safaris	Air Tickets	9,500.00
6	MFI Document Solutions	Service of contract for photocopier	72,500.00
7	Victoria Comfort Inn	Hotel Facilities	108,000.00
8	Gusanga Filling Station	Supply and delivery of Fuel	200,000.00
TOTAL			**613,080**

2. PENDING STAFF PAYABLES (See Annex 2)

Description	Balance b/f FY 2017/2018 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2018/2019 Kshs
Senior management	-	-	-	-
Middle management	-	-	-	-
Unionisable employees	-	-	-	-
Others	-	-	-	-
Total	-	-	-	-

3. OTHER PENDING PAYABLES (See Annex 3)

Description	Balance b/f FY 2017/2018 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2018/2019 Kshs
Amounts due to National Government entities	-	-	-	-
Amounts due to County Government entities	-	-	-	-
Amounts due to third parties	-	-	-	-
Total	-	-	-	-

4. RELATED PARTY DISCLOSURES

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS. The following comprise of related parties to the County Assembly.

- Members of County Assembly;
- Key management personnel that include the Clerk of the Assembly and heads of departments;
- The County Executive;
- County Ministries and Departments;
- Other County Government entities including corporations, funds and boards;
- The National Government;
- Other County Governments; and
- State Corporations and Semi-Autonomous Government Agencies.

OTHER DISCLOSURES (CONTINUED)

Related party transactions:

	20xx- 20xx Kshs	20xx- 20xx Kshs
Compensation to Key Management		
Compensation to the Speaker, Deputy Speaker and the MCAs	153,413,616	
Key Management Compensation(Clerk and Heads of departments)	15,561,200	
Total Compensation to Key Management	**168,974,816**	
Transfers to related parties		
Transfers to other County Government Entities such as car and mortgage schemes	10,000,000	
Transfers to County Executive	728,000	
Refunds to County Revenue Fund	217,935	
Total Transfers to related parties	**10,945,935**	
Transfers from related parties		
Transfers from the County Executive- Exchequer	8,341,200	
Transfers From Mortgage Account	3,000,000	
Total Transfers from related parties	**11,341,200**	

Notes:

During the Financial Year 2018/2019, The County Assembly borrowed an amount of Kes 3,000,000.00 from the Car Loan and Mortgage Fund and the same was refunded.

The County Assembly also received a total of Kes. 8,341,200.00. This was to facilitate various committees on behalf of the County Treasury on budget related issues.

5. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: *(Resolved / Not Resolved)*	Timeframe:
1.1	Non Submission of trial Balance	Trial Balance for audit of financial year 2018/2019 to be submitted	PFO	Resolved	
1.2	Notes to the Financial Statements	Rectified	PFO	Resolved	
1.5	Statement of comparison of budget and actual amount	Rectified	PFO	Resolved	
1.6	Difference between Financial Statement figure and Ledger Balances	Schedules were submitted	PFO	Resolved	
2.1	Un Reconciled Variances	Financial Year Close dates adhered	PFO	Resolved	
2.3	Imprest Cash Book	Imprests Warrants issued and signed	PFO	Ongoing	
2.4	Unposted Funds Transfers into Imprest Main Cash Book	Fund transfers were posted	PFO	Reesolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: *(Resolved / Not Resolved)*	Timeframe:
2.5	Imprest Issued to Non Employees of Vihiga Assembly	Documentation detailing the beneficiaries was availed	PFO	Resolved	
9	Overpayment of County Assemblies Membership Fees	Amount of 1,500,000 was never paid	PFO	Resolved	
10	Unaccounted for Expenditure on other operating Expenses	Documentation for Arbitration charges availed	PFO	Resolved	

Guidance Notes:

(i) Use the same reference numbers as contained in the external audit report;

(ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;

(iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;

(iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Clerk of the County Assembly

Sign.....

Date.....30/06/2019

ANNEXES

ANNEX 1 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Comments
	A	b	c	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

ANNEX 2 – ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Comments
		A	b	c	d=a-c		
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							
11.							
12.							
Sub-Total							
Grand Total							

ANNEX 3 – ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Comments
		a	b	c	d=a-c		
Amounts due to National Govt Entities							
1.							
2.							
3.							
Sub-Total							
Amounts due to County Govt Entities							
4.							
5.							
6.							
Sub-Total							
Amounts due to Third Parties							
7.							
8.							
9.							
Sub-Total							
Others *(specify)*							
10.							
11.							
12.							
Sub-Total							
Grand Total							

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (KShs) 2017/18	Additions during the year (KShs)	Disposals during the year (KShs)	Transfers in/(out)	Historical Cost c/f (KShs) 2018/19
Land					
Buildings and structures	47,335,894	2,319,450			49,655,344
Transport equipment	6,629,200	3,313,800			9,943,000
Office equipment, furniture and fittings	9,016,150	2,969,000			11,985,150
ICT Equipment	2,950,100	1,581,789			4,531,889
Machinery and Equipment	3,432,360				3,432,360
Biological assets					
Infrastructure Assets					
Heritage and cultural assets					
Intangible assets					
Work In Progress					
Total	69,363,704	10,184,039			79,547,743

ANNEX 5 – ANALYSIS OF OUTSTANDING IMPRESTS

Government Imprest Holders

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
ABDALLA CHOGO	18/7/2016	10,000.00		10,000.00
DICKSON AMUNGA	20/7/2016	50,000.00		50,000.00
MICHAEL OLOO	20/7/2016	50,000.00		50,000.00
MOSES AKHABELE	21/7/2016	42,600.00		42,600.00
CLASTONE ANYONJE	22/7/2016	33,600.00		33,600.00
WYCLIFFE MASINI	27/7/2016	6,000.00		6,000.00
FESTUS GIRURE	2/8/16	14,000.00		14,000.00
REUBEN OMBIMA	4/8/16	36,000.00		36,000.00
PATRICK KAMOYANI	13/8/16	5,000.00		5,000.00
NASHON KUSINA	13/8/2016	50,000.00		50,000.00
NASHON KUSINA	13/8/2016	50,000.00		50,000.00
MOSES AKHABELE	28/8/2016	126,800.00		126,800.00
MICHAEL OLOO	21/9/2016	5,000.00		5,000.00
JOAN JAI	29/9/2016	5,700.00		5,700.00
CLEMENT SLOYA	4/10/16	20,000.00		20,000.00
MARY OLEVE	9/11/16	30,000.00		30,000.00
CLEMENT SLOYA	7/12/16	7,000.00		7,000.00
MOSES AKHABELE	17/01/2017	5,200.00		5,200.00
SHERAH DIDI	25/01/2017	5,000.00		5,000.00

NASHON KUSINA	26/01/2017	23,000.00		23,000.00
PATRICK KAMOYANI	9/2/17	5,000.00		5,000.00
ARTHUR ANJERA	28/02/2017	10,000.00		10,000.00
IRIS ANYISO	2/28/17	5,508.00		5,508.00
CLEMENT SLOYA	2/3/17	5,000.00		5,000.00
EMMANUEL OMOLLO	6/3/17	33,600.00		33,600.00
BENSON INGANJI	7/3/17	2,780.00		2,780.00
MOSES AKHABELE	2/10/18	15,000		15,000
RAYCHELLE SYIAMBA	12/9/18	61,600		61,600
HON.VICTOR IJAIKA	7/12/18	60,000		60,000
LINDAH VUSHA	4/2/19	1,550		1,550
NASHON KUSINA		25,000		25,000
SIMON OTELLU	14/2/2019	20,000		20,000
MOSES AKHABELE		14,600		14,600
BYRUM ANGOTE	7/12/18	196,704		196,704
SIMON OTELLU	5/2/19	10,000		10,000
SIMON OTELLU	14/2/2019	20,000		20,000
HON.GLADYS ANALO	14/2/2019	56,000		56,000
HON.DOUGLAS BERU	1/3/19	52,000		52,000
HILLARY ANO	1/3/19	10,000		10,000
KEN OKANGA	1/3/19	16,800		16,800
LUCY KEMUTO	1/3/2-019	78,000		78,000
HON.EVANS CHUNGULI	1/3/19	78,000		78,000
HON EDWIN KUTAI	1/3/19	78,000		78,000
HON.NAOMI	1/3/19	78,000		78,000

MANDELA				
HON.JACKLINE MWENESI	1/3/19	78,000		78,000
HON.CLEMENTINE OSODO	1/3/19	76,000		76,000
HON.LUCY KEMUNTO	1/3/19	52,000		52,000
HON.EDWIN KUTAI	1/3/19	52,000		52,000
HON.ELISHA AMARA	1/3/19	52,000		52,000
MOSES AKHABELE	10/5/19	12,000		12,000
ALEX SAVAI	10/9/18	8,700		8,700
MOSES AKHABELE	2/10/18	15,000		15,000
RAYCHELLE SYAMBA	12/11/18	61,600		61,600
NASHON KUSINA		25,000		25,000
Total				**1,940,342**

ANNEX 6 – BANK RECONCILIATION/FO 30 REPORT

(Attach FO 30 Reports from IFMIS)