REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

COUNTY ASSEMBLY OF KIRINYAGA

FOR THE YEAR ENDED 30 JUNE, 2019

OFFICE OF THE AUDITOR - GENERAL
EMBU HUB P. O. Box 113 - 60100, EMBU
REGISTRY
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COUNTY ASSEMBLY OF KIRINYAGA

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)

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(CO-OPERATIVE BANK ACC.NO.01141567001400)

1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The County Assembly is constituted as per the constitution of Kenya is headed by the Speaker, who is responsible for the general policy and strategic direction of the County Assembly.

(b) Key Management

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

- County Assembly Service Board
- House Business
- Office of the Speaker
- Office of the Clerk

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Clerk	**Mr. Kamau Aidi**
2.	Director-finance and accounting	**CPA Michael Munene njogu M.NO.8031**

(d) Fiduciary Oversight Arrangements

Assembly's operations are oversighted by Internal Audit Department, Office of the Auditor General, and PAC/PIC of both the County Assembly and Senate.

(e) Entity Headquarters

P.O. Box 55-10300
Kirinyaga County Assembly
Along Kutus-Karatina road
Kerugoya, KENYA

(f) Entity Contacts

Telephone: (254) 06021800
E-mail: kirinyagacountyassembly@gmail.com
Website: www.go.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
   Kerugoya Branch
   P.O. Box 635-10300
   Kerugoya

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

2. FORWARD BY THE CLERK OF THE ASSEMBLY

Notes by the Assembly Clerk include the following:-

Include the following:

Budget performance
The assembly has been able to utilize 93% of the budget
Performance of key development projects
The assembly played only one role –procurement of renovation of chambers, offices.
Comment on value-for-money achievements
There was value for money on fulfilment of assembly roles oversight,legistrative and representations :the members participated in representation on public participation, outreach programme and other activities, on oversight members were facilitated on checking and scrutinizing various projects and activities done by the county and members through the county assembly have passed bills ,motions and ACTS for the county.
Challenges and Recommended Way Forward
The only major challenges is the release of the fund through exchequer by the treasury in time, this can be solved by national treasury improving on procure of disbursements, through fastening the budget making process and clearances by controller of budget.

Sign

Clerk of the County Assembly
Name: KAMAU AIDI

CLERK
COUNTY ASSEMBLY OF KIRINYAGA
22 NOV 2019
P. O. Box 55 - 10300
KERUGOYA

3. STATEMENT OF MANAGEMENT RESPONSIBILITIES

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 on 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 year 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 Assembly's financial statements were approved and signed by the Clerk of the County Assembly on **September 1st, 2019.**

Clerk of the County Assembly
Name: KAMAU AIDI

CLERK
COUNTY ASSEMBLY OF KIRINYAGA
22 NOV 2019
P. O. Box 55 - 10300
KERUGOYA

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
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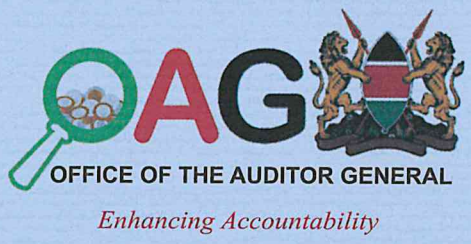

HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF KIRINYAGA 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 Kirinyaga set out on pages 2 to 17, 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 statement of comparison of budget and actual amounts - recurrent and development combined 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 Kirinyaga 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 Public Finance Management Act, 2012 and the County Governments Act, 2012.

Basis for Qualified Opinion

1.0 Accuracy of the Financial Statements

1.1 Variance Between Balances in the Statement of Receipts and Payments and Integrated Financial Management Information Systems (IFMIS) Report

The statement of receipts and payments reflects several balances in respect to (4) components while the corresponding IFMIS report reflected differing balances on the same components as detailed below:

Component	Financial Statements Balance (Kshs)	IFMIS Report (Kshs)	Variance (Kshs)
Compensation of Employees	244,160,733	249,152,674	(4,991,941)
Use of Goods and Services	293,566,178	208,491,792	85,074,386
Government Pension & Retirement Benefits	16,614,814	20,971,111	(4,356,297)
Bank Charges	44,689	0	(44,689)

1.2 Statement of Financial Assets and Liabilities - Discrepancies of Accounts Receivables Balance

Further, the statement of financial assets and liabilities reflects accounts receivables amount retained by the County Treasury of Kshs.5,054,286. However, Note 14 to the financial statements reflects an amount of Kshs.488,765 in respect of the same item resulting to an unreconciled and unexplained variance of Kshs.4,565,521.

1.3 Statement of Cash Flows - Comparative Balances

In addition, the statement of cash flows reflects comparative balances for the year ended 30 June, 2018 of three (3) components which differed significantly with the audited statement of cash flows for the same components as detailed below:

Component	Comparative Balances		Variance (Kshs)
	Current Cash Flows Statement 2018/2019 (Kshs.)	Audited Cash Flows Statement 2017/2018 (Kshs)	
Net Cashflow from Operating Activities	39,338,084	39,826,848	488,764
Net Cashflow from Investing Activities	39,847,301	37,790,206	2,057,095
Closing Cash and Cash Equivalents balance	16,369	2,562,228	2,545,859

In the circumstances, the accuracy and validity of the comparative balances reflected in the statement of cash flows for the year ended 30 June, 2019 cannot be confirmed.

2. Transfers to Other Government Entities

As disclosed under Note 7 to the financial statements, the statement of receipts and payments reflects transfer to National Government entities of Kshs.45,000,000. However, examination of records revealed that the amount relates to transfers to County Assembly Car Loan and Mortgage Fund during the year under review.

In the circumstances, the accuracy, completeness and validity of transfer to other government entities of Kshs.45,000,000 as reflected in the statement of receipts and payments for the year ended 30 June, 2019 cannot be confirmed.

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

Pending Bills

During the year under review, the County Assembly had pending bills totalling to Kshs.5,223,399 which were not settled during the year ended 30 June, 2019 but were carried forward to the 2019/2020 financial year. Management has not explained why the bills were not settled during the year when they occurred. The County Assembly is at risk of incurring significant interest costs and penalties with the continued delay in payment.

Failure to settle bills during the year to which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Compliance with the Public Sector Accounting Standards Board

The annual report and financial statements prepared and presented for audit did not include the annexures on analysis of pending staff payables, analysis of other pending

payables and analysis of outstanding imprest contrary to the template issued by the Public Sector Accounting Standards Board (PSASB) in June, 2019.

Consequently, the annual report and the financial statements for the year ended 30 June, 2019 as prepared and presented are not IPSAS compliant.

2. Compliance with the Public Finance Management (County Governments) Regulations, 2015 on Fiscal Discipline

The statement of receipts and payments reflects total receipts of Kshs.629,333,009 and compensation of employees of Kshs.244,160,733. The wage bill constitutes 39% of the total receipts. This is contrary to Section 25(1b) of the Public Finance Management (County Governments) Regulations, 2015 which requires that the wage bill should not exceed thirty-five (35) percent of total revenue.

In the circumstances, the Management is in breach of the law.

3. Compliance with the Public Procurement and Asset Disposal Act, 2015

During the year, the Management procured sports and games items for an amount of Kshs.1,400,921. Examination of the supporting documents revealed that the items had not been included in the procurement plan. This is contrary to Section 45.3(a) of the Public Procurement and Asset Disposal Act, 2015 which states that all procurements shall be within the approved budget and shall be planned by the procuring entity concerned through an annual procurement plan.

The Management is in breach of the law.

4. Irregular Hire of Conference Facilities

Management hired conference facilities at a cost of Kshs.921,408. However, Management did not provide supporting documents to show how the facilities were identified, purpose of the meetings, programme and back to office report for audit review. The meetings were held outside the County Assembly offices without justification contrary to The National Treasury circular number 20/2015 dated 4 November, 2015 that requires all accounting officers to ensure that all workshops and retreats with majority of participants drawn from one duty station are held within the precincts of the duty station.

Management is therefore in breach of the law

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (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

31 March, 2021

5. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2018/2019 Kshs	2017/2018 Kshs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	629,333,009	515,229,733
Proceeds from Sale of Assets	2		
Other Receipts	3		
TOTAL RECEIPTS		629,333,009	515,229,733
PAYMENTS			
Compensation of Employees	4	244,160,733	236,238,664
Use of goods and services	5	293,566,178	239,164,221
Subsidies	6		-
Transfers to Other Government Entities	7	45,000,000	-
Other grants and transfers	8		-
Social Security Benefits	9	16,614,814	-
Acquisition of Assets	10	27,847,654	39,847,301
Finance Costs	11	44,689	-
Other Payments	12		-
TOTAL PAYMENTS		627,234,068	515,250,186
SURPLUS/DEFICIT		2,098,941	(20,453)

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on **September 1st, 2019 and** signed by:

Clerk of the Assembly
Name: KAMAU AIDI

CLERK
COUNTY ASSEMBLY OF KIRINYAGA
22 NOV 2019
P. O. Box 55 - 10300
KERUGOYA

Director-finance and accounting
NAME: MICHAEL MUNENE
ICPAK Member.No.8031

COUNTY ASSEMBLY OF KIRINYAGA
DIRECTOR - FINANCE & ACCOUNTING
22 NOV 2019
P.O. Box 55 - 10300,
KERUGOYA

6. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

	Note	2018/2019 Kshs	2017/2018 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	13A	537,744	2,057,418
Cash Balances	13A	1,577,566	16,046
Total Cash and cash equivalents		-	-
Accounts receivables –Amount retained by county treasury	14	5,054,286	488,765
TOTAL FINANCIAL ASSETS		**7,169,596**	**2,562,228**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	15	(4,565,521)	(2,057,095)
NET FINANCIAL ASSETS		**2,604,075**	**505,134**
REPRESENTED BY			
Fund balance b/fwd	16	505,134	525,587
Surplus/Deficit for the year		2,098,941	(20,453)
NET FINANCIAL POSITION		**2,604,075**	**505,134**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on September **1st, 2019 and** signed by:

Clerk of the Assembly
Name: KAMAU AIDI

CLERK
COUNTY ASSEMBLY OF KIRINYAGA
22 NOV 2019
P. O. Box 55 - 10300
KERUGOYA

Director-finance and accounting
Name: CPA MICHAEL MUNENE
ICPAK Member.No.8031

COUNTY ASSEMBLY OF KIRINYAGA
DIRECTOR - FINANCE & ACCOUNTING
22 NOV 2019
P.O. Box 55 - 10300,
KERUGOYA.

7. STATEMENT OF CASHFLOW

	Note	2018/2019 Kshs	2017/2018 Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from operating income			
Transfers from the County Treasury/Exchequer Releases	1	629,333,009	515,229,733
Other Receipts	3		-
Payments for operating expenses			
Compensation of Employees	4	(244,160,733)	(236,238,664)
Use of goods and services	5	(293,566,178)	(239,164,221)
Subsidies	6	-	-
Transfers to Other Government Entities	7	(45,000,000)	-
Other grants and transfers	8		-
Social Security Benefits	9	(16,614,814)	-
Finance Costs	10	(44,689)	-
Other Payments	12		-
Adjusted for:			
Adjustments during the year-			-
Net cash flows from operating activities		**29,946,595**	**39,338,084**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2		-
Acquisition of Assets	10	(27,847,654)	(39,847,301)
Net cash flows from investing activities		**(27,847,654)**	**(39,847,301)**
NET INCREASE IN CASH AND CASH EQUIVALENT		**2,098,941**	**(509,217)**
Cash and cash equivalent at BEGINNING of the year		**16,369**	**525,586**
Cash and cash equivalent at END of the year		**2,115,310**	**16,369**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on **September 1st, 2019 and** signed by:

Clerk of the Assembly
Name: KAMAU AIDI

CLERK
COUNTY ASSEMBLY OF KIRINYAGA
22 NOV 2019
P. O. Box 55 - 10300
KERUGOYA

Director-finance and accounting
Name: CPA MICHAEL MUNENE M.NO.8031

COUNTY ASSEMBLY OF KIRINYAGA
DIRECTOR - FINANCE & ACCOUNTING
22 NOV 2019
P.O. Box 55 - 10300,
KERUGOYA.

11. 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 and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and applicable government legislations and regulations. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

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

   The financial statements have been prepared on the cash basis following the Government's standard chart of accounts.

2. **Recognition of receipts and payments**
   The *entity* recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the *entity*. In addition, the *entity* recognises all payments when the event occurs and the related cash has actually been paid out by the *entity*.

3. **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 revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

4. **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.

5. **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 expenditure 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.

6. **Accounts Payable**
For the purposes of these financial statements, deposits and retentions held on behalf of third parties has 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 by National Government Ministries and agencies. Other liabilities including pending bills are disclosed in the financial statements.

7. **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.

8. **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.

9. **Budget**
The budget is developed 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 and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the *entity's* actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

10. **Subsequent events**
Events subsequent to submission of the financial year end financial statements to the National Treasury and other stakeholders with a significant impact on the financial statements may be adjusted with the concurrence of National Treasury.

12. NOTES TO THE FINANCIAL STATEMENTS

1 Transfers from the County Treasury/Exchequer Releases

Description	2018/2019 Kshs	2017/2018 Kshs
Total Exchequer Releases for quarter 1	155,699,710	101,340,000
Total Exchequer Releases for quarter 2	141,832,500	130,500,000
Total Exchequer Releases for quarter 3	162,576,000	159,682,558
Total Exchequer Releases for quarter 4	169,224,799	123,707,175
Total	**629,333,009**	**515,229,733**

2 PROCEEDS FROM SALE OF ASSETS

Description	2018/2019 Kshs	2017/2018 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	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 OTHER RECEIPTS

Description	2018/2019 Kshs	2017/2018 Kshs
Interest from Bank-Car Loan/Mortgage Account		
Other Receipts II		
Other Receipts III		
Other Receipts IV		
Other Receipts XXXX		
Total		-

4 COMPENSATION OF EMPLOYEES

Description	2018/2019 Kshs	2017/2018 Kshs
Basic salaries of permanent employees	101,952,807	111,010,894
Basic wages of temporary employees		-
Personal allowances paid as part of salary	122,075,708	80,951,739
Personal allowances paid as reimbursements		-
Personal allowances provided in kind	-	-
Pension and other social security contributions		44,276,031
Compulsory national social security schemes		-
Compulsory national health insurance schemes		-
Social benefit schemes outside government	20,132,218	-
Other personnel payments		-
Total	**244,160,733**	**236,238,664**

5 USE OF GOODS AND SERVICES

Description	2018/2019 Kshs	2017/2018 Kshs
Utilities, supplies and services	577,879	603,893
Communication, supplies and services	2,769,875	3,096,084
Domestic travel and subsistence	158,156,135	128,199,479
Foreign travel and subsistence	26,588,067	15,783,224
Printing, advertising and information supplies & services	31,078,836	27,583,170
Rentals of produced assets	0	1,528,300
Training expenses	6,369,517	5,220,748
Hospitality supplies and services	24,345,124	11,094,824
Insurance costs	1,572,322	16,218,767
Specialized materials and services	4,727,042	2,783,590
Fuel Oil and Lubricant	2,645,751	2,855,083

Description	2018/2019 Kshs	2017/2018 Kshs
Office and general supplies and services	28,249,156	17,792,909
Other operating expenses	2,290,533	1,780,550
Membership subscriptions	2,297,460	2,344,000
Routine maintenance – other assets	708,883	2,279,600
Routine maintenance – vehicles, plant and other equipment	1,189,598	
Total	**293,566,178**	**239,164,221**

6 SUBSIDIES

Description	2018/2019 Kshs	2017/2018 Kshs
Subsidies to Public Corporations		
See list attached		
	-	-
	-	-
Subsidies to Private Enterprises		
See list attached	-	-
	-	-
	-	-
TOTAL		

7 TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2018/2019 Kshs	2017/2018 Kshs
Transfers to National Government entities	45,000,000	
See attached list	-	-
Transfers to Counties		
County Assembly Car Loan Fund Account	-	-
(insert name of budget agency)	-	-
TOTAL	**45,000,000**	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 OTHER GRANTS AND TRANSFERS

Description	2018/2019 Kshs	2017/2018 Kshs
Scholarships and other educational benefits	-	-
Emergency relief and refugee assistance	-	-
Subsidies to small businesses, cooperatives, and self employed	-	-
Other current transfers-car loan and mortgage		-
Other capital grants and transfers	-	-
Total		-

9 SOCIAL SECURITY BENEFITS

Description	2018/2019 Kshs	2017/2018 Kshs
Government pension and retirement benefits	16,614,814	-
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	-	-
Total	**16,614,814** -	-

10 ACQUISITION OF ASSETS

Description	2018/2019 Kshs	2017/2018 Kshs
Non-financial assets		
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	25,089,200	24,682,558-
Construction of Roads	-	-
Construction and Civil Works	735,700	-
Overhaul and Refurbishment of Construction and Civil Works		-
Purchase of Vehicles and Other Transport Equipment		11,996,600
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment		-
Purchase of Office Furniture and General Equipment	1,030,200	2,042,814-
Purchase of ICT Equipment, Software and Other ICT Assets	515,600	1,125,329-
Purchase of Specialised Plant, Equipment and Machinery	476,954	-
TOTALS	**27,847,654**	**39,847,301**

11. FINANCE COST

Description	2018/2019 Kshs	2017/2018 Kshs
Bank charges	44,689	-
	-	-
	-	-

12. OTHER PAYMENTS

Description	2018/2019 Kshs	2017/2018 Kshs
		-
		-
		-

13A **BANK ACCOUNTS**

Name of Bank, Account No. & Currency	Indicated whether recurrent or development	2018/2019	2017/2018
		Kshs	Kshs
Central Bank of Kenya,Account No.1000195614 Kshs recurrent acc	Recurrent	35,655	-
Co-operative Bank, Account No.01141567001400 Kshs Imprest acc	Recurrent	677	323.01
Central Bank of Kenya, Account No.100195622 Kshs county Assembly Development acc	Developments	501,412	2,057,095
S.Total		**537,744**	**2,057,418**
Cash book balances- *Central Bank of Kenya,Account No.1000195614*	1,597,685		1,426
Co-operative Bank, Account No.01141567001400	(20,119)	**1,577,566**	
TOTALS		**2,115,310**	**2,058,844**

14. ACCOUNT RECEIVABLES

Description	2018/2019 Kshs	2017/2018 Kshs
Unsurrendered funds from county treasury	488,765	488,765
		-
		-

15. ACCOUNT PAYABLES

Description	2018/2019 Kshs	2017/2018 Kshs
Deposits and Retentions	(4,565,521)	(2,057,095)
		-
		-

COUNTY ASSEMBLY OF KIRINYAGA

PEDDINGS BILLS

COMPANY NAME	LPO/LSO NO.	INVOICE NO.	AMOUNT
Africa advanced level telecommunications institute			101,400.00
Gael bizna investment ltd	3128579	20	145,900.00
	3128577	21	8,950.00
	3128571	11	48,000.00
Japitect Solutions Company		92	148,000.00
		93	283,680.00
Janian Enterprises	2773186		480,068.00
Smart and sure enterprises	1569350	3	8,130.00
Bahati investments	2773183	55	332,500.00
Asset security systems limited	1198672	1293	80,000.00
Ziwanto ventures	2773190	6	47,700.00
MJA ventures limited	2773188	1	406,920.00
Kenya institute of supplies management	1198601		185,020.00
Lloyds fire equipment &security management			98,600.00
CMC Motors Group Ltd		FORD+SINV-019328	298,636.00
		FORD-SINV-014573	215,155.00
Mediamax Network Ltd		INV42365	69,600.00
		INV49967	162,400.00
		INV49968	81,200.00
The Star		SINVO29356	169,360.00

		SINVO29485	169,360.00
The Standard Group		80060027	88,160.00
		80064546	84,680.00
		80067067	84,680.00
Nation Media Group PLC	1569458	1000045715	172,840.00
	1198534	1000070341	172,840.00
	1198679	1000095663	91,640.00
	1569035		183,280.00
Bridge access capacity consulting Ltd		25/TFS&S	226,200.00
Stewaney Agencies		12,13	138,000.00
Sunstar Hotel	1198689	128A/2019	62,500.00
	1198662	056/2019	235,400.00
	1193573	211A/2019	40,000.00
Mountain breeze hotel limited	1500289		39,600.00
	1500285		12,600.00
	1500279		50,400.00
			5,223,399.00

NB/ Amount indicated above was caused by delay in the release of funds from national treasury and which has been recurring every end of financial year.

ANNEXURE 1

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 *(Name and designation)*	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
CEN/HUB/KRGA.C/ ASSB/3B/23	Final Report FY 2017/2018 On Financial Statements	All audit quarries were dealt and final report issued by the Office of Auditor General.	Clerk To County Assembly	Certificate issued	

ANNEXURE 2

BANK RECONCILIATION/FO 30 REPORTS

KIRINYAGA COUNTY ASSEMBLY
BANK RECONCILIATION STATEMENT
FOR THE MONTH OF JUNE 2019

KIRINYAGA COUNTY ASSEMBLY RECURRENT-CBK : ACCOUNT NO. 1000195614

	DETAILS	AMT-KSHS	TOTALS-KSHS
BALANCE AS PER CASH BOOK			1,597,685.6
ADD			
Unpresented cheques			
direct deposit			
cheques paid in bank but ommitted in cashbook			
Credits in bank not in cashbook			
LESS			
Dishonoured Cheques		(1,562,030.54)	**(1,562,030.5**
Standing Charges			
Bank Charges			
issued cheques Unrecorded in cashbook			
Balance as per bank statement			**35,655.1**

PREPARED BY,	**CHECKED BY,**
NAME	**NAME**
DESIGNATION-DIRECTOR ACC & FIN.	**DESIGNATION-AIE HOLDER CERTIFICATE**
SIGNATURE	**SIGNATURE**
DATE	**DATE**

COUNTY ASSEMBLY OF KIRINYAGA
DIRECTOR - FINANCE & ACCOUNTING
22 NOV 2019
P.O. Box 55 - 10300,
KERUGOYA.

CLERK
COUNTY ASSEMBLY OF KIRINYAGA
22 NOV 2019
P. O. Box 55 - 10300
KERUGOYA

ANNEXURE 3

COUNTY ASSEMBLY OF KIRINYAGA
BANK RECONCILIATION STATEMENT
FOR THE MONTH OF JUNE 2019

COOPERATIVE BANK -KERUGOYA BRANCH -ACCOUNT NO.01141567001400			
	DETAILS	**AMT-KSHS**	**TOTALS-KSHS**
BALANCE AS PER CASH BOOK			**(20,119.69)**
ADD			
Unpresented cheques		**30,000.00**	**30,000.00**
direct deposit			
cheques paid in bank but ommitted in cashbook			
Credits in bank not in cashbook			
LESS			
Dishonored Cheques			
Standing Charges			
Bank Charges		**9,203.00**	**(9,203.00)**
issued cheques Unrecorded in cashbook			
Balance as per bank statement			**677.31**
PREPARED BY,		**CHECKED BY,**	
NAME		**NAME**	
DESIGNATION-DIRECTOR ACC & FIN.		**DESIGNATION-AIE HOLDER CERTIFICATE**	
SIGNATURE		**SIGNATURE**	
DATE		**DATE**	

ANNEXURE 4

COUNTY ASSEMBLY OF KIRINYAGA
DIRECTOR - FINANCE & ACCOUNTING
22 NOV 2019
P.O. Box 55 - 10300,
KERUGOYA.

CLERK
COUNTY ASSEMBLY OF KIRINYAGA
22 NOV 2019
P. O. Box 55 - 10300
KERUGOYA