REPUBLIC OF KENYA

REPORT

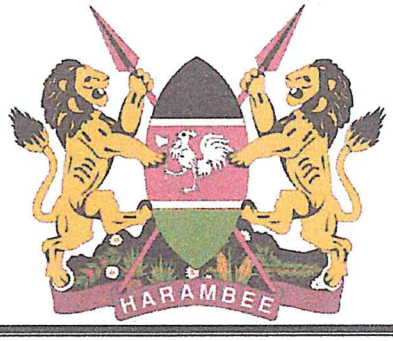
OF

THE AUDITOR-GENERAL

ON

COUNTY ASSEMBLY OF NYAMIRA

FOR THE YEAR ENDED 30 JUNE, 2019



NYAMIRA COUNTY ASSEMBLY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30 JUNE, 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 thirty-six Members of County Assembly (MCAs) elected to represent members of the public from their respective wards. The MCAs are responsible for making any laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

(b) Key Management

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

County Assembly Service Board

Hon. CPA. Moffat Machogu Teya **Chairman – CASB**	Hon. CPA. Moffat Machogu Teya is the Chairman of the County Assembly Service Board (CASB). He was elected as the third Speaker of Nyamira County Assembly on 7th September, 2017. Hon. Teya served as a branch manager of Heritage Insurance, Kisii Branch before his election as the Speaker of Nyamira County Assembly. He is the current and First Chairman of The Lake Region Economic Block Speakers' Caucus. He the Chairman Finance Committee of County Assembly Forum. He holds a Bachelor of Commerce degree from the University of Nairobi and he is pursuing MBA at Kisii University. He is Certified Public Accountant (CPAK) and Advanced Chartered Insurance Institute (ACII). Hon. Teya is a Church Elder and loves singing gospel music and enjoys playing soccer.
Hon. Charles Keganda Nyarang'o ***Vice Chairman – CASB***	Hon. Charles Keganda Nyarango is the Vice chairman of the County Assembly Service Board. He also serves as the Elected Member of County Assembly of Bosamaro Ward. He has previously worked with the National Government under the Procurement Department.

 Hon. Benson Sironga **Member of CASB**	Hon. Benson Sironga is a Member of County Assembly Service Board representing minority interest. He is currently serving his second term as a Member of County Assembly Service Board and a Member of County Assembly for Rigoma Ward. Hon. Sironga has served as a Director of KTDA – Nyakoba Tea Factory, a position that he holds to date.
 Hon. Linet Maganda **External Member – CASB**	Hon. Linet Maganda is an External of the County Assembly Service Board. She is serving her first term in office as External Member of CASB having been appointed as from November, 2018. She is a Teacher by Profession having served as a History and Kiswahili teacher. She holds a Bachelor of Arts degree.
 Hon. Leonard Mugaru **External Member – CASB**	Hon. Leonard Mugaru is an External member of County Assembly Service Board. He is serving as an External Member of the County Assembly Service Board a position he was appointed as from November, 2018. He holds a Bachelor and Master's degree
 Duke Simeon Onyari – Secretary to CASB	Mr. Duke Simeon Onyari is the Acting Clerk of Nyamira County Assembly. He has served as the Secretary to the County Assembly Service Board (CASB) as from 4th April, 2018. He is an Advocate of the High Court

(c) Fiduciary Management

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

 Mr. Duke Simeon Onyari **Ag. Clerk – County Assembly of Nyamira**	Mr. Duke Simeon Onyari is currently the Acting Clerk of Nyamira County Assembly and Secretary to CASB. He has served as the Deputy Clerk of the County Assembly as from 1st December 2013. As the Acting Clerk of the County Assembly Mr. Onyari is the Accounting officer responsible for the day to day operation of the County Assembly
 CPA. Leonard Kevin Nyamasege **Director Finance & Accounts**	Mr. Leonard Nyamasege was appointed the Director Finance & Accounts as from 1st January, 2019. Prior to the appointment as the Director Finance & Accounts, he served as Principal Finance & Budget officer as from 1st December, 2013. Mr. Nyamasege holds a Bachelor of Commerce Degree and Master of Business Administration in Finance from the University of Nairobi. He is a Certified Public Accountant (CPAK).
 Mrs. Joyce Onyiego **Director Supply Chain Management**	Ms. Joyce Onyiego is currently serving as the Director Supply Chain Management after her appointment on 1st January 2019. Prior to the current position. Ms. Onyiego served as the Principal Supply Chain Management Officer as from 1st December, 2013. She holds a Bachelor Degree and MSC. Procurement from JKUAT. She is a member of KISM

 Mr. Justus Obwoge Onkundi **Director Human Resource & Administration**	Mr. Justus Onkundi is currently serving as the Director Human Resource and Administration. Prior to the current position Mr. Onkundi served as the Principal Human Resource Officer in the County Assembly as from January 2016. He holds a Bachelor Degree from Moi University.

(d) Fiduciary Oversight Arrangements

- ***County Assembly Audit Committee***

Responsible for oversight of the County Assembly transactions and internal control systems.

- ***Senate Public Accounts Committee***

The committee is responsible for examination of the accounts showing the appropriations of the sum voted by the County Assembly to meet the public expenditure and of such other accounts laid before the Senate.

(e) Entity Headquarters

P.O. Box 590 - 40500
Former Nyamira Town Council Building
Nyamira, Kenya.

(f) Entity Contacts

Telephone: (254) 0701-967-200
E-mail: info@nyamiraassembly.go.ke
Website: www.nyamiraassembly.go.ke

(g) Entity Bankers

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

2. Kenya Commercial Bank
   Nyamira Branch
   P.O Box 403 - 40500
   Nyamira, Kenya

(h) Independent Auditors

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

Budget performance

The County Assembly had an original approved budget estimates of Kshs.787,432,863 for the financial year 2018/2019. Kshs.587,432,863 was for Recurrent Estimates while Kshs.200,000,000 was for Development Expenditure. During the financial year the County Assembly approved the Supplementary Estimates of Kshs.667,432,863; Kshs.587,432,863 for Recurrent Expenditure and Kshs.80,000,000 for Development Expenditure. The County Assembly received 98% of the total allocation.

Operational Performance

The County Assembly passed the following key legislation that aids the operations of the County during the financial year;

- *Nyamira County Appropriations Bill 2019*
- *Nyamira County Supplementary Appropriations Bill 2019*
- *The Nyamira County Revenue Administration Act, 2018.*
- *The Nyamira County Revenue Authority Act, 2019.*
- *The Nyamira County Lake Region Economic Bill, 2019*

As at 30th June, 2019, the following Bills were at the First Reading;

- *The Nyamira County Crop Agricultural Bill, 2019.*
- *The Nyamira County Agricultural Development Bill, 2019*
- *The Nyamira County Valuation and Rating Bill, 2019.*

Assembly committees, their mandates and successes over the period.

- ***County Budget and Appropriations Committee***
- *investigate, inquire into and report on all matters related to coordination, control and monitoring of the of the county budget,*
- *discuss and review the estimates and make recommendations to the County Assembly;*
- *examine the County Budget Policy Statement presented to the County Assembly;*
- *examine Bills related to the national budget, including Appropriations Bills; and*
- *evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays.*

The County Budget and Appropriations Committee passed key legislation; Appropriations Bills that helped the County in utilization of the allocated County resources.

- ***Committee on Implementation***
  The Committee shall scrutinize the resolutions of the County Assembly (including adopted reports), petitions and the undertakings given by the County Executive Committee.

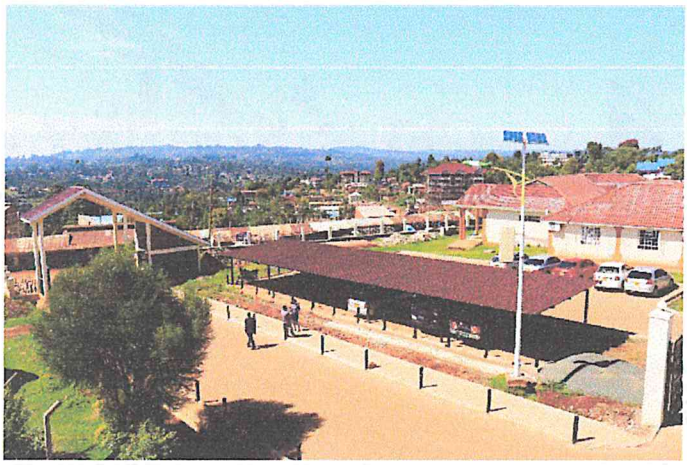
- ***County Assembly Public Accounts Committee***
  The committee is responsible for examination of the accounts showing the appropriations of the sum voted by the County Assembly to meet the public expenditure and of such other accounts laid before the County Assembly.

- ***County Assembly Public Service Management Committee***
  Responsible for oversight of all matters related to public service, labour related issues.
- ***County Assembly Budget & Appropriations Committee***
  Investigate, inquire into and report on all matters related to coordination, control and monitoring of the of the budget estimates.

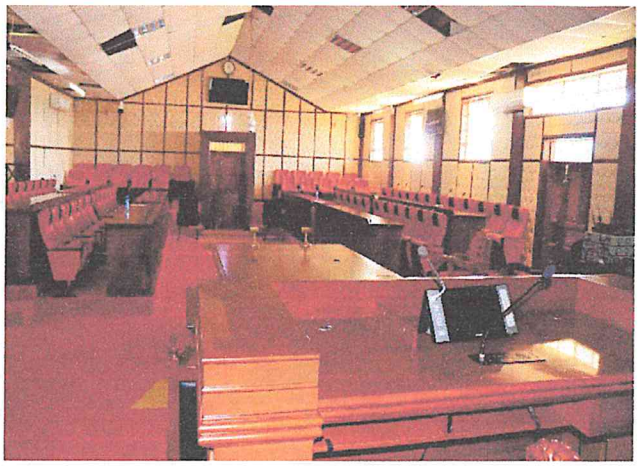
Performance of key development projects

The County Assembly had the following key development projects done during the period.

a. Construction of Car Park, fencing of County Assembly

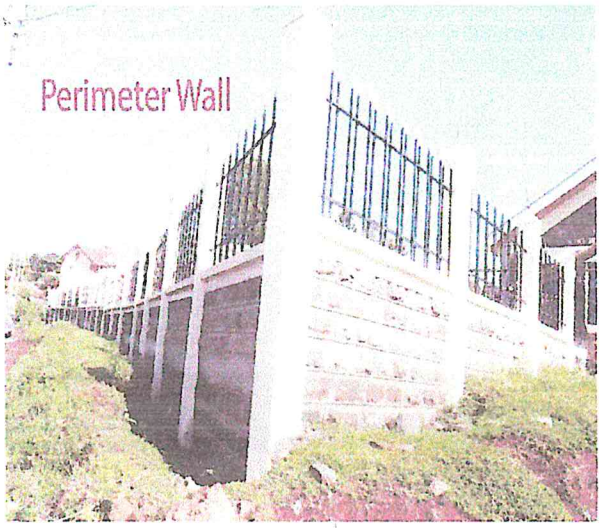


b. Automation of Hansard Broadcasting system



c. Construction of County Assembly Office Block

d. Constructed Perimeter Wall at the County Assembly



e. Construction of the County Assembly Main Gate

Comment on value-for-money achievements

- The key projects mentioned above once completed will ensure that the county Assembly undertakes its core function of Legislation, Representation and oversight effectively.
- The Modern County Assembly office block will host the Honourable Speaker, Members of County Assembly and staff offices.
- The provision of Committee Rooms will also ensure that the members give maximum concentration to preparation and processing of the County Bills as opposed to the current set-up where the members have to travel out of the County to process such Bills.

Challenges and Recommended Way Forward

- Breakdown of Integrated Financial Management Information System (IFMIS) thus causing delays in payments especially to the suppliers. Stability of IFMIS.
- Inadequate offices and committee rooms thus affecting operations of departments and committees. The Office Block is currently under construction.
- Delayed disbursement of funds from the National Treasury.
- Contingent liabilities arising from court cases that are likely to pose challenges to the available Budget Estimates.

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Clerk of the County Assembly

3. STATEMENT OF MANAGEMENT RESPONSIBILITIES

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

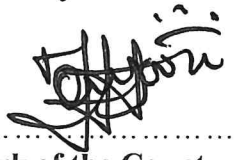
The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended June 30, 2019. This responsibility includes: (i) maintaining adequate financial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

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

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

Approval of the financial statements

The County Assembly's financial statements were approved and signed by the Clerk of the County Assembly on 23rd December, 2019.



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Clerk of the County Assembly

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR GENERAL

Enhancing Accountability

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF NYAMIRA 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 Nyamira set out on pages 1 to 21, 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 statements of comparison of budget and actual amounts: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the County Assembly of Nyamira as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the County Governments Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Compensation of Employees

As disclosed under Note 2 to the financial statements, the statement of receipts and payments reflects compensation of employees' balance of Kshs.307,739,088. However, the balance includes salaries to ward staff amounting to Kshs.2,518,000 which was paid outside the Integrated Personnel and Payroll Database (IPPD) payroll. Management did not avail supporting documents for audit review for the recruitment of ward staff such as advertisements, interview process, shortlisting schedule and subsequent evidence of their admission in the staff establishment. It was also noted that each of the twenty (20) wards had four (4) members of staff contrary to the ceiling of three (3) members set by Commission on Revenue Allocation Circular.

Consequently, the validity of compensation of employees of Kshs.2,518,000 included under compensation of employees in the statement of receipts and payments for the year ended 30 June, 2019 could not be confirmed.

2. Unsupported Expenditure - Use of Goods and Services

As disclosed under Note 3 to the financial statements, the statement of receipts and payments reflects a balance of Kshs.238,868,417 in respect of use of goods and services. The balance includes an amount of Kshs.2,570,200 paid to various hotels for the provision of hospitality services under hospitality, supplies and services. However, examination of records revealed that the expenditure was committed in the 2017/2018 financial year but was not disclosed in that year's list of pending bills.

Consequently, the completeness, accuracy and validity of use of goods and services of Kshs.238,868,417 reflected in the statement of receipts and payments for the year ended 30 June, 2019 could not be confirmed.

3. Variances Between Integrated Financial Management Information System (IFMIS) Reports and Financial Statements

A comparison of balances reflected in the financial statements and the Integrated Financial Management Information System (IFMIS) reports revealed some unreconciled variances as shown below:

Transaction Details	Amount as per Financial Statements Kshs.	Amount as per IFMIS Reports Kshs.	Variance Kshs.
Receipts	653,321,800	597,529,167	55,792,633
Cash and Bank	2,864,891	877,016,348	(874,151,457)
Payables	0	1,516,358,775	(1,516,358,775)

In the circumstances, the accuracy and completeness of the balances reflected in the financial statements 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 Nyamira 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. Pending Bills

As disclosed in Note 4.10 to the financial statements, the County Assembly had pending bills amounting to Kshs.12,263,985 which were not settled during the year under review

but were carried forward to 2019/2020 financial year. The bills constitute accounts payables and pending staff payables balances of Kshs.12,195,335 and Kshs.68,650 respectively. Management has not explained why the bills were not settled during the year they occurred.

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

2. Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements. Although the Management has indicated that the issues have been responded to, the matters remained unresolved as the Senate had not deliberated on them.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Delay in Construction of Projects

1.1. Construction of Office Block

During the year under review, the Management awarded a multi-year project contract for the construction of a six-floor office block at a contract sum of Kshs.367,000,000. The contract was to run for a period of one hundred and fifty six (156) weeks commencing 13 June, 2018 to 13 June, 2021. The budgetary allocations for the year under review was Kshs.117,174,315 as per the County Integrated Development Plan (CIDP).

However, physical verification on progress of the project carried out in the month of October, 2019 revealed that a total of Kshs.44,091,179 had been paid, however the building was behind schedule by six months.

1.2. Construction of Car Park, Perimeter Fence, Access Road, Gate and Gate House

A contract for the construction of the car park, perimeter fence, access road, gate and gate house was awarded to a contractor at a contract sum of Kshs.27,625,516. The contract agreement was signed on 24 June, 2016 for a period of one hundred and eighty (180) days to run until 24 December, 2016.

However, physical verification carried out on the project during the month of October, 2019 revealed the following anomalies in relation to construction of the perimeter fence:

Description of Work	Bill of Quantity Value Kshs.	Work done (%)
Sub-structures	4,629,550	35%
Superstructure	998,950	39%
Finishes	1,244,750	40%
Chain Link Fence	322,000	0%
Electrical Works	3,600,000	5%
Project Managers Expenses	250,000	80%
Contingencies	1,000,000	0%
Mechanical works	600,000	0%
Total	**12,645,250**	

It was noted that substantial works on the perimeter fence was yet to be completed long after the lapse of the contract period. The project completion was therefore behind schedule. Management has not given any satisfactory explanations for the delays.

Consequently, it is not possible to confirm if the residents will realize value for money due to the delay.

2. Payment of Penalties and Interests to Kenya Revenue Authority

During the year under review, the Management paid Kshs.701,094 to the Kenya Revenue Authority (KRA) as penalties and interest as a result of LAPFUND not remitting PAYE arising from gratuity which was paid to the Speaker of the County Assembly and MCAs during the period between June, 2012 to June, 2016 that had resulted from unpaid taxes of Kshs.2,124,529. The penalties and interests were not budgeted for because the same ought to have been paid by the LAPFUND and not the County Assembly of Nyamira. Management has not taken any action to determine the officer(s) who may have occasioned the loss of public resources.

Consequently, the regularity of the expenditure of Kshs.701,094 constituted a waste of public resources.

3. Over Commitment of Salary Budget

Review of the payroll records revealed that there existed several employees who were earning less than a third of their basic pay during the year under review contrary to the provisions of Section 19(3) of the Employment Act, 2007.

Consequently, the Management was in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Weak Internal Audit Function

The County Assembly has an Internal Audit Unit which was not adequately staffed. In particular, the Principal Internal Auditor`s position has not been filled. The unit had only two (2) officers serving in the level of Senior Internal Auditor and Internal Auditor. Further, Management did not avail supporting documents as evidence that the unit had an Internal Audit Charter to guide it on carrying out audit assignments.

Further, there was no evidence that the Audit Committee met quarterly during the year under review.

Consequently, I am unable to confirm the effectiveness of the Internal Audit Function and the overall governance of the County Assembly.

2. Lack of Risk Management Policy

Management did not avail supporting documents as evidence that the County Assembly had developed a comprehensive Risk Management Policy. Further, there was no documentary evidence to confirm that the Assembly conducted a risk assessment and compiled a report identifying the potential risks, the likelihood of their occurrence and the mitigating strategies in the year 2018/2019.

Consequently, I am unable to confirm existence of an efficient risk management process in the County Assembly.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. These 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

09 February, 2021

4. FINANCIAL STATEMENTS

4.1. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2019

	Note	2018/19 KShs	2017/18 KShs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	653,321,800	662,075,477
TOTAL RECEIPTS		**653,321,800**	**662,075,477**
PAYMENTS			
Compensation of Employees	2	307,739,088	261,023,905
Use of goods and services	3	238,868,417	191,210,827
Transfer to Other Government Entities	4	-	125,500,000
Social Security Benefits	5	29,199,546	12,064,676
Acquisition of Assets	6	75,279,571	71,471,144
Finance Costs	7	32,000	49,562
TOTAL PAYMENTS		**651,118,622**	**661,320,114**
SURPLUS FOR THE YEAR		**2,203,178**	**755,363**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 23rd December, 2019 and signed by:

.....
Clerk of the Assembly
Duke Simeon Onyari

.....
Director Finance – County Assembly
CPA. Leonard Nyamasege
ICPAK Member No:10008

4.2. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30 JUNE 2019

		2018/2019	2017/18
FINANCIAL ASSETS	**Note**	**KShs**	**KShs**
Cash and Cash Equivalents			
Bank Balances	8	2,864,891	730,363
Total Cash and cash equivalents		**2,864,891**	**730,363**
Accounts receivables	9	68,650	25,000
TOTAL FINANCIAL ASSETS		**2,933,541**	**755,363**
REPRESENTED BY;			
Fund Balance Brought forward	10	730,363	-
Surplus for the year		2,203,178	755,363
NET FINANCIAL POSITION		**2,933,541**	**755,363**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 23rd December, 2019 and signed by:

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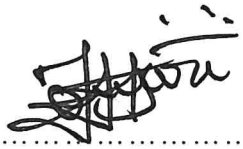
Duke Simeon Onyari

.....
Director Finance – County Assembly
CPA. Leonard Nyamasege
ICPAK Member No: 10008

4.3. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	2018/19 KShs	2017/18 KShs
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operating income			
Transfers from the County Treasury/Exchequer Releases	1	653,321,800	662,075,477
Payments for operating expenses			
Compensation of Employees	2	307,739,088	261,023,905
Use of goods and services	3	238,868,417	191,210,827
Transfer to Other Government Entities	4	-	125,500,000
Social Security Benefits	5	29,199,546	12,064,676
Finance Costs	7	32,000	49,562
Adjusted for:			
Changes in Receivables	9	68,650	25,000
Net cash flows from operating activities		**77,414,099**	**72,201,507**
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	6	(75,279,571)	(71,471,144)
Net cash flows from investing activities		**(75,279,571)**	**(71,471,144)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**2,134,528**	**730,363**
Cash and cash equivalent at BEGINNING of the year		**730,363**	**-**
Cash and cash equivalent at END of the year		**2,864,891**	**730,363**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 23rd December, 2019 and signed by:



.....
Clerk of the Assembly
Duke Simeon Onyari

.....
Director Finance – County Assembly
CPA. Leonard Nyamasege
ICPAK Member No.10008

4.4. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT & 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	787,432,863	(120,000,000)	667,432,863	653,321,800	98%
TOTAL	**787,432,863**	**(120,000,000)**	**667,432,863**	**653,321,800**	**98%**
PAYMENTS					
Compensation of Employees	325,217,635	(17,478,085)	307,739,550	307,739,088	100%
Use of goods and services	212,453,586	26,416,639	238,870,225	238,868,417	100%
Social Security Benefits	29,199,642	-	29,199,642	29,199,546	100%
Acquisition of Assets	220,530,000	(128,938,554)	91,591,446	75,279,571	81%
Finance Costs	32,000	-	32,000	32,000	100%
TOTAL	**787,432,863**	**(120,000,000)**	**667,432,863**	**651,118,622**	**98%**
SURPLUS	-	-	-	**2,203,178**	

(i) A total of Kshs.653,321,800 was received during the year, this represents 98% of the Final Budgeted Amounts of Kshs.667,432,863.

(ii) The changes between the original budget estimates and the final budget is due to reallocations done during the year. For instance, Kshs.120,000,000 was reallocated from Development Expenditure in the County Assembly to the County Executive leaving the County Assembly Development Budget at Kshs.80,000,000.

(iii) Acquisition of Assets Budget utilization was at 81% since, Electro watts and Tazama Builders Ltd for installation of generator and construction of car park respectively raised their certificates towards the end of the financial year and hence payments not done.

The entity financial statements were approved on 23rd December, 2019 and signed by:

.....
Clerk of the Assembly
Duke Simeon Onyari

.....
Director Finance – County Assembly
CPA. Leonard Nyamasege
ICPAK Member No:10008

4.5. 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	587,432,863	-	587,432,863	587,432,863	100%
TOTAL	**587,432,863**	**-**	**587,432,863**	**587,432,863**	**100%**
PAYMENTS					
Compensation of Employees	325,217,635	(17,478,085)	307,739,550	307,739,088	100%
Use of goods and services	212,453,586	26,416,639	238,870,225	238,868,417	100%
Social Security Benefits	29,199,642	-	29,199,642	29,199,546	100%
Acquisition of Assets	20,530,000	(8,938,554)	11,591,446	11,590,442	92%
Finance Costs	32,000	-	32,000	32,000	100%
TOTAL	**587,432,863**	**-**	**587,432,863**	**587,429,493**	**100%**
Surplus	-	-	-	**3,370**	

(i) 100% of the Budgeted amounts of Kshs.587,432,863 were received and utilized.
(ii) Acquisition of Assets – The utilization levels were at 92% of the total budgeted amounts of Kshs,11,591,446.
(iii) Adjustments of Kshs.17,478,085 being a reduction under compensation of salaries, an increase of Kshs.26,416,639 under use of goods and a reduction of Kshs.8,938,544 were done during the Supplementary budget undertaken during the year.

The entity financial statements were approved on 23rd December, 2019 and signed by:

.....
Clerk of the Assembly
Duke Simeon Onyari

.....
Director Finance – County Assembly
CPA. Leonard Nyamasege
ICPAK Member No:10008

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization difference
	a	B	c=a+b	e=d-c	f
RECEIPTS					
Transfers from the County Treasury	200,000,000	(120,000,000)	80,000,000	65,888,937	82%
TOTAL	**200,000,000**	**(120,000,000)**	**80,000,000**	**65,888,937**	-
PAYMENTS					
Acquisition of Assets	200,000,000	(120,000,000)	80,000,000	64,335,421	80%
TOTAL	200,000,000	(120,000,000)	80,000,000	64,335,421	80%
SURPLUS	-	-	-	**1,535,516**	

- *Acquisition of Assets Budget utilization was at 80% since, Electro watts and Tazama Builders Ltd for installation of generator and construction of car park respectively raised their certificates towards the end of the financial year and hence payments not done as at the end of the financial year.*
- *Adjustments of Kshs.120,000,000 was a transfer the County Executive Departments to take care of other priorities.*

The entity financial statements were approved on 23rd December, 2019 and signed by:

.....
Clerk of the Assembly
Duke Simeon Onyari

.....
Director Finance – County Assembly
CPA. Leonard Nyamasege
ICPAK Member No:10008

4.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMS

PROGRAM CODE	SUB-PROGRAM CODE	PROGRAMME NAME	ITEM	ITEM DESCRIPTION	APPROVED	ACTUAL PAYMENTS	BUDGET UTILIZATION DIFFERENCE
0101005261: GENERAL ADMINISTRATION AND SUPPORT SERVICES					**238,732,369**	**237,716,033**	**1,016,336**
	0101015260	General Administration & Support Services	2110000	Wages and Salary Contributions	132,683,194	132,683,187	7
			2120000	Social Contributions	15,474,170	15,474,118	52
			2210000	Goods and Services	47,344,753	47,344,900	(147)
			2220000	Routine Maintenance	1,423,844	1,423,840	4
			2710000	Social Security Benefits	29,199,642	29,199,546	96
			3110000	Acquisition of Fixed Capital Assets	12,606,766	11,590,442	1,016,324
0701005261: POLICY AND PLANNING SERVICES					**68,837,779**	**69,582,702**	**(744,923)**
	0701045260	Policy and Planning Services					
			2210000	Goods and Services	68,549,779	69,299,202	(749,423)
			2220000	Routine Maintenance	288,000	283,500	4,500
0709005261: COMMITTEES MANAGEMENT SERVICES					**107,118,926**	**107,118,924**	**2**
	0708005261	Committee Services					
			2210000	Goods and Services	106,983,926	106,983,924	2
			2220000	Routine Maintenance	135,000	135,000	-
070905261: REPRESENTATION AND INFRASTRUCTURAL DEVELOPMENT					**252,743,789**	**236,700,963**	**16,042,826**
	0709025260	Representation & Infrastructural Development	2110000	Wages and Salary Contributions	159,582,186	159,582,186	-
			2210000	Goods and Services	13,004,103	12,625,856	378,247
			2220000	Routine Maintenance	157,500	157,500	-
			3110000	Acquisition of Fixed Capital Assets	80,000,000	64,335,421	15,664,579
GRAND-TOTAL					**667,432,863**	**651,118,622**	**16,314,241**

4.8. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

2. Reporting entity

The financial statements are for Nyamira 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 County Treasury

Transfer from County Treasury 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at the Central Bank of Kenya and at Kenya commercial bank of Kenya at the end of the financial year.

Restriction on cash

Restricted cash represents amounts that are 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 account is restricted for use in refunding third party deposits.

5. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers which were not surrendered or accounted for at the end of the financial year are 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.

6. 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.

7. Non-current assets

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the 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.

9. 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 21st June 2018 for the period 1st July 2018 to 30 June 2019 as required by law. There were two supplementary budgets passed in the year. The First Supplementary Budget was approved by the County Assembly on 5th December, 2019 while the Second Supplementary Budget was approved on 5th May, 2019. 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.

10. Comparative figures

Comparative figures for the previous financial year have been used appropriately.

11. Errors

Material prior period errors have been corrected in the 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.

4.9. NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from the County Treasury/ Exchequer Releases

	2018/19	2017/18
	KShs	KShs
August	82,617,175	18,000,000
September	58,743,128	35,030,834
October	40,742,222	36,415,750
November	55,760,475	38,622,131
December	26,736,706	55,978,857
January	25,700,476	-
February	103,966,892	105,529,737
March	62,896,574	97,011,180
April	39,969,104	58,111,705
May	73,610,994	59,443,550
June	82,578,054	157,931,733
Cumulative Amount	**653,321,800**	**662,075,477**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. COMPENSATION OF EMPLOYEES

	2018/19	2017/18
	KShs	KShs
Basic salaries of permanent employees	148,190,109	134,121,385
Basic wages of temporary employees	66,600	76,300
Personal allowances paid as part of salary	140,791,830	115,423,313
Personal allowances paid as reimbursements	3,216,431	2,145,372
Personal allowances provided in kind	-	-
Pension and other social security contributions	15,474,118	9,257,535
Compulsory national social security schemes	-	-
Compulsory national health insurance schemes	-	-
Social benefit schemes outside government	-	-
Other personnel payments	-	-
Total	**307,739,088**	**261,023,905**

3. USE OF GOODS AND SERVICES

	2018/19	2017/18
	KShs	KShs
Utilities, supplies and services	298,500	120,000
Communication, supplies and services	196,135	280,300
Domestic travel and subsistence	135,364,064	133,157,486
Foreign travel and subsistence	34,994,935	9,116,356
Printing, advertising & information supplies & services	2,468,635	2,071,805
Rentals of produced assets	6,060,000	3,565,000
Training expenses	4,088,433	4,070,680
Hospitality supplies and services	16,943,396	8,789,075
Insurance costs	12,975,427	18,262,654
Specialized materials and services	2,007,831	260,000
Office and general supplies and services	6,973,455	3,189,671
Other operating expenses	11,966,106	7,115,700
Fuel, Oil & Lubricants	2,451,456	577,000
Routine maintenance – vehicles & other transport equipment	1,180,500	225,600
Routine maintenance – other assets	899,544	409,500
Total	**238,868,417**	**191,210,827**

4. TRANSFER TO OTHER GOVERNMENT ENTITIES

	2018/19	2017/18
	KShs	KShs
Transfer to Car & Mortgage fund – October 2017	-	14,500,000
Transfer to Car & Mortgage fund – March 2018	-	20,000,000
Transfer to Car & Mortgage fund – June 2018	-	91,000,000
Total	-	**125,500,000**

The amounts of Kshs.125.5 Million for Car & Mortgage fund relates to the financial year 2017/2018.

5. SOCIAL SECURITY BENEFITS

Non-Financial Assets	2018/19	2017/18
	KShs	KShs
Service Gratuity for Members of County Assembly	29,199,546	12,064,676
Total	**29,199,546**	**12,064,676**

(The amounts were for service gratuity for the Members of County Assembly transferred on monthly basis to Laptrust)

6. ACQUISITION OF ASSETS

Non Financial Assets	2018/19	2017/18
	Kshs	Kshs
Construction and Civil Works	51,407,647	65,788,644
Purchase of Office Furniture and General Equipment	12,927,774	3,850,000
Purchase of ICT Equipment, Software and Other ICT Assets	1,402,800	1,832,500
Purchase of Motor Vehicle	9,541,350	-
Total	**75,279,571**	**71,471,144**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. FINANCE COSTS

	2018/19	2017/18
	Kshs	Kshs
Bank Charges	32,000	49,562
Total	**32,000**	**49,562**

(The bank charges relate to Commissions and Charges that are charged on the KCB Operations and KCB Salaries Holding Account), the two Accounts are held at Kenya Commercial Bank, Nyamira Branch.

8. BANK BALANCES

Name of Bank & Account Number	Recurrent /Development	2018/19	2017/18
		Kshs	Kshs
CBK, A/cNo.1000239751	Recurrent	649	526,421
CBK, A/cNo.1000326905	Development	1,436,373	202,744
CBK, A/cNo.1000343559	Deposit Account	694,785	-
KCB Operations A/c No.1145126987	Recurrent Operations	915	718
KCB Salaries A/c No.1203826095	Salary holding A/c	1,806	480
CRF Account	Refund A/c	730,363	-
Total		**2,864,891**	**730,363**

(**NB**: The County Assembly also operated Mortgage and Car Loan Accounts in Family Bank of Kenya, Nyamira Branch (A/c No.026000019496)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. ACCOUNTS RECEIVABLE

	2018/19	2017/18
	Kshs	Kshs
Staff Advances	68,650	25,000
Total	**68,650**	**25,000**

10. FUND BALANCES BROUGHT FORWARD

	2018/19	2017/18
Bank balances	730,363	-
Total	730,363	-
The Bank balances were transferred to the County Revenue Fund Account		

4.10. OTHER DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 1)

	2018/19	2017/18
	Kshs	Kshs
Construction of civil works	6,545,176	-
Supply of goods	4,989,912	2,144,016
Supply of services	660,247	3,371,436
Total	**12,195,335**	**5,515,452**

2. PENDING STAFF PAYABLES (See Annex 2)

Name of Staff	2018/19	2017/18
	Kshs	Kshs
i. Zacchaeus Anyota	23,650	-
ii. Samuel Atuti	3,000	-
iii. Duke Mokua	30,000	-
iv. Joash Oruko	12,000	-
v. Geoffrey Onchari	-	5,000
vi. Eric Ondari	-	20,000
Total	**68,650**	**25,000**

3. RETENTIONS

Kshs.10,673,387 for retentions to the Contractors is held by the County Treasury in their Nyamira County Project Retention Account Number 1000323938 for payment of the Contractors upon full satisfaction of the works done. As at 30th June, 2019, the County Assembly held only Kshs.694,785 in the Retention Account Number 1000343559 at the Central Bank of Kenya.

4. RELATED PARTY DISCLOSURES

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

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

Related party transactions:

	2018- 2019	2017- 2018
	Kshs	Kshs
Compensation to Key Management		
Compensation to the Speaker, Deputy Speaker and the MCAs	-	-
Key Management Compensation (Clerk and Heads of departments)	-	-
Total Compensation to Key Management	-	-
Transfers to related parties		
Transfers to other County Government Entities such as car and mortgage schemes	-	-
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	-	-
Payments made on behalf of the County Assembly by other Government Agencies	-	-
Total Transfers from related parties	-	-

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. as per Auditor's Report	Issue / Observations	Management comments	Focal Point person to resolve the issue	Status:	Timeframe:
1	Construction of offices for staff and members of the County Assembly	The contract for construction of the office block was given to the contractor based on other factors such as the ability of the contractor to deliver	Clerk	Resolved	
2.	Implementation of Projects	The slow implementation of the projects was occasioned by the delayed disbursement of funds from the County Treasury and approval of necessary documents for project implementation.	Clerk	Not Resolved	30th June, 2019
3.	Erection and completion of water tank tower and construction of septic tank and Ablution block	The two projects had a challenge in approvals of necessary documentations. However, the projects are on course.	Clerk	Resolved	30th June, 2019
4.	Construction of the car park, perimeter fence, gate houses and access road.	The delayed completion of the project had been occasioned by lack of alternative site to park the vehicles. The contractor could only work without disruptions during the periods when	Clerk	Not resolved	30th December, 2019

Reference No. as per Auditor's Report	Issue / Observations	Management comments	Focal Point person to resolve the issue	Status:	Timeframe:
		members of County Assembly are on recess.			
5.	Automation of Broadcasting and Hansard Recording	The delay has since been addressed and the contractor is expected to finalize the contract.	Clerk	Resolved	30th December, 2019
6.	Contract for supply and provision of padding and carpet for debating Chambers	The project has since been inspected by public works officials and certificate raised and payment done.	Clerk	Resolved	
7.	Legal fees	The fees charged was for the Advocate to competitively handle the matters and ensure that the Assembly does not loose on the matter.	Clerk	Resolved	30th March, 2019
8	Procurement on the provision of Air ticket services	The updated list of prequalified Suppliers had the name of the supplier awarded for supply of the service.	Clerk	Resolved	
9.	Foreign Travel and subsistence expenses	The night outs paid for Uganda trip included two days local night outs and therefore the total payment was Kshs.2,916,166. The difference will be recovered from the beneficiaries.	Clerk	Not Resolved	30th December, 2019
10.	Domestic travel and subsistence	The amounts paid to the beneficiaries will be recovered.	Clerk	Not Resolved	30th December, 2019

Reference No. as per Auditor's Report	Issue / Observations	Management comments	Focal Point person to resolve the issue	Status:	Timeframe:
11.	Procurement of Hospitality Supplies and services	The Entity used Request for Quotations method to procure Hospitality supplies and services and not Direct Procurement.	Clerk	Resolved	
12.	Employment of Ward Staff	The Ward Staff are contractual employees meant to serve the Members of County Assembly for a contract of two-year subject to renewal. The County Assembly Service Board ratified employment of four Ward Staff as minimum number to work with for efficient service delivery.	Clerk	Resolved	
13.	Ward Expenses	The Ward office rent was paid using cheques and not by cash. The Tenancy Agreement between the County Assembly and the Landlords of the various Wards offices are available for scrutiny.	Clerk	Resolved	

Clerk of the County Assembly

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Dated 23rd December, 2019

ANNEXES

ANNEX 1 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

Constructions/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		
Constructions of civil works						
1. Construction	7,042,812	14.02.2018	5,876,948	1,165,864	-	Construction of water tank tower
2. Constructions & civil works	27,625,516	17.06.2016		5,003,148	-	Construction of car park, fence
3. Constructions	376,165	10.10.2018		376,165	-	Renovation of Mace house.
Sub-Total	**35,044,493**			**6,545,177**		
Supply of goods						
4. Supply of generator	4,989,912	26.06.2019	-	4,989,912	-	Supply & installation of Generator
5. Supply of office stationery	-	14.02.2018	-	-	448,716	Office Stationery
6. Supply of Uniforms	-				814,500	Uniforms
7. Laptops	-				880,800	Supply of Laptops
Sub-Total	**4,989,912**			**4,989,912**	**2,144,016**	
Supply of services						
8. Advertisements	660,247	12.04.2019	-	660,247	142,680	Advertisements
9. Legal Fees	-		-	-	3,033,332	Legal fees
10. Conference Package	-	15.05.2018	-	-	43,000	Catering services
Sub-Total	**660,247**			**660,247**	**3,371,436**	
Grand Total	**40,694,652**			**12,195,335**	**5,515,452**	

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. Zachaeus Anyota	H	23,650	17.05.2019	-	23,650	-	Servicing of motor vehicle
2. Duke Mokua	H	30,000	24.04.2019	-	30,000	-	Tinting of motor vehicle
3. Samuel Atuti	K	3,000	21.10.2018	-	3,000	-	Purchase of water
4. Joash Oruko	H	12,000	02.052019	-	12,000	-	Servicing of motor vehicle
5. Eric Ondari	L	-	29.06.2018	-	-	20,000	Servicing of motor vehicle
6. Geoffrey Onchari	K	-	26.06.2018	-	-	5,000	Purchase of Data Bundles
Sub-Total		**68,650**			**25,000**	**25,000**	
Grand Total		**68,650**			**25,000**	**25,000**	

ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2017/2018	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 2018/2019
Buildings and structures	71,313,747	51,407,647	-	122,721,394
Office equipment, furniture & fittings	38,712,949	12,927,774	-	51,640,723
ICT Equipment, Software & Other ICT Assets	18,635,295	1,402,800	-	20,038,095
Purchase of Motor vehicle	-	9,541,350	-	9,541,350
Other Machinery and Equipment	227,575	-	-	227,575
Total	**128,889,566**	**75,279,571**	**-**	**204,169,137**