REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY ASSEMBLY OF MAKUENI

FOR THE YEAR ENDED 30 JUNE 2018

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
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MAKUENI COUNTY ASSEMBLY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2018

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

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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 48 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:

- County Assembly Legislative, Procedural and Committee services
- County Assembly Administrative services and
- County Assembly Budget, Finance and Accounting services

(c) Fiduciary Management

The key management personnel who held office during the year ended June 30th 2018 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Deputy clerk	**Mr. Robert Musyoka**
2.	Finance officer	**Mr. Francis Nzyoka**
3.	Procurement officer	**Mr. Abraham Anyegah**
4.	Internal auditor	**Mr. Nathan kilonzo**

(d) Fiduciary Oversight Arrangements

The main institution responsible for fiduciary oversight is the County Assembly through its respective house committees. These are the Finance and Planning Committee, the Budget and Appropriations Committee, the Public Investments and public Accounts Committee.

The County Assembly Service Board also plays a role in ensuring that internal controls are applied at all levels and stages of transactions. This entails budgetary oversight, implementation and monitoring role.

(e) Entity Headquarters

Former Defunct County Council offices,
Opposite Makueni County Building Headquarter,
Off Wote – Makindu Highway,
P.O. Box 572 – 90300,
Makueni, KENYA

(f) Entity Contacts

Telephone: 0710761116/ 0731663505/ 020 2393005
E-mail: info@makuenicountyassembly.go.ke
Website: www.makueniassembly.go.ke

Entity Bankers

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

2. Co-operative Bank
   P.O. Box 537
   Wote 90300
   Makueni, Kenya

(g) Independent Auditors

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

(h) 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

Put the forward note by the Clerk of the County Assembly.

Include the following:

Budget performance
During this period, the Makueni County Assembly received kes 663,668083 from the County Revenue Fund. Out the receipt, 621,408,934was for recurrent and42,259,149was for development. The County Assembly also received Kes 60 million from county Revenue fund for car and mortgage.
Operational Performance
During this period Makueni county assembly had the following Motion 165 Regulations 4 Petitions 5 Bills passed 12.
Performance of key development projects
The notable projects undertaken were acquisition of land for the speaker's house and construction of the speaker's house is on-going and should be ready for occupation at start of 2019. The County Assembly utilised the funds in building a new chamber which is almost complete.
Comment on value-for-money achievements
The speakers residence when occupied will to a greater extend help the speaker in discharging his duties more effectively.The new chamber which is bigger will help the people of Makueni to follow the procedingds of the chamber since it has a bigger capacity.
Challenges and Recommended Way Forward
The biggest challenge the assembly faced was delay in releasing funds which to a great extend affected the activities of the assembly.

Sign

Deputy 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, 2018. 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, 2018, 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 County Government's financial statements were approved and signed by the Deputy Clerk of the County Assembly on _____ 2019.

_____
Deputy Clerk of the County Assembly

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke

P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF MAKUENI FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Makueni County Assembly set out on pages 7 to 42 which comprise the statement of financial assets and liabilities as at 30 June 2018 and the statement of receipts and payments, statement of cash flows and statements 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 County Assembly of Makueni as at 30 June, 2018, 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 Government Act, 2012 and Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unsupported Foreign Travel Expenditure

During the year under review, the County Assembly incurred expenditure under use of goods and service amounting to Kshs.288,600,581. Included in this figure is an expenditure relating to foreign travel and subsistence expenses amounting to Kshs.9,403,447 that includes funds issued as per diems to the Speaker, the Clerk and Members of the County Assembly to travel to Singapore and Dubai to attend conferences. A review of the imprest surrender documents revealed no evidence of travel since air tickets, boarding passes, training fee receipts and back to office reports or certificates of attendance for reference had been attached to the surrender documents.

In the circumstances, it was not possible to ascertain the regularity of the expenditure of Kshs.9,403,447.

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. Except for the matters described in the Basis for Qualified Opinion section, conclusion on lawfulness and effectiveness in use of public funds and conclusion on effectiveness of internal controls and governance, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Previous Years' Matters

1. Inaccuracies in the Financial Statements

(i) The statement of receipts and payments reflected expenditure of Kshs.256,875,047.55 on use of goods and services while the statement of comparison of budget and actual amounts reflected expenditure of Kshs. 256,884,037.55 for the same item.

(ii) The statement of receipts and payments reflected a surplus of Kshs.38,329,329.22 for the year ended 30 June 2017 while the statement of comparison of budget and actual amounts reflected a surplus of Kshs.38,333,340 for the same period.

(iii) The payments relating to separate expenditure heads reflected in the statement of receipts and payments casts to Kshs.695,392,449 and not the total payments of Kshs.695,329,249 shown.

The above anomalies have not been explained. Under the circumstances, the accuracy of the financial statements for the year ended 30 June 2017 could not be confirmed. These unadjusted figures have been included in the current financial statements as comparative figures.

2. Other Receipts

Other receipts totalling Kshs.45,382,718 as disclosed at Note 3 to the financial statements include an amount of Kshs.44,274,712 in respect of insurance claims and compensation for assets destroyed in a fire incident on 7 March 2016. However, the money was deposited in an expenditure account at the Co-operative Bank instead of the revenue account at Central Bank of Kenya in contravention of Section 119 (2) of the Public Finance Management Act, 2012. The receipt was, therefore, not properly accounted for under the circumstances.

3. Compensation of Employees

(i) The County Assembly made payments towards compensation of employees amounting to Kshs.356,959,230.73 during the year ended 30 June 2017 as disclosed in Note 4 to the financial statements. However, the IPPD and Excel payroll records reflect a total amount of Kshs.269,291,646 resulting in unreconciled difference of

Kshs.87,667,584.73. Further, the total amount captured in the payment vouchers in respect to compensation of employees amounted to Kshs.338,636,393 resulting again in an unreconciled difference of Kshs.18,322,837.73.

(ii) In addition, the County Assembly made gratuity payments to the outgoing Members of the County Assembly amounting to Kshs.44,576,794 in 2016/2017 financial year. However, data verified show that the amount payable was Kshs.49,243,263 resulting in an unexplained difference of Kshs.4,666,469. Further, payment vouchers in respect to compensation of employees amounted to Kshs.338,636,393 resulting in unreconciled difference of Kshs.18,322,838.

Under the circumstances, the accuracy of compensation of employees' expenditure of Kshs.356,959,230.73 could not be confirmed.

4. Use of Goods and Services

Included in the use of goods and services total expenditure of Kshs.256,875,047.55 is an amount of Kshs.976,600 paid for media outreach. Out of this amount, journalists from various media houses were paid Kshs.336,000. However, the payments to journalists were not supported by policy documents. Under the circumstances, the validity and regularity of the expenditure of Kshs.336,000 could not be confirmed.

5. Irregular Acquisition of Assets

The County Assembly advertised for supply and installation of Hansard equipment on 5 November 2016 and listed the criteria to be followed during evaluation of bids. However, the evaluation committee meeting held on 23 November 2016 included bank statements as one of the criteria for evaluation which were not in the advertisement. M The lowest evaluated bidder at Kshs.3,043,431 and had met all the criteria stated in the advertisement and the tender document. However, the evaluation committee resolved that the firm was not responsive for failure to attach current bank statements and recommended the contract to be awarded to another firm at a cost of Kshs.4,947,800.

The County Assembly, therefore, spent an extra Kshs.1,904,369 on the supply and installation of the equipment due to the above irregularities. Further, the firm that was awarded the contract had attached financial statements for only one year instead of two years. Under the circumstances, the validity and propriety of the expenditure of Kshs.4,947,800 out of the total expenditure of Kshs.80,436,964.50 incurred on acquisition of assets in 2016/2017 financial year could not be confirmed.

6. Cash and Bank Balances

The statement of financial assets and liabilities reflected cash and cash equivalents' balance of Kshs.42,108,031.77 as at 30 June 2017. The balance included Kshs.30,220,089 in a recurrent account at Co-operative Bank of Kenya. The bank reconciliation statement for this account as at 30 June 2017 reflected cheques in the cashbook not yet recorded in the bank statements dating between June 2015 and April 2016 totalling Kshs.280,533 which were stale but had not been reversed in the

cash book as at the time of the audit. No evidence was presented to indicate that the cheques were subsequently reversed. Under the circumstances, the cash and cash equivalents' balance of Kshs.42,108,031.77 as at 30 June 2017 was not fairly stated.

7. Fixed Assets

The County Assembly's fixed assets register as at 30 June 2017 reflected assets with a historical cost of Kshs.346,751,151 made up of opening balance of Kshs.266,278,787 and additions during the year of Kshs.80,472,364. However, the opening balance of Kshs.266,278,787 included assets of an undetermined value that were destroyed in a fire accident on 7 March 2016. Further, as reported in 2015/16, included in the acquisition of assets figure of Kshs.78,490,330.90 for 2015/2016 financial year was an amount of Kshs.5,838,272 reportedly incurred on acquisition of household furniture and specialized plant, equipment and machinery. However, the amount was not supported with schedules indicating the specific assets purchased, serial/registration number, date of purchase, delivery note/invoice number, supplier, procuring department and cost of purchase. The existence and security of the assets stated can still not be confirmed.

Consequently, the existence, completeness and accuracy of the County Assembly's fixed assets balance of Kshs.346,751,151.86 as at 30 June 2017 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 Makueni in accordance with ISSAI 30 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.

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 matter 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

Failure to Prepare a Performance Report

Section 164(f) of Public Finance Management Act, 2012 requires County Governments to prepare and submit to the Auditor-General reports on their own performance.

Management did not prepare and submit to the Auditor- General a report on performance against pre-determined objectives.

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, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Lack of ICT Policy

A scrutiny of the County Assembly of Makueni IT Internal controls shows that the County Assembly did not have an IT strategic Committee, IT Strategic Plan, IT Steering Committee, IT Security Policy, Emergency Procedures and an Approved Backup and retention strategy in place. This is contrary to the requirement of the laid down procedures at Section 110 of the Public Finance Management (County Governments) Regulations, 2015 relating to Information Technology Internal Controls.

Such controls as stipulated in the Public Finance Management (County Governments) Regulations, 2015 are instituted as appropriate access controls needed to minimize breaches in systems of information, confidentiality, data integrity and loss of business continuity. The access controls required to be instituted include uniform application forms for registration of new users, deregistration of users and modification of user roles. The County Assembly was in breach of the regulations.

2. Lack of a Disaster Recovery Plan/Business Continuity Plan

The County Assembly of Makueni lacks a Disaster Recovery Plan/ Business Continuity Plan contrary to Section 99 of the PFM Act, 2012. The Act stipulates the role of a disaster recovery plan as to secure the county government's ability to meet its obligations to provide basic services or its financial commitments, identify the financial problems and be designed to place the county government in a sound and sustainable financial condition as quickly as possible to avoid the risk of loss of data which would

adversely affect the County Assembly's service delivery to its citizens if an unforeseen event take place and bring the day-to-day operations of the County Assembly to a halt.

3. Lack of a Risk Management Policy

The County Assembly of Makueni lacks a Risk Management Policy therefore contravening the requirements of the Public Finance Management (County Governments) Regulations 2015, Section 158(1). The regulation requires an accounting officer to ensure that the county government entity develops risk management strategies, which include fraud prevention mechanism; and the county government entity develops a system of risk management and internal control that builds robust business operations.

Failure to develop a risk policy exposes the County Assembly and in the event of a risk, there may not be strategies to counter that risk.

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. 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 governance.

In preparing the financial statements, management is responsible for assessing the ability to continue sustaining services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting.

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 entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems

are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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 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 going concern 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 ability to continue to sustain 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.

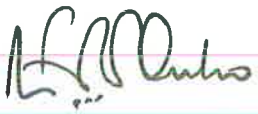
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the County Assembly of Makueni 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.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

18 February 2019

4. FINANCIAL STATEMENTS

4.1. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017/18 KShs	2016/17 KShs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	664,332,867	688,338,860
Proceeds from Sale of Assets	2	-	-
Other Receipts Makueni county car and mortgage	3	60,000,000	45,382,718 -
TOTAL RECEIPTS		**724,332,867**	**733,721, 578**
PAYMENTS			
Compensation of Employees	4	307,621,151	356,959,231
Use of goods and services	5	288,649,368	256,875,248
Subsidies	6	-	-
Transfers to Other Government Entities	7	-	13,200
Other grants and transfers	8	-	-
Social Security Benefits	9	-	-
Acquisition of Assets	10	62,357,967	80,436,964.5
Finance Costs	11	-	-
Other Payments	12	60,000, 000	1,108,006
TOTAL PAYMENTS		**718,638,485**	**695,392,450**
SURPLUS/DEFICIT		**5,753,168**	**38,329,329**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30/01 2019 and signed by:

Deputy Clerk of the Assembly
Assembly
Name:

Senior accountant – County

Name: Catherine Mathuku
ICPAK Member Number:22211

4.2. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

FINANCIAL ASSETS	Note	2017/2018 KShs	2016/17 KShs
Cash and Cash Equivalents			
Bank Balances	13A	13,903,932	41,439,144
Cash Balances	13B	-	668,887
Total Cash and cash equivalents		**13,903,932**	**42,108,032**
Accounts receivables – Outstanding Imprests	14	205,200	86,603
TOTAL FINANCIAL ASSETS		**14,109,132**	**42,194,634** -
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	15	4,155,498	3,852,106
NET FINANCIAL ASSETS		**9,953,634** -	**38,342,528** -
REPRESENTED BY			
Fund balance b/fwd	16	38,316,129	33,394,093
Surplus/Deficit for the year		5,753,168	38,329,129
Prior year adjustments		-33,394,093	-33,380694
NET FINANCIAL POSITION		**9,953,634**	**38,342,528**

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

Deputy Clerk of the Assembly
Assembly
Name: Robert Musyoka

Senior accountant – County

Name: Catherine Mathuku
ICPAK Member Number: 22211

4.3. STATEMENT OF CASH FLOWS

	Note	2017/18 KShs	2016/17 KShs
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operating income			
Transfers from the County Treasury/Exchequer Releases	1	664,332,867	688,338,860
Other Receipts	3	60,000,000	45,382,718
Payments for operating expenses			
Compensation of Employees	4	307,621,151	356,959,231
Use of goods and services	5	288,600,581	256,875,048
Subsidies	6	-	-
Transfers to Other Government Entities	7	-	13,200
Other grants and transfers	8	-	-
Social Security Benefits	9	-	-
Finance Costs	11	-	-
Other Payments	12	-60,000,000	1,108,006
Adjusted for:			
Adjustments during the year		-	34,329,128
Surrender of unspent balances		33,394,093	
Increase in Accounts Receivable		118,597	
Increase in Accounts Payables		278,992	
Net cash flows from operating activities		**34,163,867**	**- 84,436,965**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	62,367,967	80,436,964.5
			-
Net cash flows from investing activities		62,367,967	80,436,964.5
NET INCREASE IN CASH AND CASH EQUIVALENTS		**-28,204,100**	**1,966,788.7**
Cash and cash equivalent at BEGINNING of the year	13	**42,108,032**	**40,114,843**
Cash and cash equivalent at END of the year		**13,903,932**	**42,108,032**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 25/011 2019 and signed by:

Deputy Clerk of the Assembly
Name: Robert Musyoka

Senior Accountant – County Assembly
Name: Catherine Mathuku
ICPAK Member Number 22211

4.4. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization difference
	KShs	KShs	c=a+b	e=d-c	KShs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	664,597,274	31,811,468	696,408,742	663,668,083	95%
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	-60,000,000	-
TOTAL	**664,597,274**	**31,811,468**	**696,408,742**	**723,668,083**	**108%**
PAYMENTS					
Compensation of Employees	431,497,274	123,874,915	307,622,359	307,621,151	100%
Use of goods and services	176,100,000	118,827,719	294,927,719	288,649,368	98%
Subsidies	-	-	-	-	-
Transfers to Other Government Entities	-	-	-	-	-
Other grants and transfers	-	-	-	-	-
Social Security Benefits	-	-	-	-	-
Acquisition of Assets	57,000,000	36,858,664	93,858,664	62,367,967	66%
Finance Costs	-	-	-	-	-
Other Payments		-	-	- 60,000,000	-
TOTAL	**664,597,274**	**279,561,298**	**696,408,742**	**718,638,485**	**95%**

NOTE:
a)The over utilization of 108% relates to a transfer of 60,000,000 kenya shillings made from county treasury to Assembly for car and mortgage .

b) The difference between the original and the final budget was as a result of reallocation of Kes 31,811,468
The entity financial statements were approved on 30/01 2019 and signed by:

Deputy Clerk of the Assembly
Name:Robert Musyoka

Senior accountant – County Assembly
Name:Catherine Mathuku
ICPAK Member Number:22211

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilisation difference
	a	b	c=a+b	e=d-c	
RECEIPTS					
Transfers from the County Treasury/ Exchequer Releases	623,097,374	-	623,097,374	621,408,934	99%
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	-	-
TOTAL	**623,097,374**	-	**623,097,374**	**621,408,934**	**99%**
PAYMENTS					
Compensation of Employees	431,497,274	-123,874,915	307,622,359	307,621,151	100%
Use of goods and services	176,100,000	118,827,719	294,927,719	288,649,368	98%
Subsidies	-	-	-	-	-
Transfers to Other Government Entities	-	-	-	-	-
Other grants and transfers	-	-	-	-	-
Social Security Benefits	-	-	-	-	-
Acquisition of Assets	15,000,000	5,547,296	20,547,296	20,108,816	98%
Finance Costs	-	-	-	-	-
Other Payments	-	-	-	-	-
TOTAL	**622,597,274**	**500,100**	**623,097,374**	**616,379,335**	**99%**
Surplus/ Deficit	**500,100**	**-500,100**		**5,029,598**	

The entity financial statements were approved on 20/01 2019 and signed by

Deputy Clerk of the Assembly
Name: Robert Musyoka

Senior Accountant – County Assembly
Name: Catherine Mathuku
ICPAK Member Number:22211

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization difference
	KShs	KShs	c=a+b	e=d-c	KShs
RECEIPTS					
Transfers from the County Treasury/ Exchequer Releases	42,000,000	31,311,368	73,311,368	42,259,149	58%
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	-	-
TOTAL	**42,000,000**	**31,311,368**	**73,311,368**	**42,259,149**	**58%**
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	42,000,000	31,311,368	73,311,368	42,220,896	58%
Finance Costs	-	-	-	-	-
Other Payments	-	-	-	-	-
TOTAL	**42,000,000**	**31,311,368**	**73,311,368**	**42,220,896**	**58%**
SURPLUS/ DEFICIT	-			**38,253**	

The entity financial statements were approved on 30/01 2019 and signed by:

Deputy Clerk of the Assembly
Name: Robert Musyoka

Senior accountant
Name: Catherine Mathuku

ICPAK Member Number:22211

4.7. 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					
Legislation, Oversight and Representation	**384,674,803**	-63,716,746	**320,958,057**	**314,803,668**	**6,154,389**
Programme 2					
Sub-programme 1 General administration, planning and support services	**279,922,471**	95,528,214	**375,450,684**	**344,114,989**	**31,335,696**
TOTAL	664,597,274	31,811,468	**696,408,741**	**658,918,657**	**37,490,084**

(NB: This statement is a disclosure statement indicating the utilisation in the same format at the County budgets which are programmatic. Ensure this document is accurately presented to enable consolidation with other County Entities).

4.8. 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 Makueni 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 related cash has actually been received by the Assembly.

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 an 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.

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2018, this amounted to KShs 4,155,498 compared to KShs 3,878,506 in prior period as indicated on note 14. 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 28th June 2017 for the period 1st July 2017 to 30 June 2018 as required by law. There was only one 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.

4.9. NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from the County Treasury/Exchequer Releases

	2017/18	2016/17
	KShs	KShs
Transfers from the County Treasury for Q1	52,048,476	270,700,761
Transfers from the County Treasury for Q2	190,237,167	120,034,875
Transfers from the County Treasury for Q3	133,374,369	219,365,307
Transfers from the County Treasury for Q4	288,672,855	78,237,917
Cumulative Amount	**664,332,867**	**688,338,860**

(Where money is transferred to the County Assembly on a monthly basis, include the months instead of quarters. A detailed annex showing the reconciliation of transfers between the County Treasury and County Assembly is included in note of this report.)

2. PROCEEDS FROM SALE OF ASSETS

	2017/18	2016/17
	KShs	KShs
Receipts from the Sale of Buildings	Xxx	Xxx
Receipts from the Sale of Vehicles and Transport Equipment	Xxx	Xxx
Receipts from the Sale Plant Machinery and Equipment	Xxx	Xxx
Receipts from Sale of Certified Seeds and Breeding Stock	Xxx	Xxx
Receipts from the Sale of Strategic Reserves Stocks	Xxx	Xxx
Receipts from the Sale of Inventories, Stocks and Commodities	Xxx	Xxx
Disposal and Sales of Non-Produced Assets	Xxx	Xxx
Receipts from the Sale of Strategic Reserves Stocks	Xxx	Xxx
Total	**Xxx**	**Xxx**

3. OTHER RECEIPTS

	2017/18	2016/17
	KShs	KShs
Tender fees received	Xxx	Xxx
Transfer from county treasury for car and mortgage	60,000,000	Xxx
Other Receipts insurance claim	Xxx	44,274,712
Other Receipts injury benefit	Xxx	1,108,006
Total	**60,000,000**	**45,382,718**

The receipt of 60 Million relates to transfer from County Treasury for Makueni County Assembly Car and Mortgage

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. COMPENSATION OF EMPLOYEES

	2017/18	2016/17
	KShs	KShs
Basic salaries of permanent employees	140,471,624	145,298,333
Basic wages of temporary employees	26,193,000	31,837,000
Personal allowances paid as part of salary	116,692,639	128,792,333
Personal allowances paid as reimbursements		
Personal allowances provided in kind		
Pension and other social security contributions	7,883,553	6,198,482
Compulsory national social security schemes	259,000	256,290
Compulsory national health insurance schemes		
Social benefit schemes outside government		
Other personnel payments	16,121,334	44,576,794
Total	**307,621,151**	**356,959,231**

During the year 2017/2018, Makueni county assembly had a total of 97 staff employed on permanent basis, 49 members of county assembly , 4 staff employed on casual basis and 6 interns. there were no resignations.

5. USE OF GOODS AND SERVICES

	2017/18	2016/17
	KShs	KShs
Utilities, supplies and services	839,736	984,440
Communication, supplies and services	3,722,515	3,599,348
Domestic travel and subsistence	92,455,139	89,126,832
Foreign travel and subsistence	9,403,447	11,408,741
Printing, advertising and information supplies & services	8,329,957	4,105,190
Rentals of produced assets	4,007,175	3,812,500
Training expenses	23,095,026	6,846,643
Hospitality supplies and services	27,644,048	17,043,596
Insurance costs	33,471,923	23,841,892
Specialized materials and services	705,600	23,745
Office and general supplies and services	9,829,222	4,799,402
Other operating expenses	60,807,242	81,716,269
Fuel Oil and Lubricants	4,606,183	4,679,886
Routine maintenance – vehicles and other transport equipment	7,391,114	3,965,733
Routine maintenance – other assets	2,292,253	920,831
Total	**288,600,581**	**256,875,048**

6. SUBSIDIES

Description	2017/18	2016/17
	KShs	KShs
Subsidies to County Corporations		
See list attached	xxx	Xxx
(insert name)	xxx	Xxx
Subsidies to Private Enterprises		
See list attached	xxx	xxx
(insert name)	xxx	xxx
TOTAL	**xxx**	**xxx**

(Provide explanations as to what subsidies relate to)

7. TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2017/18	2016/17
	KShs	KShs
Transfers to National Government entities		13000
Transfers to other County Assembly entities		
(insert name of budget agency)	xxx	xxx
TOTAL	**xxx**	**xxx**

(Explain what the transfers relate to and whether they are to be refunded by the institution referred to)

8. OTHER GRANTS AND TRANSFERS

	2017/18	2016/17
	KShs	KShs
Scholarships and other educational benefits	xxx	xxx
Emergency relief and refugee assistance	xxx	xxx
Subsidies to small businesses, cooperatives, and self employed	xxx	xxx
Total	**xxx**	**xxx**

(Give explanations on what other grants and transfers relate to and who the beneficiaries are)

9. SOCIAL SECURITY BENEFITS

	2017/18	2016/17
	KShs	KShs
Government pension and retirement benefits	Xxx	xxx
Social security benefits in cash and in kind	Xxx	xxx
Employer Social Benefits in cash and in kind	Xxx	xxx
Total	**xxx**	**xxx**

(Give explanations and distinguish between NSSF benefits and contributions made to other entities on behalf of staff.)

10. ACQUISITION OF ASSETS

Non Financial Assets	2017/18	2016/17
	KShs	KShs
Purchase of Buildings	xxx	xxx
Construction of Buildings	22,547,810	27,078,584.5
Refurbishment of Buildings	xxx	xxx
Construction of Roads	xxx	xxx
Construction and Civil Works	19,711,341	28,426,283
Overhaul and Refurbishment of Construction and Civil Works	xxx	xxx
Purchase of Vehicles and Other Transport Equipment	12,830,700	4,860,000
Overhaul of Vehicles and Other Transport Equipment	xxx	xxx
Purchase of Household Furniture and Institutional Equipment	284,220	44,600
Purchase of Office Furniture and General Equipment	6,463,896	4,588,822
Purchase of ICT Equipment, Software and Other ICT Assets		3,816,199
Purchase of Specialised Plant, Equipment and Machinery	530,000	9,622,476
Rehabilitation and Renovation of Plant, Machinery and Equip.	xxx	xxx
Purchase of Certified Seeds, Breeding Stock and Live Animals	xxx	xxx
Research, Studies, Project Preparation, Design & Supervision	xxx	xxx
Rehabilitation of Civil Works	xxx	xxx
Acquisition of Strategic Stocks and commodities	xxx	xxx
Acquisition of Land	xxx	2,000,000
Acquisition of Intangible Assets	xxx	Xxx
Financial Assets	xxx	Xxx
Domestic Public Non-Financial Enterprises	xxx	Xxx
Domestic Public Financial Institutions	xxx	Xxx

Non Financial Assets	2017/18	2016/17
Total	62,367,967	80,436,964.5

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. FINANCE COSTS

	2017/18	2016/17
	KShs	KShs
Bank Charges	Xxx	Xxx
Exchange Rate Losses	Xxx	Xxx
Other Finance costs	Xxx	Xxx
Interest on borrowings	Xxx	Xxx
Total	**Xxx**	**xxx**

(Provide detailed explanation on finance costs and whether they relate to borrowings on bank overdraft).

12. OTHER PAYMENTS

	2017/18	2016/17
	KShs	KShs
Budget Reserves	Xxx	Xxx
Civil Contingency Reserves	Xxx	Xxx
Capital Transfers to Non-Financial Public Enterprises	Xxx	Xxx
Capital Transfer to Public Financial Institutions and Enterprises	Xxx	Xxx
Transfer to Makueni County Assembly Car and Mortgage Account	60,000,000	Xxx
Other expenses – Fire insurance payments	Xxx	17,370,206
Domestic Accounts – Insurance Claims payments to beneficiary	Xxx	1,108,006
Total	**60,000,000**	**18,478,212**

(Provide detailed explanations for other payments)

13. CASH AND BANK BALANCES

13A. BANK BALANCES

Name of Bank, Account No. & Currency	Indicated whether recurrent or development	2017/18	2016/17
		KShs	KShs
C0-operative Bank of Kenya ltd A/C N0. 011415339155500	Commercial Bank Acc	7,803,906	30,220,089
CBK Recurrent Account 1000199188	Recurrent Acc	6,061,774	836,562

CBK Development Account 1000199199	Development Acc	38,253	10,382,493
Total		**13,903,932**	**41,439,144**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13B. CASH IN HAND

	2017/18	2016/17
	KShs	KShs
Cash in Hand – Held in domestic currency	xxx	668,887
Cash in Hand – Held in foreign currency	xxx	Xxx
Total	**xxx**	**668,887**

Cash in hand should be analysed as follows:

	2017/18	2016/17
	KShs	KShs
Location 1 cash office	xxx	668,887
Location 2	xxx	Xxx
Location 3	xxx	Xxx
Total	**xxx**	**668,887**

14. ACCOUNTS RECEIVABLE

	2017/18	2016/17
	KShs	KShs
Government Imprests	205,200	86,603
Clearance Accounts	Xxx	Xxx
Staff Advances	Xxx	Xxx
Other Advances	Xxx	Xxx
Total	205,200	86,603

15. ACCOUNTS PAYABLE

	2017/18	2016/17
	KShs	KShs
Deposits and Retentions	4,155,498	3,878,506
Total	**4,155,498**	**3,878,506**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. FUND BALANCE BROUGHT FORWARD

	2017/18	2016/17
	KShs	KShs
Bank accounts	41,439,144	40,114,843
Cash in hand	668,887	
Accounts Receivables	86,603	
Accounts Payables	-3,878506	-6,720,750
Total	**38,316,129**	33,394,093

17. PRIOR YEAR ADJUSTMENTS

Description of the adjustment	2017/18	2016/17
	KShs	KShs
Adjustments on bank account balances-Surrender of unspent balances	33,394,093	33,394,093
Adjustments on cash in hand	Xxx	Xxx
Adjustments on payables	Xxx	Xxx
Adjustments on receivables	Xxx	xxx
Others (*specify*)	Xxx	xxx
Total	33,394,093	33,394,093

The prior year adjustments relates to surrender of unspent balances in prior year

4.10. OTHER DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 1)

	2017/18	2016/17
	KShs	KShs
Construction of buildings	1,074,060	2,292,210
Construction of civil works	Xxx	xxx
Supply of goods	1,359,270	17,519,081
Supply of services	6,587,299	xxx
Total	**9,020,629**	**19,818,291**

2. PENDING STAFF PAYABLES (See Annex 2)

Name of Staff	2017/18	2016/17
	KShs	KShs
Xxx	Xxx	14,661,537
Xxx	Xxx	297,413
Total	**Xxx**	**14,958,950**

3. OTHER PENDING PAYABLES (See Annex 3)

	2017/18	2016/17
	KShs	KShs
Amounts due to National Government entities	Xxx	xxx
Amounts due to County Government entities	Xxx	xxx
Amounts due to third parties	Xxx	xxx
Total	**Xxx**	**xxx**

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:

	2017- 2018 Kshs	2016- 2017 Kshs
Compensation to Key Management		
Compensation to the Speaker, Deputy Speaker and the MCAs	xxx	xxx
Key Management Compensation(Clerk and Heads of departments)	xxx	xxx
Total Compensation to Key Management	**xxx**	**xxx**
Transfers to related parties		
Transfers to other County Government Entities such as car and mortgage schemes		xxx
Transfers to County Corporations	xxx	xxx
Transfers to non reporting entities e.g ECD centres, welfare centres etc	xxx	xxx
Total Transfers to related parties	**xxx**	**xxx**
Transfers from related parties		
Transfers from the County Executive- Exchequer	xxx	xxx
Payments made on behalf of the County Assembly by other Government Agencies	xxx	xxx
(Insert any other transfers received)	xxx	xxx
Total Transfers from related parties	**xxx**	**xxx**

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)*
1.0	Unsatisfactory utilization of budget	The County Assembly resolved the matter via supplementary budgets and approved reallocations	Isaac Kiprono-Finance Officer	Resolved	
2.0	Avoidable legal fees	The cases were brought in court with the County Assembly named as a defendant and as such had to seek representation.	Edward Libendi – Clerk of the County Assembly	Resolved	
3.0	Construction of an Office Block	All the issues raised as per the report were responded to and relevant documentation attached	Abraham Anyegah – Procurement Officer	Resolved	
4.0	Use of Cash Imprest to Procure goods and services	A standing imprest was introduced for purchase of small items via the petty cash advance.	Abraham Anyegah – Procurement Officer	Resolved	
5.0	Cash and Cash equivalents	The cash books for the CBK recurrent and CBK development are currently maintained by the County Assembly	Isaac Kiprono– Finance Officer	Resolved	
6.0	Pending Bills	The matter has been contained by ensuring expenses charged against the available budget. The bills arose due to CRA ceilings which were introduced midstream as	Abraham Anyegah - Procurement Officer.	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)*	Timefram *(Put a date when you expect the issue to be resolved)*
		the budget utilisation was on-going. All relevant documentation was availed			
7.0	Internal Audit Department and Internal Audit Committee	The internal Auditor was recruited and an Internal Audit committee is in place	Edward Libendi – Clerk of the County Assembly	Resolved	

Deputy Clerk of the County Assembly

Sign.....

Date.....

ANNEXES

ANNEX 1 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
	A	b	c	d=a-c		
Construction of buildings						
1. MS. WORLD SYSTEMS ENGINEERING LTD				1,074,060	2,299,210.00	perimeter wall
2.						
3.						
Sub-Total				1,074,060	**2,299,210.00**	
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7. TSALUTEC ELECTRONICS				395,000	455,996.00	Supply of cameras
8. FAIRDEAL FURNITURE				120,000	217,500.00	Supply of seats
6.Joyric Technologies					500,000.0	HANDSET TELEPHONES
9. MFI SOLUTIONS					343,128.00	PHTOCOPIER TONERS
10. HAS Transporters					1,697,000.0	SUPPLY OF FURNITURES
11. Equator studio					96,350.00	CLEANING DETERGENTS

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
12. Equator studio					7,800.00	CLEANING DETERGENTS
13. IDEA HUD				566,620		Supply of coats
14. WOTECOME STATIONERY				277,650		
Sub-Total				1,359,270	**3,317,774.0**	
Supply of services						
15. PANARI HOTEL				336,000	264,480.00	Conference
16. SIMBA COLT				100,000	149,631.00	Vehicle repair
17. NATION MEDIA GROUP				142,680	139,550.00	advertisement
18. HOTEL LA MADA				961,900	366,000.00	Conference
19. AZURE HOTEL				133,000	480,000.00	Conference
20. JEMPHIS ENTERPRISES LTD				652,100	88,160.00	Repair services
21. DATA SECTOR LIMITED				624,000	69,600.00	Corporate email
22. APA INSURANCE				3,637,619	636,000.00	Insurance cover
23. MAKAU & MULEI ADVOCATES					2,750,000.0	legal services
24. AFRICAN HARTBEEST SAFARIS					43,087.00	Air Ticket Services
25. AFRICAN HARTBEEST SAFARIS					33,835.00	Air Ticket Services
26. SIMBA COLT					346,914.00	Service Vehicle
27. SIMBA COLT					28,381.00	Service Vehicle
28. TELKOM KENYA					157,142.00	Internet Service
29. TELKOM KENYA					157,412.00	Internet Service
30. TELKOM KENYA					157,412.00	Internet Service
31. TELKOM KENYA					116,000.00	Internet Service
32. HOTEL LA MADA					133,200.00	Conference
33. THE STAR					73,447.59	Advertisement
34. APA INSURANCE-STAFF MEDICAL					3,942,088.0	Staff Medical Insurance
35. APA INSURANCE – MCA MEDICAL					3,615,619.0	Mcas Medical Insurance

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
					0	
36. SIMBA COLT					162,640.00	Service Vehicle
37. SIMBA COLT					144,988.00	Service Vehicle
38. SIMBA COLT					145,720.00	Service Vehicle
Sub-Total				6,587,299	**14,201,307.**	
Grand Total				**9,020,629**	**19,818,291**	

ANNEX 2 – ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017/18	Outstanding Balance 2016/17	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 2017/18	Outstanding Balance 2016/17	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 – ANALYSIS OF OUTSTANDING IMPRESTS

Government Imprest Holders

Name of Officer or Institution	*Date Imprest Taken*	*Amount Taken*	*Amount Surrendered*	*Balance*
		KShs	*KShs*	*KShs*
Abraham Anyegah	15/05/2018	205,200	0	205,200
Total		205,200	0	**205,200**

ANNEX 6 – BANK RECONCILIATION/FO 30 REPORT

(Attach FO 30 Reports from IFMIS)