REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

# REPORT

# OF

# THE AUDITOR-GENERAL

# ON

# COUNTY ASSEMBLY OF MANDERA

# FOR THE YEAR ENDED 30 JUNE, 2019

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
01 MAR 2021
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**REPUBLIC OF KENYA**

**MANDERA COUNTY ASSEMBLY**

**P.O Box 408-70300**

When replying please quote
REF. **MCA/OAG/FIN/1/VOL.I (015)**

And date **17th September, 2019**

The Office of the Auditor General,
P.O. Box 30084-0100,
Nairobi.
Dear Sir/Madam,

**RE: SUBMISSION OF ANNUAL FINANCIAL STATEMENTS FOR FY 2018/2019**

Forwarded hereby is Mandera County Assembly financial report for FY 2018/2019.
Kindly acknowledge receipt.

Yours Faithfully

**AHMED H. SUROW**
**CLERK TO THE ASSEMBLY**

**CC**: Controller of Budget
The National Treasury
County Treasury
Commission of Revenue Allocation

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
01 MAR 2021
RECEIVED

# MANDERA COUNTY 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 Assembly of Mandera 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 30 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 *Mandera County Assembly* day-to-day management is under the following key organs:

1. County assembly Speaker
2. County Assembly Clerk
3. Board of Management
4. County Assembly Service Board

### (c) Fiduciary Management

The key management personnel who held office during the year ended 30.06.2019 and who had direct fiduciary responsibility were:

| No. | Designation | Name |
|---|---|---|
| 1. | Accounting Officer | Ahmed Hassan Surow |
| 2. | Deputy Clerk | Hassan Abdullahi Abdikadir |
| 3. | Principal Finance | Mohamed Hussein Kahia |

### (d) Fiduciary Oversight Arrangements

The key fiduciary bodies of the County Assembly for the year ended were 30th June 2019:

- *Audit committee activities*
- *County Assembly committee activities*
- *County Assembly Service Board*
- *County Assembly Public Account and Investment Committee*

### (e) Entity Headquarters

P.O. Box 408-70300
Mandera County Assembly
Mandera Bp1 Road
Mandera, KENYA

### (f) Entity Contacts

Telephone: (254) 723 577 006
E-mail: manderaassembly.go.ke
Website: www.manderaassembly.go.ke

### (g) Entity Bankers

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

Kenya Commercial Bank
P.O. Box 275 – 70300
Mandera Branch
Mandera, 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

I do here by take this opportunity to forward the financial statement for the Mandera County Assembly for financial year 2018/2019. This being the 4th financial statement there are certain challenges in preparing the same. The county assembly uses the integrated financial management system (IFMIS) in transacting its business which had been a challenge in terms of network connectivity problems necessitated challenges in accessing IFMIS and Internet Banking modules which have impacted on funds absorption.

The assembly started on the own development operations on the FY 2018-2019 and slowly implementing its development projects.
The assembly has some accrued pending bills of both Recurrent and Development which were forwarded to the FY 2019/2020.

Car loan and mortgage for MCA's and staff were not implemented in the financial year 2018/2019 due to lack of necessary legal frame.

### Budget performance

The assembly has utilized overall average budget utilisation of 71% of its recurrent and development budget, this comprises of 84% utilisation of recurrent and 25% utilization of development budget and has largely been within the approved budget.

### Value-for Money Achievements

Overall in running our programmes value for money has been attained and the envisaged goals of the assembly have been achieved.

**AHMED HASSAN SUROW**
**Clerk of the County Assembly**

## 3. STATEMENT OF MANAGEMENT RESPONSIBILITIES

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

The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended June 30, 2019. This responsibility includes:

i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period.

ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Assembly.

iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud.

iv) Safeguarding the assets of the County Assembly.

v) Selecting and applying appropriate accounting policies.

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.

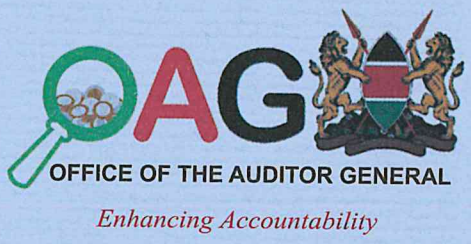
## Approval of the financial statements

The Mandera County Assembly's financial statements were approved and signed by the Clerk of the County Assembly on 17th September, 2019.

Clerk of the County Assembly

# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke




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

## REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF MANDERA 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 Mandera set out on pages 1 to 24 which comprise the statement of financial assets and liabilities as at 30 June, 2019, statement of receipts and payments, statement of cash flows and the statement of comparison of budget and actual amounts: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the County Assembly of Mandera 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 complies with the County Governments Act, 2012 and the Public Finance Management Act, 2012.

### Basis for Qualified Opinion

### 1. Inaccuracy in the Financial Statements

### 1.1 Statement of Financial Assets and Liabilities

The statement of financial assets and liabilities reflects a bank balance of Kshs.736,423. However, Note 13A to the financial statements reflects a balance of Kshs.1,246,411 resulting to an unreconciled variance of Kshs.509,987. Further, the fund balance brought forward of Kshs.100,231,070 varies with the closing balance in 2017/2018 of Kshs.571,678 resulting to an unreconciled variance of Kshs.99,659,392.

In addition, the deficit for the year of Kshs.99,494,647 varies with the surplus reflected in the statement of receipts and payments of Kshs.736,423 by unreconciled variance of Kshs.98,758,224.

### 1.2. Statement of Cash Flows

The statement of cash flows for the year ended 30 June, 2019 reflects nil cash and cash equivalents at the beginning of the year which varies with the closing balance in 2017/2018 of Kshs.571,678 resulting to unreconciled variance of Kshs.571,678.

Consequently, the accuracy and completeness of the cash and cash equivalents for the year ended 30 June, 2019 could not be confirmed.

### 2. Unsupported Expenditure - Use of Goods and Services

As disclosed under Note 5 to the financial statements, the statement of receipts and payments reflects use of goods and services of Kshs.249,172,487. However, domestic travel and subsistence allowance of Kshs.10,347,400 for workshops and other official duties outside the work station were not supported by documents such as copies of imprest warrants, bus tickets, air tickets, workshops invitation letters, activity programs, attendance register, signed payment schedules or back to office reports. Further, the balance includes Kshs.8,100,000 spent on Ward Offices but the lease agreements, approval for opening of bank accounts, bank statements, bank reconciliations and cashbooks for the Ward Offices were not availed for audit review. In addition, stationeries worth Kshs.1,498,850 was procured however, supporting documents such as stores ledger, counter requisition and issue notes were not availed for audit review.

In the circumstances, the accuracy, completeness and validity of the use of goods and services of Kshs.249,172,487 reflected in the statement of receipts and payments for the year ended 30 June, 2019 could not be ascertained.

### 3. Unsupported Compensation of Employees

As disclosed under Note 4 to the financial statements, the statement of receipts and payments reflects compensation of employee of Kshs.333,561,605 which included Kshs.65,516,808 mileage allowances paid to Members of the County Assembly. An audit review of the expenditure revealed that the disbursement was paid from a bank account without using IFMIS vote control procedures and the lists of beneficiaries were not acknowledged by the bank contrary to Section 82(1) and Section 51 of the Public Finance Management (County Governments) Regulations, 2015.

Further, Management engaged casual employees during the year under review. However, records in respect of their recruitment, job description, terms and conditions of services and muster rolls were not availed for audit review.

In the circumstances, the accuracy, completeness and validity of the compensation of employees of Kshs.333,561,605 reflected in the statement of receipts and payments for the year ended 30 June, 2019 could not be ascertained.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Assembly of Mandera Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

**Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

**Other Matter**

**1. Budget Control and Performance**

The statement of comparison of budget and actual amounts - recurrent and development combined reflects final receipts budget and actual on comparable basis of Kshs.1,021,895,035 and Kshs.733,921,877 respectively resulting to an under-funding of Kshs.287,973,158 or 28% of the budget. The underfunding affected the planned activities and projects which may have impacted negatively on service delivery to the public.

In the circumstances, the public may not have received the services as planned.

**2. Prior Year Matters**

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues nor given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circular Ref: PSASB/1/12 Vol.1(44) of 25 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 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**

**Compliance with the Public Finance Management (County Governments) Regulations, 2015**

The statement of receipts and payments reflects total receipts of Kshs.733,921,877 and compensation of employees of Kshs.333,561,605. This indicates that the wage bill constitutes 46% of the total receipts which is contrary to Section 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015 which requires that the wage bill should not exceed 35% of the total revenue.

Consequently, the Management is in breach of the regulation.

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 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**

**Summary of Fixed Assets Register**

Annex 4 of the summary of fixed assets register attached to the financial statements discloses the value of fixed assets for the year under review as Kshs.115,433,501. However, the assets register availed for audit examination revealed that it does not have the minimum requirements of an assets register such as identification or serial numbers, acquisition date, description of asset, location, asset class, cost of acquisition, accumulated depreciation and net book values.

Consequently, I am unable to confirm the control measures put in place by Management to safeguard assets.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were

operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

**Responsibilities of Management and those charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the County Assembly's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of intention to dissolve the County Assembly or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the County Assembly monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

**Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229 (6) of the Constitution and submit the audit report in compliance with Article 229 (7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229 (7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

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

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

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County Assembly's ability to continue to sustain its services. If I conclude that a material

uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the County Assembly to cease to continue to sustain its services.

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

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the County Assembly to express an opinion on the financial statements.

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

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

**Nancy Gathungu**
**AUDITOR-GENERAL**

**Nairobi**

**25 February, 2021**

## 5. FINANCIAL STATEMENTS

### 5.1. STATEMENT OF RECEIPTS AND PAYMENTS

| | Note | 2018/19 KShs | 2017/18 KShs |
|---|---|---|---|
| **RECEIPTS** | | | |
| Transfers from the County Treasury/Exchequer Releases | 1 | 733,921,877 | 586,236,537.20 |
| Proceeds from Sale of Assets | 2 | - | - |
| Other Receipts | 3 | - | - |
| **TOTAL RECEIPTS** | | **733,921,877** | **586,236,537.20** |
| | | | |
| **PAYMENTS** | | | |
| Compensation of Employees | 4 | 333,561,605 | 268,420,967.60 |
| Use of goods and services | 5 | 249,172,487 | 282,418,523.65 |
| Social Security Benefits | 6 | 23,574,598 | 24,094,007.25 |
| Acquisition of Assets | 7 | 70,207,750 | 10,589,909.00 |
| Finance Costs | 8 | 43,922 | 141,451.75 |
| Other Payments | 9 | 56,625,093 | - |
| | | | |
| **TOTAL PAYMENTS** | | **733,185,454** | **585,664,859.25** |
| | | | |
| **SURPLUS/DEFICIT** | | **736,423** | **571,677.95** |

The explanatory notes to these financial statements form an integral part of the financial statements. The Mandera County Assembly financial statements were approved on 17th September, 2019 and signed by:

Clerk of the Assembly
Name: Ahmed H. Surow

Principal Finance Officer – County Assembly
Name:Mohamed H. Kahia
ICPAK Member Number: 20956

## 5.2. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

| | | 2018/19 | 2017/18 |
|---|---|---|---|
| **FINANCIAL ASSETS** | **Note** | **KShs** | **KShs** |
| | | | |
| **Cash and Cash Equivalents** | | | |
| Bank Balances | 10A | 736,423 | 571,677.95 |
| Cash Balances | 10B | - | - |
| **Total Cash and cash equivalents** | | **736,423** | **571,677.95** |
| | | | |
| Accounts receivables – Outstanding Imprests | 11 | - | - |
| | | | |
| **TOTAL FINANCIAL ASSETS** | | **736,423** | **571,677.95** |
| | | | |
| **FINANCIAL LIABILITIES** | | | |
| Accounts Payables – Deposits and retentions | 12 | 509,988 | - |
| | | | |
| **NET FINANCIAL ASSETS** | | **226,435** | **571,677.95** |
| | | | |
| **REPRESENTED BY** | | | |
| | | | |
| Fund balance b/fwd | 13 | 736,423 | 571,677.95 |
| Surplus/Deficit for the year | | 736,423 | 571,677.95 |
| | | | |
| **NET FINANCIAL POSITION** | | **736,423** | **571,677.95** |

The explanatory notes to these financial statements form an integral part of the financial statements. The Mandera County Assembly financial statements were approved on 17th September, 2019 and signed by:

Clerk of the Assembly
Name: Ahmed H. Surow

Principal Finance Officer – County Assembly
Name: Mohamed H. Kahia
ICPAK Member Number: 20956

## 5.3. STATEMENT OF CASH FLOWS

| | Note | 2018/19 KShs | 2017/18 KShs |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Receipts from operating income** | | | |
| Transfers from the County Treasury/Exchequer Releases | 1 | 733,921,877 | 586,236,537.20 |
| Other Receipts | 3 | - | - |
| **Payments for operating expenses** | | | |
| Compensation of Employees | 4 | (333,561,605) | (268,420,967.60) |
| Use of goods and services | 5 | (249,172,487) | (282,418,523.65) |
| Social Security Benefits | 6 | (23,574,598) | (24,094,007.25) |
| Finance Costs | 8 | (43,922) | (141,451.75) |
| Other Payments | 9 | (56,625,093) | - |
| | | | |
| **Adjusted for:** | | | |
| Adjustments during the year | | - | - |
| | | | |
| **Net cash flows from operating activities** | | **70,944,173** | **11,161,586.95** |
| | | | |
| **CASHFLOW FROM INVESTING ACTIVITIES** | | | |
| Proceeds from Sale of Assets | 2 | - | - |
| Acquisition of Assets | 7 | (70,207,750) | (10,589,909.00) |
| | | | |
| **Net cash flows from investing activities** | | **(70,207,750)** | **(10,589,909.00)** |
| | | | |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | | **736,423** | **571,677.95** |
| **Cash and cash equivalent at BEGINNING of the year** | | **-** | **-** |
| **Cash and cash equivalent at END of the year** | | **736,423** | **571,677.95** |

The explanatory notes to these financial statements form an integral part of the financial statements. The Mandera County Assembly financial statements were approved on 17th September, 2019 and signed by:

Clerk of the Assembly
Name: Ahmed H. Surow

Principal Finance Officer – County Assembly
Name: Mohamed H. Kahia
ICPAK Member Number: 20956

## 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 | 1,061,895,035 | -40,000,000 | 1,021,895,035 | 733,921,877 | 72% |
| Proceeds from Sale of Assets | - | - | - | - | - |
| Other Receipts | - | - | - | - | - |
| **TOTAL** | **1,061,895,035** | **-40,000,000** | **1,021,895,035** | **733,921,877** | **72%** |
| **PAYMENTS** | | | | | |
| Compensation of Employees | 381,313,397 | - | 381,313,397 | 333,561,605 | 87% |
| Use of goods and services | 294,543,823 | -20,000,000 | 274,543,823 | 249,172,487 | 90% |
| Social Security Benefits | 24,916,988 | - | 24,916,988 | 23,574,598 | 95% |
| Acquisition of Assets | 238,963,510 | -9,000,000 | 229,963,510 | 70,207,750 | 31% |
| Finance Costs | - | - | - | 43,922 | 0% |
| Other Payments | 122,157,317 | -11,000,000 | 111,157,317 | 56,625,093 | 51% |
| **TOTAL** | **1,061,895,035** | **-40,000,000** | **1,021,895,035** | **733,185,454** | **71%** |
| **SURPLUS/ DEFICIT** | | | | **736,423** | |

The Mandera County Assembly's financial statements were approved on 17th September, 2019 and signed by:

Clerk of the Assembly
Name: Ahmed H. Surow

Principal Finance Officer – County Assembly
Name: Mohamed H. Kahia
ICPAK Member Number: 20956

## 5.5. 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 | 850,631,525 | -40,000,000 | 810,631,525 | 680,451,909 | 84% |
| Proceeds from Sale of Assets | - | - | - | - | - |
| Other Receipts | - | - | - | - | - |
| **TOTAL** | **850,631,525** | **-40,000,000** | **810,631,525** | **680,451,909** | **84%** |
| **PAYMENTS** | | | | | |
| Compensation of Employees | 381,313,397 | - | 381,313,397 | 333,561,605 | 87% |
| Use of goods and services | 294,543,823 | -20,000,000 | 274,543,823 | 249,172,487 | 90% |
| Social Security Benefits | 24,916,988 | - | 24,916,988 | 23,574,598 | 95% |
| Acquisition of Assets | 27,700,000 | -9,000,000 | 18,700,000 | 17,140,110 | 92% |
| Finance Costs | - | - | - | 43,922 | 0% |
| Other Payments | 122,157,317 | -11,000,000 | 111,157,317 | 56,625,093 | 51% |
| **TOTAL** | **850,631,525** | **-40,000,000** | **810,631,525** | **680,117,815** | **83%** |
| **Surplus/ Deficit** | | | | **334,094** | |

The Mandera County Assembly's financial statements were approved on 17th September, 2019 and signed by:

Clerk of the Assembly
Name: Ahmed H. Surow

Principal Finance Officer – County Assembly
Name: Mohamed H. Kahia
ICPAK Member Number: 20956

## 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 | 211,263,510 | - | 211,263,510 | 53,469,968 | 25% |
| Proceeds from Sale of Assets | - | - | - | - | - |
| Other Receipts | - | - | - | - | - |
| **TOTAL** | **211,263,510** | **-** | **211,263,510** | **53,469,968** | **25%** |
| **PAYMENTS** | - | - | - | - | - |
| Compensation of Employees | - | - | - | - | - |
| Use of goods and services | - | - | - | - | - |
| Social Security Benefits | - | - | - | - | - |
| Acquisition of Assets | 211,263,510 | - | 211,263,510 | 53,067,640 | 25% |
| Finance Costs | - | - | - | - | - |
| Other Payments | - | - | - | - | - |
| **TOTAL** | **211,263,510** | **-** | **211,263,510** | **53,067,640** | **25%** |
| **SURPLUS/ DEFICIT** | | | | **402,329** | |

The Mandera County Assembly's financial statements were approved on 17th September, 2019 and signed by:

Clerk of the Assembly
Name: Ahmed H. Surow

Principal Finance Officer – County Assembly
Name: Mohamed H. Kahia
ICPAK Member Number: 20956

## 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 |
| **P1 – County assembly Head Quarter - Development** | **211,263,510** | - | **211,263,510** | **53,469,968** | **157,793,542** |
| SP2 – Construction of Speaker's Residence (B/F) 2017/2018 Budget. | 34,000,000 | - | 34,000,000 | - | 34,000,000 |
| SP3 - Completion of Securing of Speakers residence (B/F) from 2017/2018 Budget. | 7,500,000 | - | 7,500,000 | 7,500,000 | - |
| SP3 - Completion of County Assembly Headquarter-Managed by Exective (B/F) Budget. | 40,174,818 | - | 40,174,818 | - | 40,174,818 |
| SP4 - provisional of chamber renovation | 12,000,000 | 7,120,793 | 19,120,739 | 18,748,910 | 371,829 |
| SP5 - Additional provisional for new Assembly building New allocation | 100,000,000 | (20,000,000) | 80,000,000 | - | 80,000,000 |
| SP6 - Construction of Security Section at Rear Gate | 3,000,000 | - | 3,000,000 | - | 3,000,000 |
| SP7 - Facelift of Office of the Speaker & Modernization of Boardroom 1 | 14,588,692 | - | 14,588,692 | 14,343,797 | 244,895 |
| SP8 - Car Parking Shade-Pending liability | - | 3,895,677 | 3,895,677 | 3,895,677 | - |

| Programme/Sub-programme | Original Budget | Adjustments | Final Budget | Actual on comparable basis | Budget utilization difference |
|---|---|---|---|---|---|
| SP9 - Cabro in Current Assembly Compound-Pending liability | - | 3,044,987 | 3,044,987 | 3,044,987 | - |
| SP10 - Gardening within Assembly Compound-Pending Liability | - | 1,288,597 | 1,288,597 | 1,288,597 | - |
| SP11 - Partitioning of New Offices-Liability | - | 4,650,000 | 4,650,000 | 4,648,000 | 2,000 |
| | | | | | |
| **P1 - Compensation of Employees** | **381,313,397** | **-** | **381,313,397** | **333,561,605** | **47,751,792** |
| SP1 - Basic Salaries | 141,573,650 | - | 141,573,650 | 128,365,673 | 13,207,977 |
| SP3 - Basic Wages - Temporary Employees | 34,170,000 | - | 34,170,000 | 27,660,950 | 6,509,050 |
| SP4 - Personal Allowance - Paid as Part of Salary | 186,445,728 | - | 186,445,728 | 165,186,848 | 21,258,880 |
| SP5 - Personal Allowance - Paid as Reimbursement | 5,184,000 | - | 5,184,000 | 4,470,000 | 714,000 |
| SP6 - Employer Contributions to Compulsory National Social Security Schemes | 13,940,019 | - | 13,940,019 | 7,878,134 | 6,061,885 |
| | | | | | |
| **P1 - Use of goods and services** | **469,318,128** | **(40,000,000)** | **429,318,128** | **346,890,304** | **82,427,824** |
| SP1 - Government pension and retirement benefits - Gratuity | 24,916,988 | - | 24,916,988 | 23,574,598 | 1,342,390 |
| SP2 - Communication Supplies and Services | 4,315,000 | - | 4,315,000 | 4,041,500 | 273,500 |

| Programme/Sub-programme | Original Budget | Adjustments | Final Budget | Actual on comparable basis | Budget utilization difference |
|---|---|---|---|---|---|
| SP3 - Domestic Travel and Subsistence, and Other Transportation Costs | 91,500,000 | (10,000,000) | 81,500,000 | 75,059,673 | 6,440,327 |
| SP4 - Utilities Suplies and Services | 4,000,000 | - | 4,000,000 | 1,205,056 | 2,794,944 |
| SP5 - Foreign Travel and Subsistence, and other transportation costs | 32,000,000 | (5,000,000) | 27,000,000 | 24,711,032 | 2,288,968 |
| SP6 - Rentals of Produced Assets | 12,000,000 | - | 12,000,000 | 11,446,724 | 553,276 |
| SP7 - Capacity Building | 20,000,000 | (5,000,000) | 15,000,000 | 13,246,468 | 1,753,532 |
| SP8 - Hospitality Supplies and Services | 23,337,456 | - | 23,337,456 | 21,472,762 | 1,864,695 |
| SP9 - Specialised Materials and Supplies | 3,050,000 | - | 3,050,000 | 2,713,233 | 336,767 |
| SP10 - Insurance Costs | 31,500,000 | - | 31,500,000 | 26,573,838 | 4,926,162 |
| SP11 - Office and General Supplies and Services | 4,856,185 | - | 4,856,185 | 4,351,685 | 504,500 |
| SP12 - Fuel Oil and Lubricants | 5,000,000 | - | 5,000,000 | 4,701,007 | 298,993 |
| SP13 - Other Operating Expenses | 43,565,182 | - | 43,565,182 | 42,901,699 | 663,483 |
| SP14 - Routine Maintenance - Vehicles and Other Transport Equipment | 5,000,000 | - | 5,000,000 | 4,992,000 | 8,000 |
| SP15 - Routine Maintenance - Other Assets | 3,550,000 | - | 3,550,000 | 3,393,620 | 156,380 |
| SP16 - System Required Expenses | 2,700,000 | - | 2,700,000 | 2,698,500 | 1,500 |
| SP17 - Refurbishment of Buildings | 4,500,000 | - | 4,500,000 | 4,499,989 | 11 |
| SP18 - Purchase of Vehicles and Other Transport Equipment | 10,000,000 | (9,000,000) | 1,000,000 | - | 1,000,000 |
| SP19 - Purchase of Office Furniture | 10,000,000 | - | 10,000,000 | 9,941,621 | 58,379 |

| Programme/Sub-programme | Original Budget | Adjustments | Final Budget | Actual on comparable basis | Budget utilization difference |
|---|---|---|---|---|---|
| and General Equipment | | | | | |
| SP20 - Civic Education, Advertisements, Chamber and Committee Proceedings & Printing Services | 11,370,000 | - | 11,370,000 | 8,696,284 | 2,673,716 |
| SP21 - Car Loan & Mortgage for MCAs and Staff | 66,486,243 | (11,000,000) | 55,486,243 | - | 55,486,243 |
| SP22 - Pending Bills arears | 55,671,074 | - | 55,671,074 | 56,625,093 | - |
| SP23 – Finance Cost | | | | 43,922 | - |
| **GRAND TOTAL** | **1,061,895,035** | **(40,000,000)** | **1,021,895,035** | **733,921,877** | **287,973,158** |

## 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 Mandera County Assembly 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 Mandera 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 Mandera County Assembly 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 *Mandera County Assembly* 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, Mandera County Assembly 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.

### 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 *Mandera County Assembly* 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 Mandera County Assembly budget was approved as required by Law .The original budget was approved by the County Assembly on 28.06.2018 for the period 1st July 2018 to 30 June 2019 as required by law. There was 1 number of supplementary budgets passed in the year. A high-level assessment of the Mandera 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 | 120,402,330 | 73,679,924 |
| Transfers from the County Treasury for Q2 | 255,496,858 | 118,479,754 |
| Transfers from the County Treasury for Q3 | 199,162,913 | 120,079,764 |
| Transfers from the County Treasury for Q4 | 158,859,776 | 273,997,095 |
| **Cumulative Amount** | **733,921,877** | **586,236,537** |

### 2. PROCEEDS FROM SALE OF ASSETS

| | 2018/19 | 2017/18 |
|---|---|---|
| | KShs | KShs |
| | | |
| | | |
| There were no proceeds from sale of Asset during & prior year | | |
| | | |
| | | |
| | | |
| | | |
| | | |

### 3. OTHER RECEIPTS

| | 2018/19 | 2017/18 |
|---|---|---|
| | KShs | KShs |
| | | |
| There were no other receipts during the year under review | | |
| | | |
| | | |
| | | |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 4. COMPENSATION OF EMPLOYEES

| | 2018/19 | 2017/18 |
|---|---|---|
| | KShs | KShs |
| Basic salaries of permanent employees | 128,365,674 | 45,514,704.65 |
| Basic wages of temporary employees | 27,660,950 | 95,406,035.05 |
| Personal allowances paid as part of salary | 165,186,848 | 118,111,973.15 |
| Personal allowances paid as reimbursements | 4,470,000 | 1,032,000.00 |
| Compulsory national social security schemes | 7,878,133 | 7,757,054.75 |
| Other personnel payments | - | 599,200.00 |
| **Total** | **333,561,605** | **268,420,967.60** |

### 5. USE OF GOODS AND SERVICES

| | 2018/19 | 2017/18 |
|---|---|---|
| | KShs | KShs |
| Utilities, supplies and services | 1,205,056 | 3,763,576 |
| Communication, supplies and services | 4,041,500 | 3,816,805 |
| Domestic travel and subsistence | 75,059,673 | 103,978,894 |
| Foreign travel and subsistence | 24,711,032 | 16,705,891 |
| Printing, advertising and information supplies & services | 8,362,190 | 8,747,365.00 |
| Rentals of produced assets | 11,446,724 | 10,545,000.00 |
| Training expenses | 13,246,468 | 21,861,730.00 |
| Hospitality supplies and services | 21,472,761 | 13,517,262.00 |
| Insurance costs | 26,573,838 | 34,248,290.00 |
| Specialized materials and services | 2,713,233 | 850,000.00 |
| Office and general supplies and services | 9,052,692 | 11,721,293.10 |
| Other operating expenses | 42,901,699 | 42,002,314.35 |
| Routine maintenance – vehicles and other transport equipment | 4,992,000 | 7,552,103.00 |
| Routine maintenance – other assets | 3,393,620 | 3,108,000.00 |
| **Total** | **249,172,487** | **282,418,523.65** |

## 6. SOCIAL SECURITY BENEFITS

| | 2018/19 | 2017/18 |
|---|---|---|
| | KShs | KShs |
| Government pension and retirement benefits | 23,574,598 | 24,094,007.25 |
| **Total** | **23,574,598** | **24,094,007.25** |

*During the reporting year 2017/2018 social security benefit was combined with compensation of employees but during the year under review it was standalone comparison for the year under review.*

## 7. ACQUISITION OF ASSETS

| Non- Financial Assets | 2018/19 | 2017/18 |
|---|---|---|
| | KShs | KShs |
| Refurbishment of Buildings | 9,147,989 | 4,100,365.00 |
| Construction and Civil Works | 7,500,000 | - |
| Overhaul and Refurbishment of Construction and Civil Works | 3,044,987 | - |
| Purchase of Office Furniture and Equipment | 9,941,621 | 6,489,544.00 |
| Purchase of Specialized Plant, Equipment and Machinery | 2,698,500 | - |
| Rehabilitation and Renovation of Plant, Machinery and Equip. | 32,767,936 | - |
| Purchase of Certified Seeds, Breeding Stock and Live Animals | 1,211,040 | - |
| Rehabilitation of Civil Works | 3,895,677 | - |
| **Total purchase of non-financial assets** | **70,207,750** | **10,589,909.00** |
| **Total** | **70,207,750** | **10,589,909.00** |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 8. FINANCE COSTS

| | 2018/19 | 2017/18 |
|---|---|---|
| | KShs | KShs |
| Bank Charges | 43,922 | 141,451.75 |
| **Total** | **43,922** | **141,451.75** |

### 9. OTHER PAYMENTS

| | 2018/19 | 2017/18 |
|---|---|---|
| | KShs | KShs |
| Other expenses | 56,625,093 | - |
| **Total** | **56,625,093** | **-** |

### 10. CASH AND BANK BALANCES

### 10A. BANK BALANCES

| Name of Bank, Account No. & Currency | Indicated whether recurrent or development | 2018/19 | 2017/18 |
|---|---|---|---|
| | | KShs | KShs |
| | | | |
| *mandera County Assembly Development Account,Central bank of Kenya. 1000380508, KSHs* | Development Acc | 402,328 | 0.00 |
| *mandera County Assembly Reccurrent Account,Central bank of Kenya.1000240897, KSHs* | Recurrent Acc | 334,094 | 571,677.95 |
| *Mandera county assembly Retention, 1000278516437. & Kshs* | Retention Acc | 509,988 | - |
| *Mandera county assembly car loan & mortgages acc. 01050213496600. & Kshs* | Commercial Bank Accs. | - | - |
| *Mandera county assembly service boa cc.1143310691 & Kshs* | Commercial Bank Accs. | - | - |
| **Total** | | **1,246,411** | **571,677.95** |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 10B. CASH IN HAND

| | 2018/19 | 2017/18 |
|---|---|---|
| | KShs | KShs |
| | | |
| There were no cash in hand during & prior year | | |
| | | |

### 11. ACCOUNTS RECEIVABLE

| | 2018/19 | 2017/18 |
|---|---|---|
| | KShs | KShs |
| | | |
| There was no receivables (imprest and advances) during & prior year | | |
| | | |
| | | |
| | | |

### 12. ACCOUNTS PAYABLE

| | 2018/19 | 2017/18 |
|---|---|---|
| | KShs | KShs |
| Deposits | - | - |
| Retentions | 509,988 | - |
| **Total** | **509,988** | **-** |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 13. FUND BALANCE BROUGHT FORWARD

| | 2018/19 | 2017/18 |
|---|---|---|
| | KShs | KShs |
| Bank accounts | 736,423 | 571,677.95 |
| Accounts Payables | 509,988 | xxx |
| **Total** | **1,246,411** | **571,677.95** |

### 14. PRIOR YEAR ADJUSTMENTS

| Description of the adjustment | 2018/19 | 2017/18 |
|---|---|---|
| | KShs | KShs |
| | | |
| There was no prior year adjustment | | |
| | | |
| | | |
| | | |
| | | |

## 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 | - | - | - | 234,918 |
| Supply of goods | - | - | - | 8,818,316 |
| Supply of services | - | - | - | 10,395,937 |
| **Total** | **-** | **-** | **-** | **19,449,171** |

### 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 |
|---|---|---|---|---|
| Others | - | - | - | 5,550,829 |
| **Total** | **-** | **-** | **-** | **5,550,829** |

### 3. OTHER PENDING PAYABLES

| 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 |
|---|---|---|---|---|
| There was no other pending payables | | | | |
| | | | | |
| | | | | |
| | | | | |

## 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 | 156,969,690 | 128,075,742.30 |
| Key Management Compensation(Clerk and Heads of departments) | 22,661,020 | 15,622,135.00 |
| **Total Compensation to Key Management** | **179,630,710** | **143,697,877.30** |
| **Transfers from related parties** | | |
| Transfers from the County Executive- Exchequer | 733,921,877 | 586,236,537.20 |
| Payments made on behalf of the County Assembly by other Government Agencies | - | 31,910,321.00 |
| **Total Transfers from related parties** | **733,921,877** | **618,146,858.20** |

## 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)* |
|---|---|---|---|---|---|
| REPORT OF THE AUDITOR – GENERAL ON THE FINANIAL STATEMENT OF COUNTY ASSEMBLYOF MANDERA FOR THE YEAR ENDED 30 JUNE 2018 | • Fixed assets register<br>• Unaccounted for domestic travel and subsistence allowance<br>• Unsupported training expenses<br>• Unaccounted for mileage allowance<br>• Unsupported expenditure on foreign travel<br>• Lack of internal audit department and committee<br>• Budget performance analysis<br>• Rental of produced asset | The management has responded to all the queries on the management letter report for the FY 2017/2018 on issues/observation from the auditor and waiting for the Auditor General's comment | Mohamed Hussein Kahia<br><br>Principal Finance officer | Not Resolved | 20TH December, 2019 |

**Ahmed H. Surow**
Clerk of the County Assembly

Sign.....

Date.....17th September 2019

## ANNEXES

## ANNEX 1 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

| Supplier of Goods or Services | Original Amount | Date Contracted | Amount Paid To-Date | Outstanding Balance 2018/19 | Outstanding Balance 2017/18 | Comments |
|---|---|---|---|---|---|---|
| | A | b | c | d=a-c | | |
| **Construction of buildings** | | | | | | |
| 1. Refurbishment of building | 234,918 | | | 234,918 | | |
| **Sub-Total** | **234,918** | | | **234,918** | | |
| **Supply of goods** | | | | | | |
| 2. General office supply | 499,000 | | | 499,000 | | |
| 3. Purchase of office furniture | 4,998,500 | | | 4,998,500 | | |
| 4. Purchase of library materials | 350,000 | | | 350,000 | | |
| 5. Purchase of assembly weekly activity items | 2,970,816 | | | 2,970,816 | | |
| **Sub-Total** | **8,818,316** | | | **8,818,316** | | |
| **Supply of services** | | | | | | |
| 6. Advertisement | 640,000 | | | 640,000 | | |
| 7. Advertisement | 524,341 | | | 524,341 | | |
| 8. Advertisement | 1,149,560 | | | 1,149,560 | | |
| 9. Office rent for nominated members | 330,000 | | | 330,000 | | |
| 16.Office operation for nominated Members | 360,000 | | | 360,000 | | |
| 20.Maintainance of motor vehicle | 1,950,000 | | | 1,950,000 | | |
| 21.Re-wiring of mandera county assembly complex | 1,765,658 | | | 1,765,658 | | |
| 22.Re-routing of sewage line | 622,000 | | | 622,000 | | |
| 23.Repair,Servicing & replacement of air conditioners | 790,000 | | | 790,000 | | |
| 24. Catering services | 2,150,000 | | | 2,150,000 | | |
| 25. Catering services | 114,378 | | | 114,378 | | |
| **Sub-Total** | **10,395,937** | | | **10,395,937** | | |

| Supplier of Goods or Services | Original Amount | Date Contracted | Amount Paid To-Date | Outstanding Balance 2018/19 | Outstandin g Balance 2017/18 | Comments |
|---|---|---|---|---|---|---|
| **Grand Total** | **19,449,171** | | | **19,449,171** | | |

## 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. ROBOW MOHAMED HASSAN | | 269,010 | | | 269,010 | | |
| 2. NOOR MOHAMED ABDINOOR | | 76,860 | | | 76,860 | | |
| 3. ABDIAZIZ DAKAT MAALIM | | 114,741 | | | 114,741 | | |
| 4.ABDULLAHI YUNIS GULIYE | | 115,290 | | | 115,290 | | |
| 5.AHMED GABNAN ALI | | 124,623 | | | 124,623 | | |
| 6.KULLOW ALIO GUYOW | | 142,740 | | | 142,740 | | |
| 7.MOHAMED IBRAHIM YUSSUF | | 153,720 | | | 153,720 | | |
| 8.ABDI HASSAN ALI | | 159,210 | | | 159,210 | | |
| 9.ABDULLAHI SIYAD ADAN | | 163,602 | | | 163,602 | | |
| 10.JIMALE ABDI HASSAN | | 164,700 | | | 164,700 | | |
| 11.ABDIRASHID MAALIM OSMAN | | 167,445 | | | 167,445 | | |
| 12.SHABAN HASSAN HILLOW | | 175,680 | | | 175,680 | | |
| 13.YUSSUF MAALIM DAKANE | | 185,562 | | | 185,562 | | |
| 14.ALINOOR DEROW ABDULLAHI | | 186,660 | | | 186,660 | | |
| 15.YAKUB HASSAN EMOI | | 214,110 | | | 214,110 | | |
| 16.SAAD SHEIKH AHMED | | 221,796 | | | 221,796 | | |
| 17.ADAN MAALIM MOHAMED | | 229,482 | | | 229,482 | | |
| 18.BASHIR IBRAHIM ALIO | | 242,658 | | | 242,658 | | |
| 19.ABDINUR DIISOW TENO | | 245,952 | | | 245,952 | | |
| 20.BISHAR MAALIM ABDULLAHI | | 263,520 | | | 263,520 | | |
| 21.HUSSEIN ADAN HAJI | | 279,990 | | | 279,990 | | |
| 22.IBRAHIM ALI WARIO | | 301,950 | | | 301,950 | | |
| 23.ALINUR HASSAN ALI | | 315,675 | | | 315,675 | | |
| 24.MOHAMEDRASHID ALI HAJI | | 323,910 | | | 323,910 | | |

| Name of Staff | Job Group | Original Amount | Date Payable Contracted | Amount Paid To-Date | Outstanding Balance 2018/19 | Outstanding Balance 2017/18 | Comments |
|---|---|---|---|---|---|---|---|
| 25.AHMED RASHID MOHAMED | | 323,910 | | | 323,910 | | |
| 26.ABDIRAHMAN ALIOW ISSACK | | 381,445 | | | 381,445 | | |
| 27.FARAH ABDI ABDINUR | | 6,588 | | | 6,588 | | |
| **Sub-Total** | | **5,550,829** | | | **5,550,829** | | |
| **Grand Total** | | **5,550,829** | | | **5,550,829** | | |

## ANNEX 3 – 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 |
|---|---|---|---|---|---|
| Buildings and structures | **10,716,555.00** | **56,356,589** | **-** | **-** | **67,073,144** |
| Transport equipment | **6,700,653** | **13,850,000** | **-** | **-** | **20,550,653** |
| Office equipment, furniture and fittings | **18,854,908.20** | **13,851,161** | **-** | **-** | **32,706,069** |
| ICT Equipment | **6,981,635.00** | **-** | **-** | **-** | **6,981,635** |
| Machinery and Equipment | **1,972,000.00** | **-** | **-** | **-** | **1,972,000** |
| **Total** | **45,225,751.20** | **84,057,750** | **-** | **-** | **129,283,501** |

## ANNEX 4 – BANK RECONCILIATION/FO 30 REPORT

*(Attach FO 30 Reports from IFMIS)*