REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

COUNTY ASSEMBLY OF MAKUENI

FOR THE YEAR ENDED 30 JUNE, 2019

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
21 OCT 2020
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MAKUENICOUNTY ASSEMBLY

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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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 County Assembly'sday-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 30th June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Mr. Robert Musyoka
2.	Principal finance officer	Mr. Francis Nzyoka
3.	Procurement officer	Mr. Abraham Anyegah

(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

Makueni County Assembly,
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

(g) Entity Bankers

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

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

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

2. FORWARD BY THE CLERK OF THE ASSEMBLY

The County Assembly of Makueni is one of the forty-seven (47) County Assemblies in Kenya established under Article 176 (1) of the Constitution of Kenya. As contemplated by Article 177 (1), the Assembly consists of members elected by registered voters of the Wards on the same day as a general election of Members of Parliament, each Ward constituting a single member constituency. The Assembly further consists of a number of special seat members necessary to ensure that no more than two-thirds of the membership of the Assembly is of the same gender and the number of members of marginalized groups, including persons with disabilities and the youth all nominated by political parties in proportion to the seats received in that election in that County by each political party.

During this period, the County Assembly of Makueni receivedKshs 823,662,413 Million from the County Revenue Fund. Out of the Kshs 823,662,413 received, Kshs 744,175,132 was for recurrent andKshs 79,487,281 was for development.The County Assembly was able to absorb 99 % of its recurrent budget and 79% of its development.

The notable projects undertaken were Construction of the Main office Block, Construction of the new County assembly chamber, construction of the and equipping Speaker's residence, and staff quarters, cabropaving works within the precincts of the County Assembly phase 1 and 2, Construction of perimeter wall, Construction of the visitors' ablution block, installation of Air conditioners and construction of car shades.

The Oversight role of the County Assembly is spelt out in Article 185 (3) of the Constitution. "The County Assembly while respecting the principle of the separation of powers, may exercise oversight over the County Executive committee and any other County executive organs".

The County Assembly was faced with budget constraints among others.

The County Assembly wishes to complete its strategic plan in the coming financial year to be able to prioritise the most pressing needs. Other policies which the County Assembly needs to fast tract are: the disaster and risk management policies, public participation policies among others are fast tracked for approval and subsequent implementation.

The County Assembly is also in the process of developing a records management system, and fast-tracking the development and digitization of the Assets register and the installation of a biometric system to ease the operations of the Committees and plenary services and develop a feedback mechanism

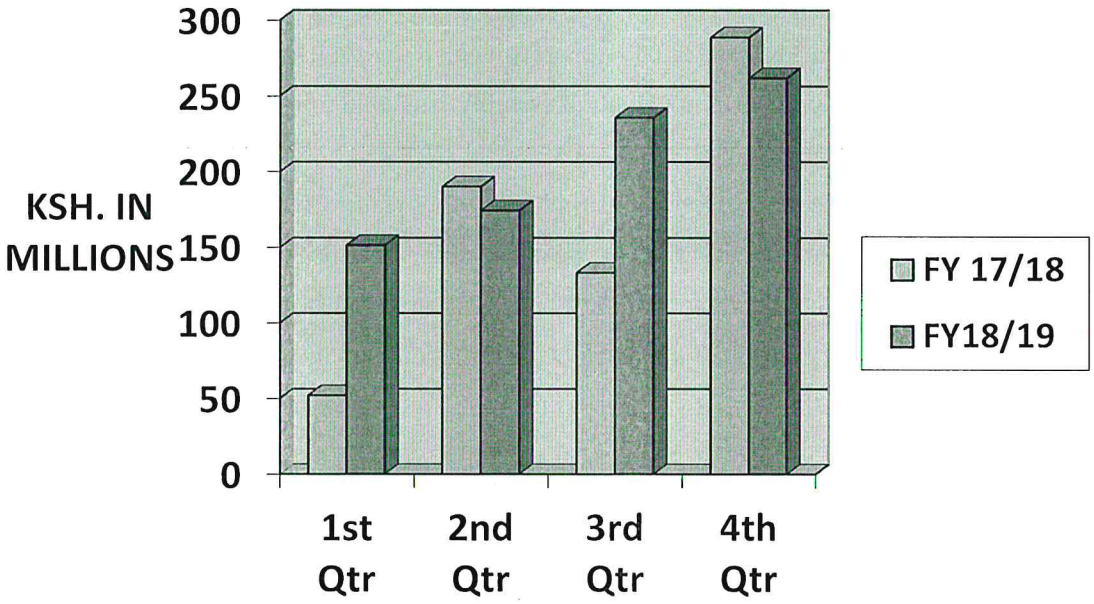
Sign

Ag.Clerk of the County Assembly

Budget performance

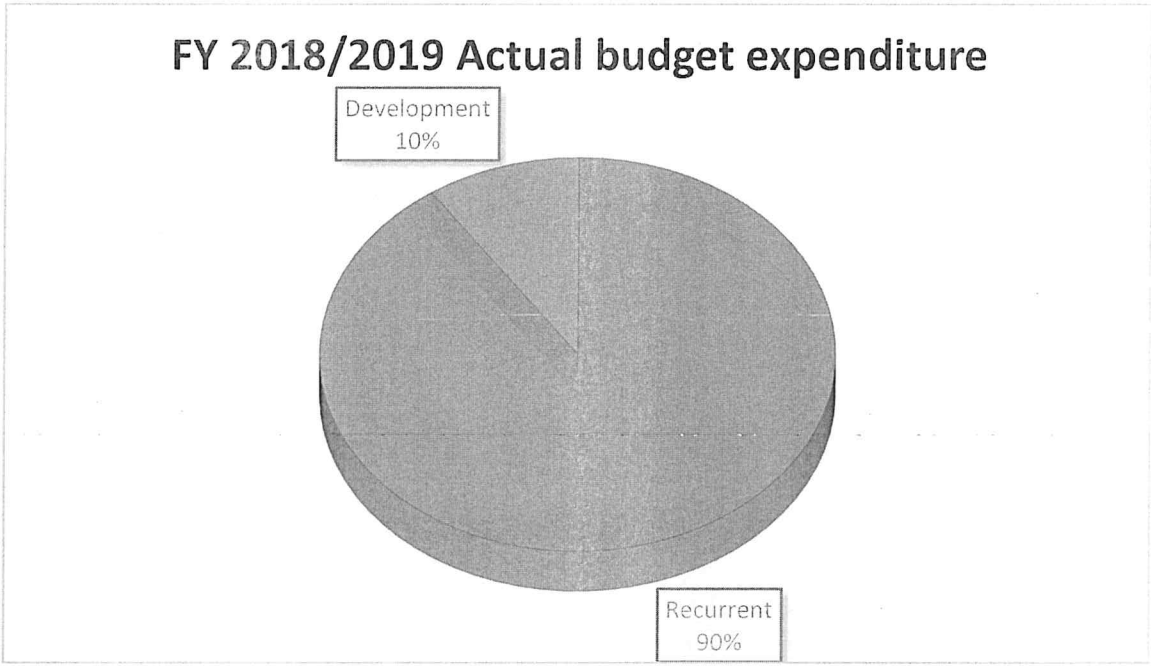
RECEIPTS

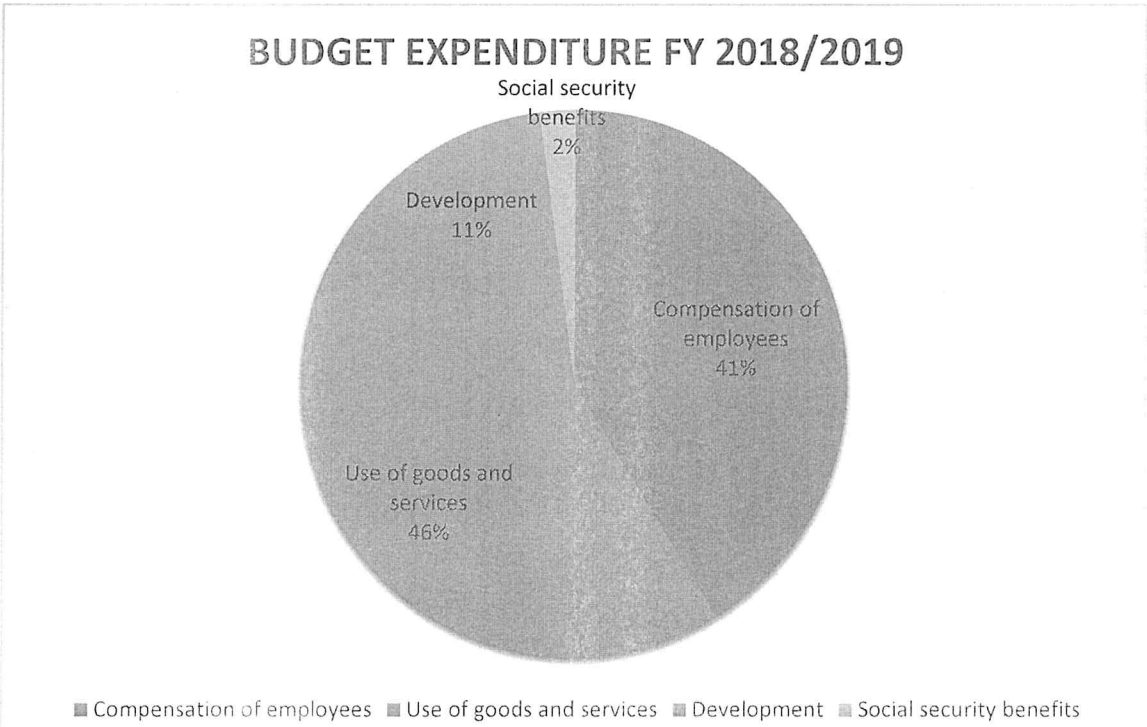
During this period, the Makueni County Assembly received Kes 823,662,413 from the County Revenue Fund. Out the receipt, Kes 744,175,132 was for recurrent and 79,487,281 was for development.
In the financial year 2017/18, the county Assembly of Makueni received a total of Ksh 664,332,867.

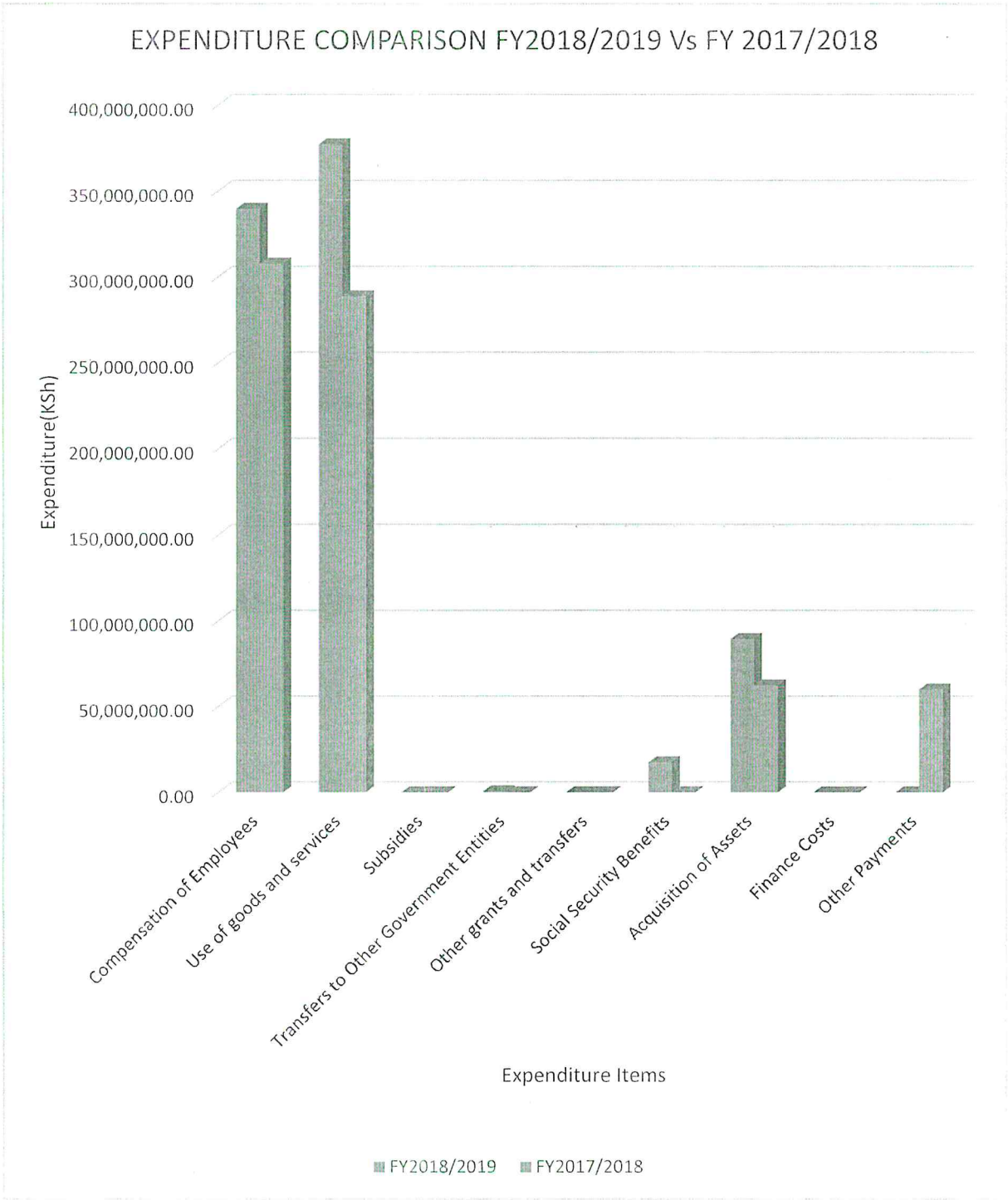


BUDGET EXPENDITURE.

During the FY2018/2019, the County Assembly incurred an Expenditure of KSh.824,319,544. This Comprised of Ksh.744,849,818 for Recurrent and Ksh.79,469,727 for development respectively.






EXPENDITURE COMPARISON FY2018/2019 Vs FY 2017/2018
400,000,000.00
350,000,000.00
300,000,000.00
250,000,000.00
200,000,000.00
150,000,000.00
100,000,000.00
50,000,000.00
0.00
Expenditure(KSh)
Compensation of Employees
Use of goods and services
Subsidies
Transfers to Other Government Entities
Other grants and transfers
Social Security Benefits
Acquisition of Assets
Finance Costs
Other Payments
Expenditure Items
FY2018/2019
FY2017/2018

Performance of key development projects

The County Assembly development expenditure was delineated according to the source of funding which is the County Exchequer. Funding from the County Exchequer was budgeted for and released to the County Assembly via approved requisitions. The County Assembly was able to absorb 79% of the development Budget.

There are various key projects which have been implemented in previous financial years in order to improve the effectiveness of the Assembly operations.
The details of key projects implemented are summarized in the following table;

	Project Name	Status of implementation	Year of implementation	Effectiveness/output/ objective
1	Construction of the main office block	Complete	2015/2016 phase 1, 2016/2017 phase2	• The project was intended to create more working space for both Hon. members and staff. • Since completion, the office block houses several house-leadership and administrative offices as well as assembly committee rooms
2	Construction of the New County Assembly Chamber	Complete	2016/2017 phase 1 2018/2019 phase 2	• The project was intended to cater for assembly chamber and public gallery from where members of the public can follow the assembly proceedings. • The previous chamber was gutted down by fire in March 2016. The burnt chamber had not considered a public • The new chamber is now complete and being equipped for operationalization
3	Construction of Speaker's House and Staff Quarters	Complete	2016/2017	• The project was intended to house the speaker in a place near the county assembly and adhere to government directive that all county assembly speakers be housed housed • The project has been completed

4	Cabro works phase 1	Complete	2018/2019	• The project was implemented to create parking area for staff and Hon. Members • Since its completion, there is ample parking area for members of county assembly
5	Construction of perimeter wall	Complete	2016/2017 phase 1, 2018/2019 phase 2	• The project was implemented in order to increase and to maintain the security within the Assembly compound.
6	Construction of the Visitors Ablution Block	Complete	2017/2018	• The project was meant for use by the visitors to the Assembly
7	Installation of Flood lights	Complete	2018/2019	• The project meant to enhance security within the Assembly and visibility during the night.
8	Equipping of the Hon .Speaker's Residence	Complete	2018/2019	• The Speaker's house had to be equipped in order Speaker to occupy the house.
9	Installation of Air Conditioners	Complete	2018/2019	• Makueni County Assembly is located in a dry and hot area hence the temperatures are high. This calls for need of air conditioners in the offices.
10	Construction of Car shades	Complete	2018/2019	• The stated project was implemented to house the Hon. members' and staff vehicles from direct sunlight

Comment on value-for-money achievements

The County Assembly in its bid to go paperless, it has purchased tablets for the Honourable Members, which has reduced the amount of paperwork used in the chamber.

Further, through the county Assemblies oversight role, they were able to identify and recommend for purchase of new graders by the executive.

During the period under review, the County Assembly established the following administrative Committees to deal with different administrative matters geared toward improving efficiency and effectiveness in service delivery. These include the Board of Management; staff advisory Committee, training committee and the public Finance Management Committee among others.

The County Assembly was able to establish the Audit Committee to support the Assembly in its responsibilities on issues of risk control, governance and associated assurance among other responsibilities. The Committee reports to the County Assembly Service Board.

The above among many other physical developments were geared toward improving service delivery, facilitating the Members of the County Assembly in undertaking their core mandates and creating a good working environment for the staff to realize their optimal performance.

Operational Performance

Under this section, include:

The County Assembly passed 11 legislations, (10 policies) for the period under review.

Budget Estimates

The Budget estimates for the County Government of Makueni were approved in conformity with the requirements of the PFM Act. The budget Estimates were forwarded to the County Assembly by the ECM Finance and Socioeconomic Planning on 2nd May, 2019 and approved by the County Assembly on 27th June 2019. It was thereafter assented to by the Governor and published in the Government Printer.

Consequently, the County Government considered 2 supplementary budgets, which were approved in adherence to the provisions of the PFM Act.

County Assembly Committees

The Count Assembly Committees are units of organization within the legislature that provide an in depth analysis of matters making it possible for the Members of the County Assembly and ultimately the County Assembly to undertake their law-making, oversight and representation roles.

The County Assembly has 21 Committees in place. They are mandated to:-

(a) investigate, inquire into, and report on all mattersrelating to the mandate, management, activities, administration, operations and estimates of the assigned departments;

(b) study the programme and policy objectives of departments and the effectiveness of the implementation;

(c) study and review all county legislation referred to it;

(d) study, assess and analyse the relative success of the departments as measured by the results obtained as compared with their stated objectives;

(e) investigate and inquire into all matters relating to the assigned departments as they may deem necessary, and as may be referred to them by the County Assembly;

(f) to vet and report on all appointments where the Constitution or any law requires the County Assembly to approve, except those under Standing Order 209 (Committee on Appointments) ; and

(g) Make reports and recommendations to the County Assembly as often as possible, including recommendation of proposed legislation.

Oversight role of the County Assembly.

The Oversight role of the County Assembly is spelt out in Article 185 (3) of the Constitution. "the County Assembly while respecting the principle of the separation of powers, may exercise oversight over the County Executive committee and any other County executive organs".

The County Assembly of Makueni has been able to invite and summon the respective Executive Committee Members for questioning on matters related to performance of their departments, implementation of budget and the absorption rates through the General oversight Committee. Further, the County Assembly has been able to conduct field visits to establish the status of implementation of projects on different occasions, presented and considered reports with time bound recommendations for their action. The Implementation Committee thereafter follows up with the resolutions of the House to ensure their implementation.

Sign

Ag.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 endedJune 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Assembly; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Assembly; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

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

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

Approval of the financial statements

The County Government's financial statements were approved and signed by the Clerk of the County Assembly on 16/10/ 2020.

Ag.Clerk of the County Assembly

REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF MAKUENI 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 Makueni set out on pages 1 to 24, which comprise the statement of financial assets and liabilities as at 30 June, 2019, and statement of receipts and payments, statement of cash flows and the 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 matters 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, 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.

Basis for Qualified Opinion

1. Accuracy of the Financial Statements

The County Assembly of Makueni presented financial statements for audit which exhibited discrepancies as highlighted below:

1.1 Variances Between Financial Statements and IFMIS Balances

The financial statements presented for audit and the Integrated Financial Management Information Systems (IFMIS) balances reflected significant variances as detailed out below: -

Item	Financial Statements Balance (Kshs.)	IFMIS Balance (Kshs.)	Variance (Kshs.)
Compensation of Employees	339,571,383	334,418,272	5,153,111
Use of Goods and Services	377,166,435	371,987,158	5,179,277
Acquisition of Assets	89,424,521	88,613,659	810,862
Bank Balances	8,154,703	70,555,187	(62,400,484)
Cash Balances	-	2,452,932,274	(2,452,932,274)
Other Debtors & Prepayments	-	147,000	-147,000
Outstanding Imprests	-	29,933,301	(29,933,301)
Deposits and Retentions	7,776,214	3,238,815,588	(3,231,039,374)
Fund balance b/f	9,953,634	(837,041,088.)	(846,994,722)
Prior year adjustments	(9,583,854)	-	(9,583,854)

No reconciliation statement or explanations have been availed for audit verification.

1.2 Compensation of Employees – Differences with the Payroll Summaries

As disclosed under Note 4 to the financial statements, the statement of receipts and payments reflects expenditure on compensation of employees of Kshs.339,571,383 (2018: Kshs.307,621,150). However, payroll summaries presented in support amounted to Kshs.315,535,905 resulting to unexplained and unreconciled variance of Kshs.24,035,478.

1.3 Errors in Comparative Surplus Balance

The statement of receipts and payments reflects comparative surplus balance of Kshs.5,694,382 which differs from the audited balance of Kshs.5,753,168 resulting to a variance of Kshs.58,786. Although Management has explained that the variance resulted from correction of an error in the prior year audited financial statements, no disclosure by way of notes have been made as required by IPSAS 3. Further, the correction has not been effected in all the elements of the financial statement including the statement of assets and liabilities.

Consequently, the accuracy, validity and completeness of the financial statements presented for audit for the year ended 30 June, 2019 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of County Assembly of Makueni 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. I have determined that there are no key audit matters to communicate in my report.

Other Matter

1. Significant Increase in Expenditure on Use of Goods and Services

During the year under review the County Assembly expenditure on use of goods and services increased from Kshs.288,649,368 recorded in the previous year to Kshs.377,166,435 resulting to a significant increase of Kshs.88,517,067 or 30%. The increase mainly occurred under fuel oil and lubricants, other operating expenses, specialized materials and services, and utilities, supplies and services categories and as detailed out below:

Item	2018/2019 Amount (Kshs)	2017/2018 Amount (Kshs)	Increase (Kshs)	% Increase
Fuel, Oil and Lubricants	7,465,980	4,606,183	2,859,797	62
Other Operating Expenses	123,584,075	60,807,242	62,776,833	103
Specialized Materials and Services	1,396,976	705,600	691,376	98
Utilities, Supplies and Services	1,305,843	839,736	466,107	56
Total	**133,752,874**	**66,958,761**	**66,794,113**	**50**

However, there was no significant change in the level of activity in comparison to the prior year for the Assembly to incur the huge expenditure on use of goods and services.

Consequently, it has not been possible to confirm whether value for money has been realized from the expenditure of Kshs.377,166,435 on use of goods and services in the year under review.

2. Budget Under Absorption

The statement of comparison of budget and actual amounts indicates that the County Assembly expended an amount of Kshs.824,319,544 or 97% of the budgeted amount of Kshs.847,450,779. However, a review of the individual Sub-vote revealed that the County Assembly had a Development budget on acquisition of assets of Kshs.101,090,572 but only Kshs.79,469,727 or 79% was utilized on acquisition of assets. The under absorption of the approved budget is an indication of assets not acquired in the year under review as planned, for the benefit of the stakeholders.

Further, Management has not provided any explanatory notes for material deviations between the final budget and actual on comparable basis exceeding 10% in the statement of comparison of budget and actual amounts as prescribed in the reporting template and as required under Paragraph 24 of the International Public Sector Accounting Standards (IPSAS).

3. Prior Year Audit Matter

As previously reported, the County Assembly Management made payments totalling Kshs.288,600,581 in the financial year ended 30 June, 2018 in respect to use of goods and services. Included in this figure was Kshs.9,403,447 on account of foreign travel and subsistence paid out as per diems for the Speaker, the Clerk and Members of County Assembly while traveling to Singapore and Dubai to attend conferences. However, the Management did not provide supporting documents such as air tickets, boarding passes, training fee receipts, back to office reports and certificates of attendance as proof of travel, for audit review. The matter remained unresolved as at 30 June, 2019.

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

Lack of Approved Policy Manuals

The County Assembly does not have in place approved, ICT Policy, Disaster Recovery Plan/Business Continuity Plan or a Risk Management Policy contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations 2015, which states the role of the Accounting Officer in risk management which among others, states that the county government entity should develop risk management strategies, which include fraud prevention mechanisms. The policies were however, in draft form. The Management is therefore in breach of the regulation.

In the circumstances, it lacks guidance for risk management, disaster preparedness and management of ICT assets.

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

Basis for Conclusion

Control Weaknesses over Expenditure Documents

Included in the use of goods and services amount is Kshs.108,385,731 expenditure on domestic travel and subsistence. However, controls over domestic travel expenditure were noted to be weak. For instance, fuel receipts are not backed by ETR receipts which cast doubt on their authenticity and sampled receipts on hire of taxis services did not have journey details.

In view of the foregoing, the County Assembly could be exposed to the risk of payment of invalid expenditure.

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 Assembly's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management 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.

Management is also responsible for overseeing the Assembly's financial reporting process, reviewing the effectiveness of how the 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 noncompliance. 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 County Assembly's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional scepticism 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 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 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 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

19 October, 2020

5. FINANCIAL STATEMENTS

5.1. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2018/19 KShs	2017/18 KShs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	823,662,413	664,332,867
Proceeds from Sale of Assets	2	-	-
Other Receipts-Disposal of assets by county assembly	3	665,840	60,000,000
TOTAL		**824,328,253**	**724,332,867**
PAYMENTS			
Compensation of Employees	4	339,571,383	307,621,150
Use of goods and services	5	377,166,435	288,649,368
Subsidies	6	-	-
Transfers to Other Government Entities	7	665,840	-
Other grants and transfers	8	-	-
Social Security Benefits	9	17,491,365	-
Acquisition of Assets	10	89,424,521	62,367,967
Finance Costs	11	-	-
Other Payments	12	-	60,000,000
			-
TOTAL		**824,319,544**	**718,638,485**
SURPLUS/DEFICIT		**8,709**	**5,694,382**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 16/10/ 2020 and signed by:

Ag Clerk of the Assembly
Name:Robert Musyoka

Chief Finance Office – County Assembly
Name: Francis Nzyoka
ICPAK Member Number:13020

5.2. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

FINANCIAL ASSETS	Note	2018/19 KShs	2017/18 KShs
Cash and Cash Equivalents			
Bank Balances	13A	8,154,703	13,903,932
Cash Balances	13B	-	-
Total Cash and cash equivalents		8,154,703	13,903,932
Accounts receivables – Outstanding Imprests	14	-	205,200
TOTAL FINANCIAL ASSETS		**8,154,703**	**14,109,132**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	15	7,776,214	4,155,498
NET FINANCIAL ASSETS		**378,489**	**9,953,634**
REPRESENTED BY			
Fund balance b/fwd	16	9,953,634	38,316,129
Surplus/Deficit for the year		8,709	5,753,168
Prior year adjustments	17	-9,583,854	-33,394,093
NET FINANCIAL POSITION		**378,489**	**9,953,634**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 16/10/ 2020 and signed by:

Ag Clerk of the Assembly
Name: Robert Musyoka

Chief Finance Officer – County Assembly
Name: Francis Nzyoka
ICPAK Member Number:13020

5.3. STATEMENT OF CASHFLOWS

	Note	2018/19 KShs	2017/18 KShs
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operating income			
Transfers from the County Treasury/Exchequer Releases	1	823,662,413	664,332,867
Other Receipts	3	665,840	60,000,000
Payments for operating expenses			
Compensation of Employees	4	339,571,383	307,621,150
Use of goods and services	5	377,166,435	288,649,368
Subsidies	6	-	-
Transfers to Other Government Entities	7	665,840	-
Other grants and transfers	8	-	-
Social Security Benefits	9	17,491,365	-
Finance Costs	11	-	-
Other Payments	12	-	60,000,000
		734,895,023	**656,270,518**
Adjusted for:			
Adjustments during the year		-	-
Surrender of unspent balances		-9,583,854	-33,394,093
Changes in accounts receivable		205,200	-118,597
Changes in accounts payable		3,620,716	278,992
Net cash flows from operating activities		**83,675,292**	**34,163,867**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	89,424,521	62,367,967
Net cash flows from investing activities		89,424,521	62,367,967
NET INCREASE IN CASH AND CASH EQUIVALENTS		**5,749,229**	**-28,204,100**
Cash and cash equivalent at BEGINNING of the year	13	**13,903,932**	**42,108,032**
Cash and cash equivalent at END of the year		**8,154,703**	**13,903,932**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 16/10/ 2020 and signed by:

Ag Clerk of the Assembly
Name: Robert Musyoka

Chief Finance Office – County Assembly
Name: Francis Nzyoka
ICPAK Member Number 13020

5.4. 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	847,450,779	0	847,450,779	823,662,413	97%
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	665,840	100%
TOTAL	**847,450,779**	**-**	**847,450,779**	**824,328,253**	**97%**
PAYMENTS					
Compensation of Employees	357,141,413		357,141,413	339,571,382.95	100%
Use of goods and services	389,218,794,		389,218,794,	377,166,435	97%
Subsidies					
Transfers to Other Government Entities	-	-	-	665,840	100%
Other grants and transfers					
Social Security Benefits				17,491,365	97%
Acquisition of Assets	101,090,572		101,090,572	89,424,521	88%
Finance Costs					
Other Payments					
TOTAL	**847,450,779**	**-**	**847,450,779**	**824,319,544**	**97%**

The entity financial statements were approved on 16/12/ 2020 and signed by:

AgClerk of the Assembly
Name:

Chief Finance Office – County Assembly
Name: Francis Nzyoka
ICPAK Member Number:13020

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization difference
	A	b	c=a+b	e=d-c	
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	746,360,207	-	746,360,207	744,175,132	100%
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	665,840	-
TOTAL	**746,360,207**	**-**	**74,360,207**	**744,840,972**	**100%**
PAYMENTS					
Compensation of Employees	357,141,413	-	357,141,413	339,571,383	95%-
Use of goods and services	389,218,794	-	389,218,794	377,166,435	97%-
Subsidies	-	-	-	-	-
Transfers to Other Government Entities	-	-	-	665,840	100%
Other grants and transfers	-	-	-	-	-
Social Security Benefits	-	-	-	17,491,365	100%
Acquisition of Assets	-	-	-	9,954,795	95%
Finance Costs	-	-	-	-	-
Other Payments	-	-	-	-	
TOTAL	**746,360,207**	**-**	**746,360,207**	**744,849,818**	**98%**

The entity financial statements were approved on 18/10/ 2020 and signed by:

Ag Clerk of the Assembly
Name: Robert Musyoka

Chief Finance Office – County Assembly
Name: Francis Nzyoka
ICPAK Member Number:13020

5.6. 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	101,090,572		101,090,572	79,487,281	79%
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	-	-
TOTAL	**101,090,572**	-	**101,090,572**	**79,487,281**	79%
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	101,090,572	-	101,090,572	79,469,727	79%
Finance Costs	-	-	-	-	-
Other Payments	-	-	-	-	-
TOTAL	**101,090,572**	-	**101,090,572**	**79,469,727**	79%

The entity financial statements were approved on 16/10 2020 and signed by:

Ag.Clerk of the Assembly
Name: Robert Musyoka

Chief Finance Office – County Assembly
Name: Francis Nzyoka
ICPAK Member Number:13020

5.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	KShs	KShs	KShs	KShs	KShs
Programme 1					
Legislation, Oversight and Representation	746,360,207		746,360,207	744,175,132	100%
Programme 2					
General administration planning and	101,090,572		101,090,572	79,487,281	97%
Support services	-		-	665,840	100%
Total	**847,450,779**		**847,450,779**	**824,319,544**	**97%**

5.8. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

2. Reporting entity

The financial statements are for the 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 t 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 30thJune 2019, this amounted to KShs7,776,213.50 compared to KShs4,155,498.10in prior period as indicated on note15.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 County Assemblyat 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 County Assembly *'s* budget was approved as required by Law.The original budget was approved by the County Assembly on 28th June for the period 1st July 2018 to 30 June 2019 as required by law. There was two supplementary budget passed in the year. A high-level assessment of the County Assembly *'s* actual performance against the comparable budget for the financial year under review has been included in the Statement of Comparison between actual and budgeted amounts included in these financial statements.

11. Comparative figures

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

12. Subsequent events

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

13. Errors

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

14. Related party transactions

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

5.9. NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from the County Treasury/Exchequer Releases

	2018/19	2017/18
	KShs	KShs
Transfers from the County Treasury for Q1	151,587,229	52,048,476
Transfers from the County Treasury for Q2	174,470,407	190,237,167
Transfers from the County Treasury for Q3	235,707,907	133,374,369
Transfers from the County Treasury for Q4	261,896,870	288,672,855
Cumulative Amount	**823,662,413**	**664,332,867**

2. PROCEEDS FROM SALE OF ASSETS

	2018/19	2017/18
	KShs	KShs
Receipts from the Sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Receipts from Sale of Certified Seeds and Breeding Stock	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
Receipts from the Sale of Inventories, Stocks and Commodities	-	-
Disposal and Sales of Non-Produced Assets	-	-
Total	**0**	**0**

3. OTHER RECEIPTS

	2018/19	2017/18
	KShs	KShs
Tender fees received	-	-
Transfer from CRF for car and mortgage fund	-	60,000,000
Other Receipts III disposal of old assets	665,840	-
Other Receipts IV	-	-
Total	**665,840**	**60,000,000**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. COMPENSATION OF EMPLOYEES

	2018/19	2017/18
	KShs	KShs
Basic salaries of permanent employees	148,476,504	140,471,624
Basic wages of temporary employees	29,888,688	26,193,000
Personal allowances paid as part of salary	152,456,552	116,692,639
Personal allowances paid as reimbursements		
Personal allowances provided in kind		
Pension and other social security contributions	8,513,439	7,883,553
Compulsory national social security schemes	236,200	259,000
Compulsory national health insurance schemes		
Social benefit schemes outside government		
Other personnel payments		16,121,334
Total	**339,571,383**	**307,621,151**

During the year ended 30th June 2019, Makueni county Assembly had the following employees.
Speaker 1
Permanent and pensionable staff 98
Hon.members of county assembly 48
Casuals 9
Interns 7
External board members 2
Total 165
Other personnel payments relate to Gratuity paid for members of county assembly and the two external board members

5. USE OF GOODS AND SERVICES

	2018/19	2017/18
	KShs	KShs
Utilities, supplies and services	1,305,843	839,736
Communication, supplies and services	2,507,577	3,722,515
Domestic travel and subsistence	108,385,731	92,455,139
Foreign travel and subsistence	13,134,350	9,403,447
Printing, advertising and information supplies & services	7,737,199	8,329,957
Rentals of produced assets	3,906,000	4,007,175
Training expenses	23,701,253	23,095,026
Hospitality supplies and services	32,513,382	27,644,048
Insurance costs	29,502,053	33,471,923

Specialized materials and services	1,396,976	754,386
Office and general supplies and services	13,193,724	9,829,222
Other operating expenses	123,584,075	60,807,242
Fuel Oil and lubricants	7,465,980	4,606,183
Routine maintenance – vehicles and other transport equipment	6,869,701	7,391,114
Routine maintenance – other assets	1,962,590	2,292,253
Total	**377,166,435**	**288,649,368**

6. SUBSIDIES

Description	2018/19	2017/18
	KShs	KShs
Subsidies to County Corporations	-	-
See list attached	-	-
(insert name)	-	-
Subsidies to Private Enterprises	-	-
See list attached	-	-
(insert name)	-	-
TOTAL	-	-

(Provide explanations as to what subsidies relate to)

7. TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2018/19	2017/18
	KShs	KShs
Transfers to National Government entities	-	-
Transfers to other County Assembly entities	-	-
Transfer to CRF- disposal of assets in the assembly	665,840	-
TOTAL	**665,840**	**-**

(Transfers to CRF relate of money received by Makueni county Assembly from disposal of old assets)

8. OTHER GRANTS AND TRANSFERS

	2018/19	2017/18
	KShs	KShs
Scholarships and other educational benefits	-	-
Emergency relief and refugee assistance	-	-
Subsidies to small businesses, cooperatives, and self employed	-	-
Total	**0**	**0**

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

9. SOCIAL SECURITY BENEFITS

	2018/19	2017/18
	KShs	KShs
Government pension and retirement benefits		
Social security benefits in cash and in kind	17,491,3645	-
Employer Social Benefits in cash and in kind		
Total	**17,491,365**	**0**

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

10. ACQUISITION OF ASSETS

Non- Financial Assets	2018/19	2017/18
	KShs	KShs
Purchase of Buildings		0
Construction of Buildings	35,474,022	22,547,810
Refurbishment of Buildings	0	0
Construction of Roads	0	0
Construction and Civil Works	45,173,753	19,711,341
Overhaul and Refurbishment of Construction and Civil Works	0	0
Purchase of Vehicles and Other Transport Equipment	3,810,000	12,830,700
Overhaul of Vehicles and Other Transport Equipment	0	0
Purchase of Household Furniture and Institutional Equipment	50,000	284,220
Purchase of Office Furniture and Equipment	4,292,746	6,463,896
Purchase of ICT Equipment	0	0
Purchase of Specialized Plant, Equipment and Machinery	624,000	530,000
Rehabilitation and Renovation of Plant, Machinery and Equip.	0	0
Purchase of Certified Seeds, Breeding Stock and Live Animals	0	0
Research, Studies, Project Preparation, Design & Supervision	0	0
Rehabilitation of Civil Works	0	0
Acquisition of Strategic Stocks and commodities	0	0
Acquisition of Land	0	0
Acquisition of Intangible Assets	0	0
Total purchase of non-financial assets	0	0
Financial Assets	0	0
Domestic Public Non-Financial Enterprises	0	0
Domestic Public Financial Institutions	0	0
Total purchase of financial assets	0	0
Total	**89,424,521**	**62,367,967**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. FINANCE COSTS

	2018/19	2017/18
	KShs	KShs
Bank Charges	-	-
Exchange Rate Losses	-	-
Other Finance costs	-	-
Interest on borrowings	-	-
Total	**0**	**0**

12. OTHER PAYMENTS

	2018/19	2017/18
	KShs	KShs
Budget Reserves		-
Transfer to Makueni county assembly car and mortgage fund account	-	60,000,000
Capital Transfers to Non-Financial Public Enterprises	-	-
Capital Transfer to Public Financial Institutions and Enterprises	-	-
Capital Transfers to Private Non-Financial Enterprises	-	-
Total	**0**	**60,000,000**

(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	2018/19	2017/18
		KShs	KShs
CBK AC NO 1000199199	Development Acc	17,554	38,253
CBK AC NO 1000199188	Recurrent Acc	24,783	6,061,774
Cooperative bank ac no.011415339155500	Commercial Bank Accs.	8,112,366	7,803,906
Total		**8,154,703**	**13,903,932**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13B. CASH IN HAND

	2018/19	2017/18
	KShs	KShs
Cash in Hand – Held in domestic currency	-	-
Cash in Hand – Held in foreign currency	-	-
Total	**0**	**0**

Cash in hand should be analysed as follows:

	2018/19	2017/18
	KShs	KShs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Total	0	0

(Provide locations where cash in hand is held e.g head office, cashier's office, cash office etc)

14. ACCOUNTS RECEIVABLE

	2018/19	2017/18
	KShs	KShs
Government Imprests	0	205,200
Clearance Accounts		
Staff Advances		
Other Advances		
Total	0	205,200

**See Annex 6 for a detailed analysis of the outstanding imprests.*

15. ACCOUNTS PAYABLE

	2018/19	2017/18
	KShs	KShs
Deposits		
Retentions	7,776,214	4,155,498
Total	7,776,214	4,155,498

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. FUND BALANCE BROUGHT FORWARD

	2018/19	2017/18
	KShs	KShs
Bank accounts	13,903,931	41,439,144
Cash in hand		668,887
Accounts Receivables	205,200	86,603
Accounts Payables	(4,155,498)	(3,878,506)
Total	**9,953,634**	**38,316,129**

17. PRIOR YEAR ADJUSTMENTS

Description of the adjustment	2018/19	2017/18
	KShs	KShs
Adjustments on bank account balances	9,583,854	33,394,093
Adjustments on cash in hand		
Adjustments on payables		
Adjustments on receivables		
Others (*specify*)		
Total	**9,583,854**	**33,394,093**

Prior year adjustments relate to the surrender of unspent balances

5.10. OTHER DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 1)

Description	Balance b/f FY 2017/2018 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2018/2019 Kshs
Construction of buildings	1,074,060		1,074,060	(
Construction of civil works				
Supply of goods	1,359,270		1,359,270	3,944,47(
Supply of services	6,587,299		6,587,299	15,186,711
Total	**9,020,629**		**9,020,629**	**19,131,181**

2. PENDING STAFF PAYABLES (See Annex 2)

Description	Balance b/f FY 2017/2018 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2018/2019 Kshs
Senior management				2,749,100
Middle management				
Unionisable employees				
Others				
Total	**0**	**0**	**0**	**2,749,100**

3. OTHER PENDING PAYABLES (See Annex 3)

Description	Balance b/f FY 2017/2018 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2018/2019 Kshs
Amounts due to National Government entities	-	-	-	-
Amounts due to County Government entities	-	-	-	-
Amounts due to third parties	-	-	-	-
Total	**0**	**0**	**0**	**0**

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:

	2018- 2019	2017- 2018
	Kshs	Kshs
Compensation to Key Management		
Compensation to the Speaker, Deputy Speaker and the MCAs	87,928,506	87,928,506
Key Management Compensation(Clerk and Heads of departments)	2,262,170	2,262,170
Total Compensation to Key Management	**90,190,676**	**90,190,676**
Transfers to related parties		
Transfers to other County Government Entities such as car and mortgage schemes	0	60,000,000
Transfers to County Corporations		
Transfers to non reporting entities e.g ECD centres, welfare centres etc		
Total Transfers to related parties		
Transfers from related parties		
Transfers from the County Executive- Exchequer	823,662,413	664,332,867
Payments made on behalf of the County Assembly by other Government Agencies		
(Insert any other transfers received)		
Total Transfers from related parties	**823,662,413**	**664,332,867**

PENDING COURT MATTER

During the Financial year the county assembly was sued by Mbooni west saw mill ltd 5 others in the makueni ELC constitutional petition of 2017 in the matter of Kivaleforest. The matter was determined in the ELC Court of Kenya and the County assembly was directed to pay the legal costs of the complainant's lawyers. As at 30thjune 2019 the assembly had not received any fee note from the complainant's lawyers. A fee note of Kshs 6,772,510.16 was received from the complainant's lawyer on 19th July 2019.

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	Unsupported foreign travel expenditure	The county assembly resolved the matter by requesting the honourable members to support the trips with the relevant documents.	Accounting officer	Resolved	
2.0	Other receipts	The management resolved the matter by ensuring that no funds are channels to their commercial bank account	Accounting officer	Resolved	
3.0	Inaccuracies in the financial statements	The management resolved the matter by ensuring that financial statements are reviewed before submission	Accounting officer	Resolved	
4.0	Compensation to employees	The management resolved the matter by ensuring that manual payroll are reconciled with the system	Accounting officer	Resolved	
5.0	Use of goods and services	The management resolved the matter by proposing a policy to be introduced regarding payment	Accounting 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)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
6.0	Irregular acquisition of assets	The management is still following up the matter with the relevant officers.	Accounting officer	Unresolved	
7.0	Cash and bank balances	The management resolved the matter by ensuring that cashbook is reviewed by a senior officer	Accounting officer	Resolved	
8.0	Fixed assets	The management resolved matter by introducing a a fixed asset register	Accounting officer	Resolved	

Guidance Notes:

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

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

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

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

Clerk of the County Assembly

Sign.....

Date...16/10/2020.....

ANNEXES

ANNEX 1–ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2018/19	Outstanding Ba17/18
	A	b	c	d=a-c	
Construction of buildings					1,074,060
1. MS WORLD SYSTEM					
2.					
3.					
Sub-Total					1,074,060
Supply of goods					
4. CHELSE ENTERPRISE SUPPLY SPORT ACTIVITIES				540,000	
5.SMART UP LOGISTICS SUPPLY OF COMPUTERS				815,000	
5. SMART UP LOGISTICS SUPPLY OF COMPUTERS				796,000	
6. FRAJOPA PRINTERS SUPPLY OF BANNERS				145,000	
7. CIWOD COMPANY SUPPLY OF UNIFORM				500,000	
8. MUDO ENTERPRISES SUPPLY OF VACUUM CLEANERS				775,970	
9. CHELSE ENTREPRISE SUPPLY SPORT ACTIVITIES				172,500	
10. JUMUKA TRADERS DRINKING WATER				200,000	
11. TSALUTE ELECTRONICS					395,000
12. FAIRDEAL ELECTRONICS					120,000
13. IDEA HUD					566,620
14. WOTECOME STATIONARY					277,650
Sub-Total				**3,944,470**	**1,359,270**
Supply of Services					
15. WOTECOM STATIONER ENTERPRISE- SUPPLY OF NETWORK				976,500	
16. DAPAL MOTORS- MNTANCE OF MVEHICLE				388,600	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2018/19	Outstanding Ba17/18
17. DAPAL MOTORS- MNTANCE OF MVEHICLE				299,477	
18. PRIMATE TOURS AIR TICKETS				57,800	
19. ANCHOR SECURITY SERVICES LTD				48,720	
20. NATION MEDIA GROUP ADVERTISEMENT				216,920	
21. NATION MEDIA GROUP ADVERTISEMENT				183,280	
22. COUNTY FM				52,200	
23. ATHIANI HOLDINGS				52,200	
24. CASAMOKO CONTRACTORS -ADVERTISEMENT				27,840	
25. PANARI HOTEL CONFERENCE SERVICES				179,550	
26. PANARI HOTEL CONFERENCE SERVICES				398,460	
27. PANARI HOTEL CONFERENCE SERVICES				182,400	
28. REMY ENTERPRISES				995,000	
29. HOTEL LEPANDA CATERING				187,980	
30. MOMBASA BEACH CONFERENCE				1,004,500	
31. PANARI HOTEL CONFERENCE SERVICES				88,400	
32. MOMBASA BEACH CONFERENCE				606,000	
33. TOTAL KENYA LTD				57,950	
34. AFRICAN HARTEBEEST				86,500	
35. HOTEL LA MADA CONFERNCE SERVICES				57,882	
36. HOTEL LA MADA CONFERNCE SERVICES				695,880	
37. HOTEL LA MADA CONFERNCE SERVICES				606,200	
38. MOMBASA BEACH CONFERENCE				109,650	
39. HUNTERS LODGE CONFERENCE SERVICES				203,000	
40. HOTEL LA MADA CONFERNCE SERVICES				43,575	
41. HOTEL LA MADA CONFERNCE SERVICES				774,000	
42. HOTEL LA MADA CONFERNCE SERVICES				596,500	
43. HOTEL LA MADA CONFERNCE SERVICES				94,100	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2018/19	Outstanding Ba17/18
44. KELVIAN HOTEL CONFERENCE				367,450	
45. KENYA SCHOOL OF GVT TRAINING FEE				49,000	
46. KENYA SCHOOL OF GVT TRAINING FEE				172,000	
47. TOYOTA KENYA LTD				120,640	
48. CORPORATE CAMPUS				580,000	
49. MBAITU FM				51,723	
50. HOTEL LA MADA CONFERNCE SERVICES				108,639	
51. KENSUN ENTERPRISES				46,400	
52. AFRICAN HARTEBEEST				210,750	
53. MBAITU FM				1,500,000	
54. STANDARD GROUP				291,910	
55. KIPRA				46,400	
56. RENTOKIL INITIALS				88,160	
57. HOTEL LAMANDA				170,400	
58. HOTEL LAMANDA				22,040	
59. ANCHOR SECURITY SERVICES				45,500	
60. COUNTY SILICON				35,000	
61. ANCHOR SECURITY SERVICES					
62. PRIMATE TOURS LIMITED					
63. WOTE SERVICE STATION					
64. MBAITU FM					
65. DAPAL MOTORS					
66. MFI DOCUMENT SOLUTIONS LIMITED					
67. TELKOM					
68. MEDIAMAX NETWORK LTD					
69. MADISON INSURANCE					
70. PANARI HOTEL					336,000
71. SIMBA COLT					100,000

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2018/19	Outstanding Ba17/18
72. NATION MEDIA GRP					142,680
73. HOTEL LA MADA					961,900
74. AZURE HOTEL					133,000
75. JEMPHIS ENTERPRISES					652,100
76. DATA SECTOR					624,000
77. APA INSURANCE					3,637,619
Sub-Total					**6,587,299**
Supply of services					
78.					
79.					
80.					
Sub-Total					
Grand Total					**9,020,629**

ANNEX 2–ANALYSIS OF PENDING STAFF PAYABLES

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

ANNEX 3–ANALYSIS OF OTHER PENDING PAYABLES

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

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (KShs) 2017/18	Additions during the year (KShs)	Disposals during the year (KShs)	Transfers in/(out)	Historical Cost c/f (KShs) 2018/19
Land					
Buildings and structures	**42,259,151**	**80,647,775**			**122,906,926**
Transport equipment	**12,830,700**	**3,810,000**			**16,640,700**
Office equipment, furniture and fittings	**7,278,116**	**4,966,746**			**12,244,862**
ICT Equipment					
Machinery and Equipment					
Biological assets					
Infrastructure Assets					
Heritage and cultural assets					
Intangible assets					
Work In Progress					
Total	**62,367,967**	**89,424,521**			**151,792,488**

NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the County Assembly since its inception. Additions during the year should tie to note 10 on acquisition of assets during the year and subsequently the statement of receipts and payments

ANNEX 5 – ANALYSIS OF OUTSTANDING IMPRESTS

Government Imprest Holders

Name of Officer or Institution	*Date Imprest Taken*	*Amount Taken*	*Amount Surrendered*	*Balance*
		KShs	*KShs*	*KShs*

ANNEX 6 – BANK RECONCILIATION/FO 30 REPORT

(Attach FO 30Reports from IFMIS)