REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

COUNTY ASSEMBLY OF TAITA TAVETA

FOR THE YEAR ENDED 30 JUNE, 2019

OFFICE OF THE AUDITOR GENERAL
P. O. Box 95202, MOMBASA
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TAITA TAVETA COUNTY ASSEMBLY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30th 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 three (33) Members of County Assembly (MCAs) that is, Twenty (20) elected and Thirteen (13) Special elected. 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 *Taita Taveta County Assembly* day-to-day management is under the following key organs:

	NAME	DESIGNATION
1.	HON. MESHACK MAGANGA MAGHANGA	Speaker County Assembly
2.	HON. JASON TUJA	Leader of Majority
3.	HON. RONALD HABEL SAGURANI	Leader of Minority
4.	MR. GADIEL MNYAMBO MAGHANGA	Clerk of County Assembly
5.	MRS. SOPHIE MUINDI	CASB External Member
6.	MR. RAYMOND MWANGOLA	CASB External Member

(c) Fiduciary Management

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

No.	Designation	Name
1.	Accounting Officer	Gadiel Mnyambo Maghanga
2.	Principal Finance Officer	CPA Joseph Waduu
3.	Principal Budget Officer	ACCA Andrew Mlawasi

(d) Fiduciary Oversight Arrangements

The following provided key fiduciary oversight arrangements

- Office of Controller of Budget
- Commission on Revenue Allocation
- Public Accounts Committee

(e) Entity Headquarters

P.O. Box 1142 - 80304
Taita Taveta County Assembly Building
Wundanyi, Kenya.

(f) Entity Contacts

Telephone: (254) 0718703359/0732604811
E-mail: clerk@taitatavetaassembly.go.ke
Website: www.taitatavetaassembly.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
   Wundanyi Branch
   P.O. Box 1067 - 80304
   Wundanyi.

(h) Independent Auditors

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

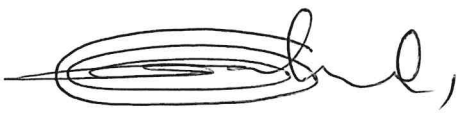
(i) Principal Legal Adviser

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

In the financial year 2018/2019, the County Assembly fiscal performance was satisfactory.

Budget performance
The total County Assembly expenditure for the 2018/2019 financial year amounted to Kshs. 689,649,707 which represented a total absorption rate of 94% of the total budget. The largest proportion of the expenditure comprised of Use of Goods and Services Kshs. 321,550,353 which accounted for 47% of the expenditure.
Operational Performance
The County Assembly has been able to pass numerous bills, motions, regulations and policies. Furthermore, a number of statements and petitions have been received and most of them dealt with. The County Assembly approved a total of 13 bills, policies and regulations. The budget of 2018-2019, was approved by the County Assembly on the 29th June, 2018. The 1st Supplementary was approved on 7th February, 2019, 2nd Supplementary was approved on 4th May, 2019 and the 3rd Supplementary was approved on 28th May, 2019.
Performance of key development projects
The County Assembly embarked on construction of a new office block within the financial year 2017-2018. The county assembly continued to struggle with limited office space as well as committee rooms.
Comment on value-for-money achievements
Once complete, the office block will accommodate all staff and MCA's and will include four committee rooms as well as a lounge for the members to meet with their electorates without having to interrupt any staff in the office.
Challenges and Recommended Way Forward
The following challenges were encountered by the County Assembly during financial year 2018/2019. • Delay in disbursement of funds from National Government which hindered the smooth flow of the County Assembly operations and subsequently limiting the number of bills passed. • Inadequate office space. The County Assembly still uses the old municipal council buildings which do not have adequate space for staff and committee meetings. • To overcome the challenge of office space, the county assembly has opted to hold most of the committee meetings at the local hotels while at the same time undertaking construction of the new office block which will also include committee rooms.



Sign
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.

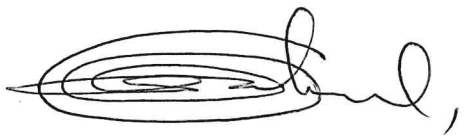
The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year, ended 30th June, 2019. This responsibility includes: (i) maintaining adequate 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 30th June, 2019, and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the County Assembly which have been relied upon in the preparation of the its financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The County Government's financial statements were approved and signed by the Clerk of the County Assembly on 25th October, 2019.



Clerk of the County Assembly

REPUBLIC OF KENYA

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

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF TAITA TAVETA 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 Taita Taveta set out on pages 1 to 24, which comprise the statement of financial assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flows and 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 Taita Taveta as at 30 June, 2019 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the County Governments Act, 2012.

Basis for Qualified Opinion

1. Variances Between Financial Statements and IFMIS Ledger Balances

The statement of receipts and payments for the year ended 30 June, 2019 reflects aggregate payments totalling Kshs.689,649,707 which sum includes payments totalling Kshs.607,750,595 incurred on acquisition of assets, compensation of employees and use of goods and services. The latter balance however, does not tally with data extracted from the Integrated Financial Management System (IFMIS) which reflects payments totalling Kshs.541,024,312 made on the three items. The composition of the unexplained difference of Kshs.66,726,283 between the two sets of records is highlighted in the table below.

Expenditure Item	Expenditure as Per Financial Statements (Kshs)	Expenditure as Per IFMIS (Kshs)	Variance (Kshs)
Acquisition of assets	38,497,067	7,283,801	31,213,266
Compensation of employees	247,703,175	230,003,737	17,699,438
Use of goods and services	321,550,353	303,736,774	17,813,579
Total	**607,750,595**	**541,024,312**	**66,726,283**

In view of the variances, the accuracy of the payments made in relation to acquisition of assets, compensation of employees and use of goods and services, and which aggregate to Kshs.607,750,595 equivalent to 88 % of the Kshs.689,649,707 total payments made by the County Assembly during the year under review, could not be confirmed. As a result, the accuracy of the statement of receipts and payments for the year ended 30 June, 2019 has not been confirmed.

2. Unreconciled Exchequer Releases

The statement of receipts and payments for the year ending 30 June, 2019 reflects exchequer releases totalling Kshs.661,875,359 remitted to the County Assembly by the County Executive during the year. On the other hand, the County Treasury report indicates that Exchequer releases to the County Assembly during the year amounted to Kshs.701,070,794. The variance of Kshs.39,195,435 between the two sets of records has not been explained.

As a result, the accuracy and completeness of the exchequer releases totalling Kshs.661,875,359 reflected in the statement of receipts and payments for the year ended 30 June, 2019 has not been confirmed.

3. Unsupported Compensation of Employees Expenditure

(i) Basic Salaries

The statement of receipts and payments for the year ended 30 June, 2019 reflects compensation of employees expenditure totalling Kshs.247,703,175. However, the expenditure includes Kshs.125,543,285 incurred on basic salaries for permanent employees which, however, was not supported with data and reports generated from the Integrated Payroll and Personnel Database (IPPD) system.

In the absence of IPPD confirmation for the compensation of employee's expenditures totalling Kshs.125,543,285, the accuracy and completeness of the account's aggregate balance amounting to Kshs.247,703,175 reflected in the statement of receipts and payments for the year ended 30 June, 2019 has not been confirmed.

(ii) Personal Allowances

Included in the compensation of employees balance totalling Kshs.247,703,175 reflected in the statement of receipts and payments for the year ended 30 June, 2019 is

Kshs.6,190,900 incurred on personal allowances paid to some members of staff as part of salary and training expenses, as well as domestic travel and subsistence allowances. However, support documents such as training attendance schedules and signed registers and the rates of the allowances earned by the payees were not presented for audit. As a result, the completeness and validity of the expenditure has not been confirmed.

In the absence of relevant and reliable evidence for these expenditures, the validity of the aggregate compensation of employees expenditures totalling Kshs.247,703,175 reflected in the statement of receipts and payments for the year under review has not been confirmed.

4. Unsupported Goods and Services Expenditures

The statement of receipts and payments reflects expenditures totalling Kshs.321,550,353 incurred by the County Assembly to purchase goods and services during the year under review.

The balance includes payments totalling Kshs.1,457,000 that were not supported with relevant records such as payment vouchers and procurement records. In the absence of relevant evidence, the occurrence and measurement of the expenditure could not be confirmed.

As a result of the ommission, the accuracy and completeness of the purchase of goods and services balance totalling Kshs.321, 550,353 reflected in the statement of receipts and payments for the year under review has not been confirmed.

5. Incorrect Presentation of the Financial Statements

The statement of financial assets and liabilities as at 30 June, 2019 reflects a nil balance in respect to accounts receivables – outstanding imprests referenced to Note 14 to the financial statements. However, the Note is not among those in the financial statements since these are numbered from 1 to 13 followed by 16 to 17.

In addition, Note 16 to the financial statements reflects fund balances brought forward to the years 2016/17 and 2017/2018 instead of 2017/18 and 2018/2019 respectively.

Further, Note 17 to the financial statements cites a credit adjustment amounting to Kshs.5,296,191 made on Accounts Receivables in the previous (2017/18) financial year. However, contrary to the requirements of International Public Sector Accounting Standard 1 – Presentation of Financial Statements - the amount of the reported adjustment has not been disclosed, and as a result, it is not possible to confirm the occurrence and validity of the adjustment

In view of these discrepancies, the accuracy of the Accounts Receivables balance reflected as nil as at 30 June, 2019 has not been confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Assembly of Taita Taveta 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. Except for the matters described in the Basis for Qualified Opinion section of my report, I have determined that there are no other key audit matters to communicate in my report.

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 Qualified Opinion, Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections 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. Irregular Recruitment of Employees

During the financial year under review, the County Assembly Service Board recruited twenty-seven (27) employees on permanent and pensionable terms. However, of the staff employed, twenty-two (22) or 82% were from one ethnic community which is dominant in the County. This was contrary to Section 65 (e) of the County Governments Act, 2012 which requires at least thirty per cent (30%) of vacant posts at entry level be filled by candidates who are not from the dominant community in a County.

Therefore, Management carried out the recruitment contrary to the Law.

2. Irregular Retention of Staff

Examination of personnel records indicated that the County Assembly appointed a Senior Procurement Officer II on permanent and pensionable terms at the age of (59) years. However, on attaining the mandatory retirement age of sixty (60) years an year later, the County Assembly Service Board revised his terms of service to a five-year contract from February, 2015 to February, 2020, and thereafter promoted him to Senior Procurement Officer I.

Similarly,, the County Assembly Service Board extended a driver's employment for two years to October, 2019 after he attained the mandatory retirement age of sixty (60) years in October, 2017.

These actions contravened Section D(21) of the Human Resource Policies and Procedures Manual for the Public Service, 2016 which requires all officers to retire from the Service on attaining the mandatory retirement age of 60 years or 65 years for persons with disabilities.

3. Irregular Procurement of Foreign Travel Tickets

Section 91(1,2) of the Public Procurement and Asset Disposal Act, 2015, provides that Open Tendering shall be the preferred procurement method for goods, works and services. Additionally, the Section provides that a procuring entity may use an alternative procurement procedure only if that procedure is allowed and satisfies the legal conditions for use of that method.

During the year under review, Management paid Kshs.3,600,000 to a travel firm to provide air-tickets to Members of the County Assembly for a visit to Israel. However, it was not possible to confirm that the firm was chosen competitively as required by the Public Procurement and Asset Disposal Act, 2015 as there were no records to show how the firm was awarded the contract.

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 Qualified Opinion, Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources, Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections 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. Fixed Assets Not Tagged

Section 149(2)(o) of the Public Finance Management Act, 2012 requires every County Government Accounting Officer to ensure that adequate systems and processes are in

place to plan for, procure, account for, maintain, store and dispose of assets, including an asset register that is current, accurate and available to the relevant County Treasury. In addition, a functional internal control system calls for accuracy and clarity in accounting for the assets of the entity.

However, sampled verification of the County Assembly's assets valued at Kshs.95,126,463 as at 30 June, 2019 reflected in Annex 4 to the financial statements for the year under review, indicated that the Assembly does not tag its furniture and equipment.

In the absence of tags on assets referenced back to an asset register, the County Assembly lacks adequate control and security over its assets.

2. Failure to Establish Public Finance Management Committee

Regulation 18 (1) of the Public Finance Management (County Governments) Regulations, 2015, provides that there be established in every County Government entity a Public Finance Management Standing Committee to provide strategic guidance on public finance management matters. However, the County Assembly of Taita Taveta did not have a Public Finance Management Committee during the year under review.

In view of the omission, oversight on public finances appropriated to the County Assembly was not properly established.

3. Failure to Develop Risk Management Strategy

Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015 requires the Accounting Officer to ensure that each County Government entity develops risk management strategies, which would include fraud prevention mechanisms, internal control and other measures that ensure robust business operations. However, the County Assembly of Taita Taveta did not have a documented risk management strategy in the year under review.

In view of the omission, the County Assembly failed to adhere to the law and further, missed the opportunity to improve its operations by managing its risks in an objective way.

4. Failure to Establish an Audit committee

Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015 requires Management of each County government entity to establish an Audit Committee to oversee expenditures incurred by the entity. However, in the year under review, the County Assembly of Taita Taveta did not have an operational Audit Committee.

In the circumstances, the financial affairs of the County Assembly were not managed in accordance with the law. Further, the internal control systems were incomplete and the risk of ineffective use of resources was high.

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 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 County Assembly's ability to continue sustaining its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to dissolve the County Assembly or 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 ability of the County Assembly 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 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 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

12 November, 2020

5. FINANCIAL STATEMENTS

5.1. STATEMENT OF RECEIPTS AND PAYMENTS

FOR THE YEAR ENDED 30TH JUNE, 2019

	Note	2018/19 KShs	2017/18 KShs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	661,875,359	556,125,370
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		**661,875,359**	**556,125,370** -
PAYMENTS			
Compensation of Employees	4	(247,703,175)	(261,766,420)
Use of goods and services	5	(321,550,353)	(256,332,860)
Subsidies	6	-	-
Transfers to Other Government Entities	7	(58,500,000)	(25,000,000)
Other grants and transfers	8	-	-
Social Security Benefits	9	(23,351,306)	-
Acquisition of Assets	10	(38,497,067)	(12,130,291)
Finance Costs	11	(47,806)	(37,620)
Other Payments	12	-	-
TOTAL PAYMENTS		**(689,649,707)**	**(555,267,191)**
SURPLUS/DEFICIT		**(27,774,348)**	**858,179**

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

Clerk of the Assembly

Principal Finance *Officer*

5.2. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

AS AT 30TH JUNE, 2019

FINANCIAL ASSETS	Note	2018/19 KShs	2017/18 KShs
Cash and Cash Equivalents			
Bank Balances	13A	702,098	28,476,446
Cash Balances	13B	-	-
Total Cash and cash equivalents		**702,098**	**28,476,446**
Accounts receivables – Outstanding Imprests	14	-	5,296,191
TOTAL FINANCIAL ASSETS		**702,098**	**33,772,637**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	15	-	-
NET FINANCIAL ASSETS		**702,098**	**33,772,637**
REPRESENTED BY			
Fund balance b/fwd	16	33,772,637	32,914,458
Surplus/Deficit for the year		(27,774,348)	858,179
Prior Year Adjustments		(5,296,191)	
NET FINANCIAL POSITION		**702,098**	**33,772,637**

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

Clerk of the Assembly

Principal Finance Officer

5.3. STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30TH 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	661,875,359	556,125,370
Other Receipts	3	-	-
Payments for operating expenses			
Compensation of Employees	4	(247,703,175)	(261,766,420)
Use of goods and services	5	(321,550,353)	(256,332,860)
Subsidies	6	-	-
Transfers to Other Government Entities	7	(58,500,000)	(25,000,000)
Other grants and transfers	8	-	-
Social Security Benefits	9	(23,351,306)	-
Finance Costs	11	(47,806)	(37,620)
Other Payments	12	-	-
Adjusted for:			
Adjustments during the year		-	(2,892,715)
Net cash flows from operating activities		**10,722,719**	**10,095,755**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	(38,497,067)	(12,130,291)
Net cash flows from investing activities		**(38,497,067)**	**(12,130,291)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(27,774,348)**	**(2,034,536)**
Cash and cash equivalent at BEGINNING of the year	13	**28,476,446**	**30,510,982**
Cash and cash equivalent at END of the year		**702,098**	**28,476,446**

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

Clerk of the Assembly

Principal Finance Officer

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

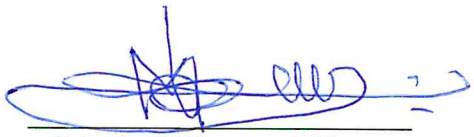
FOR THE YEAR ENDED 30TH JUNE, 2019

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	790,000,000	(88,760,000)	701,240,000	695,679,359	99%
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	-	-
TOTAL	790,000,000	(88,760,000)	701,240,000	695,679,359	99%
PAYMENTS					
Compensation of Employees	263,386,507	(25,260,000)	238,126,507	247,703,175	104%
Use of goods and services	272,666,744	50,500,000	323,166,744	321,550,353	99%
Subsidies	-	-	-	-	0%
Transfers to Other Government Entities	30,000,000	30,000,000	60,000,000	58,500,000	98%
Other grants and transfers	-	-	-	-	0%
Social Security Benefits	11,183,749	(1,500,000)	9,683,749	23,351,306	241%
Acquisition of Assets	212,363,000	(142,500,000)	69,863,000	38,497,067	55%
Finance Costs	400,000	-	400,000	47,806	12%
Other Payments	-	-	-	-	0%
TOTAL	790,000,000	(88,760,000)	701,240,000	689,649,707	98%
SURPLUS/ DEFICIT	-	-	-	**6,029,652**	

(a) Finance costs – due to the delayed disbursements to the County Assembly, the transactions that the County assembly engaged in were very few hence the low bank charges

The entity financial statements were approved on 25th October, 2019 and signed by:

Clerk of the Assembly



Principal Finance Officer

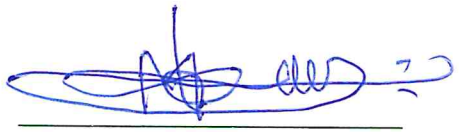
5.5. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT

FOR THE YEAR ENDED 30TH JUNE, 2019

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	590,000,000	46,240,000	636,240,000	661,875,359	**104%**
Proceeds from Sale of Assets					**0%**
Other Receipts	-	-	-	-	
TOTAL	590,000,000	46,240,000	636,240,000	661,875,359	**104%**
PAYMENTS					
Compensation of Employees	263,386,506	(25,260,000)	238,126,507	247,703,175	**104%**
Use of goods and services	272,666,744	50,500,000	323,166,744	321,550,353	**99%**
Subsidies				-	**0%**
Transfers to Other Government Entities	30,000,000	30,000,000	60,000,000	58,500,000	**98%**
Other grants and transfers				-	**0%**
Social Security Benefits	11,183,749	(1,500,000)	9,683,749	23,351,306	**241%**
Acquisition of Assets	12,363,000	(7,500,000)	4,863,000	4,693,067	**97%**
Finance Costs	400,000		400,000	47,806	**12%**
Other Payments					**0%**
TOTAL	**590,000,000**	**46,240,000**	**636,240,000**	**655,845,707**	**103%**
Surplus/ Deficit	-	-	-	**6,029,652**	

The entity financial statements were approved on 25th October, 2019 and signed by:

Clerk of the Assembly



Principal Finance Officer

5.6. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: DEVELOPMENT FOR THE YEAR ENDED 30TH JUNE, 2019

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	200,000,000	(135,000,000)	65,000,000	33,804,000	52%
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	-	-
TOTAL	**200,000,000**	**(135,000,000)**	**65,000,000**	**33,804,000**	**52%**
PAYMENTS					
Compensation of Employees	-	-	-	-	-
Use of goods and services	-	-	-	-	-
Subsidies	-	-	-	-	-
Transfers to Other Government Entities	-	-	-	-	-
Other grants and transfers	-	-	-	-	-
Social Security Benefits	-	-	-	-	-
Acquisition of Assets	200,000,000.00	(135,000,000)	65,000,000	33,804,000	52%
Finance Costs	-	-	-	-	-
Other Payments	-	-	-	-	-
TOTAL	**200,000,000.00**	**(135,000,000)**	**65,000,000**	**33,804,000**	**52%**
SURPLUS/ DEFICIT	-	-	-	-	

The entity financial statements were approved on 25th October, 2019 and signed by:

Clerk of the Assembly

Principal Finance Officer

5.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

FOR THE YEAR ENDED 30TH JUNE, 2019

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	KShs	KShs	KShs	KShs	KShs
Program 1: General Administration and Planning					
Sub-programme 1	341,244,307	(48,451,952)	292,792,356	295,315,697	(2,523,342)
Sub-programme 2	-	-	-	-	-
Sub-programme 3	-	-	-	-	-
Program 2: Legislation and Oversight					
Sub-programme 1	448,755,693	(40,308,048)	408,447,644	394,334,010	14,113,635
Sub-programme 2	-	-	-	-	-
Sub-programme 3	-	-	-	-	-
	790,000,000	**(88,760,000)**	**701,240,000**	**689,649,707**	**11,590,293**

5.8. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

2. Reporting entity

The financial statements are for the Taita Taveta County Assembly. The financial statements encompass the reporting entity as specified in section 164 of PFM Act 2012.

3. Recognition of receipts and payments

a) Recognition of receipts

The County Assembly recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Assembly.

Tax receipts

Tax Receipts is recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received.

Transfers from the Exchequer/ County Treasury

Transfer from Exchequer is recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Receipts

Other receipts relate to receipts such as tender fees among others. These are recognised in the financial statements when the associated cash is received.

b) Recognition of payments

The entity recognises all expenses when the event occurs and the related cash has actually been paid out by the entity.

Compensation of employees

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

Use of goods and services

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

4. In-kind contributions

In-kind contributions are donations that are made to Taita Taveta 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, Taita Taveta 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.

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2019, this amounted to KShs. Nil compared to KShs. Nil in prior period. There were no other restrictions on cash during the year.

6. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year 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. 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 Taita Taveta 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 Taita Taveta County Assembly budget was approved as required by Law .The original budget was approved by the County Assembly on 29th June, 2018 for the period 1st July 2018 to 30 June 2019 as required by law. There was two number of supplementary budgets passed in the year. A high-level assessment of the Taita Taveta County Assembly 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	102,315,833	111,251,906
Transfers from the County Treasury for Q2	165,559,526	135,695,236
Transfers from the County Treasury for Q3	166,000,000	149,139,290
Transfers from the County Treasury for Q4	228,000,000	160,038,938
Cumulative Amount	**661,875,359**	**556,125,370**

2. PROCEEDS FROM SALE OF ASSETS

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

3. OTHER RECEIPTS

	2018/19	2017/18
	KShs	KShs
Tender fees received	-	-
Other Receipts II	-	-
Other Receipts III	-	-
Other Receipts IV	-	-
Total	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. COMPENSATION OF EMPLOYEES

	2018/19 KShs	2017/18 KShs
Basic salaries of permanent employees	125,543,285	94,310,580
Basic wages of temporary employees	16,061,130	11,942,770
Personal allowances paid as part of salary	81,377,239	22,450,166
Personal allowances paid as reimbursements	-	29,399,467
Personal allowances provided in kind	-	-
Pension and other social security contributions	14,862,740	50,712,539
Compulsory national social security schemes	2,319,138	-
Compulsory national health insurance schemes	2,439,509	-
Social benefit schemes outside government	-	-
Other personnel payments	5,100,135	52,950,898
Total	**247,703,175**	**261,766,420**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. USE OF GOODS AND SERVICES

	2018/19 KShs	2017/18 KShs
Utilities, supplies and services	628,206	210,199
Communication, supplies and services	704,764	2,192,458
Domestic travel and subsistence	179,891,825	102,493,769
Foreign travel and subsistence	15,024,346	66,391,719
Printing, advertising and information supplies & services	5,595,954	4,218,877
Rentals of produced assets	9,334,500	-
Training expenses	29,057,286	10,766,953
Hospitality supplies and services	27,877,603	22,745,216
Insurance costs	25,484,107	22,122,730
Specialized materials and services	1,166,380	163,000
Office and general supplies and services	2,053,580	9,342,678
Other operating expenses	13,968,478	9,868,006
Routine maintenance – vehicles and other transport equipment	3,405,532	1,893,795
Routine maintenance – other assets	1,229,257	287,116
Fuels and Lubricants	6,128,537	3,636,344
Total	**321,550,353**	**256,332,860**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. SUBSIDIES

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

7. TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2018/19 KShs	2017/18 KShs
Transfers to National Government entities	-	-
Transfers to other County Assembly entities	-	-
(Mortgage Fund or Car Loan Fund)	58,500,000	25,000,000
TOTAL	**58,500,000**	**25,000,000**

8. OTHER GRANTS AND TRANSFERS

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. SOCIAL SECURITY BENEFITS

	2018/19	2017/18
	KShs	KShs
Government pension and retirement benefits (Lap-fund & Lap-trust)	23,351,306	-
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	-	-
Total	**23,351,306**	-

10. ACQUISITION OF ASSETS

Non- Financial Assets	2018/19	2017/18
	KShs	KShs
Purchase of Buildings	-	-
Construction of Buildings	33,804,000	11,271,227
Refurbishment of Buildings	-	-
Construction of Roads	-	-
Construction and Civil Works	-	-
Overhaul and Refurbishment of Construction and Civil Works	-	-
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and Equipment	172,757	859,064
Purchase of ICT Equipment	4,520,310	-
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Purchase of Certified Seeds, Breeding Stock and Live Animals	-	-
Research, Studies, Project Preparation, Design & Supervision	-	-
Rehabilitation of Civil Works	-	-
Acquisition of Strategic Stocks and commodities	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Total purchase of non-financial assets	**38,497,067**	**12,130,291**
Financial Assets	-	-
Domestic Public Non-Financial Enterprises	-	-
Domestic Public Financial Institutions	-	-
Total purchase of financial assets	-	-
Total	**38,497,067**	**12,130,291**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. FINANCE COSTS

	2018/19	2017/18
	KShs	KShs
Bank Charges	47,806	37,620
Exchange Rate Losses	-	-
Other Finance costs	-	-
Interest on borrowings	-	-
Total	**47,806**	**37,620**

12. OTHER PAYMENTS

	2018/19	2017/18
	KShs	KShs
Budget Reserves	-	-
Civil Contingency Reserves	-	-
Capital Transfers to Non-Financial Public Enterprises	-	-
Capital Transfer to Public Financial Institutions and Enterprises	-	-
Capital Transfers to Private Non-Financial Enterprises	-	-
Total	-	-

13. CASH AND BANK BALANCES

13A. BANK BALANCES

Name of Bank, Account No. & Currency	Indicated whether recurrent or development	2018/19	2017/18
		KShs	KShs
KCB-WUNDANYI BRANCH, 1158049811& Currency Kshs.	Development Acc	704,058	69,715
CBK NAIROBI A/C 1000245743 & Currency Kshs.	Recurrent Acc	8,347	28,385,486
KCB-WUNDANYI BRANCH, 1145543405 & Currency Kshs.	Commercial Bank Accs.	(10,307)	21,245
Total		**702,098**	**28,746,446**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13B. CASH IN HAND

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

Cash in hand should be analysed as follows:

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

14. ACCOUNTS RECEIVABLE

	2018/19	2017/18
	KShs	KShs
Government Imprests	-	5,296,191
Clearance Accounts	-	-
Staff Advances	-	-
Other Advances	-	-
Total	**-**	**5,296,191**

15. ACCOUNTS PAYABLE

	2018/19	2017/18
	KShs	KShs
Deposits	-	-
Retentions	-	-
Total	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. FUND BALANCE BROUGHT FORWARD

	2017/18	2016/17
	KShs	KShs
Bank accounts	28,476,446	30,510,981
Cash in hand	-	-
Accounts Receivables	5,296,191	2,403,477
Accounts Payables	-	-
Total	**33,772,637**	**32,914,458**

17. PRIOR YEAR ADJUSTMENTS

Description of the adjustment	2018/19	2017/18
	KShs	KShs
Adjustments on bank account balances	-	30,510,981
Adjustments on cash in hand	-	-
Adjustments on payables	-	-
Adjustments on receivables	(5,296,191)	2,403,477
Others (*specify*)	-	-
Total	**(5,296,191)**	**32,914,458**

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	10,000,000	23,804,000	(33,804,000)	-
Construction of civil works	-	-	-	-
Supply of goods	6,080,150	6,725,169	(5,114,542)	7,690,777
Supply of services	7,597,121	22,661,614	(15,449,580)	14,809,154
Total	**23,677,271**	**53,190,783**	**(54,368,122)**	**22,499,931**

2. PENDING STAFF PAYABLES (See Annex 2)

Description	Balance b/f FY 2017/2018 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2018/2019 Kshs
Senior management	-	1,1189,224	(158,500)	1,030,724
Middle management	1,701,200	8,935,220	(3,199,120)	7,437,300
Others	-	1,797,700	(943,900)	853,800
Total	**1,701,200**	**11,922,344**	**(4,301,520)**	**9,321,824**

3. OTHER PENDING PAYABLES (See Annex 3)

Description	Balance b/f FY 2017/2018 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2018/2019 Kshs
Amounts due to National Government entities	202,619	-	(202,619)	-
Amounts due to County Government entities	-	-	(-)	-
Amounts due to third parties	-	-	(-)	-
Total	**202,619**	**-**	**(202,619)**	**-**

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 Kshs	2017- 2018 Kshs
Compensation to Key Management		
Compensation to the Speaker, Deputy Speaker and the MCAs	-	64,956,000
Key Management Compensation(Clerk and Heads of departments)	-	21,499,080
Total Compensation to Key Management	**-**	**86,455,080**
Transfers to related parties		
Transfers to other County Government Entities such as car and mortgage schemes	58,500,000	-
Transfers to County Corporations	-	-
Transfers to non reporting entities e.g ECD centres, welfare centres etc	-	-
Total Transfers to related parties	**58,500,000**	**-**
Transfers from related parties		
Transfers from the County Executive- Exchequer	661,875,359	556,125,370
Payments made on behalf of the County Assembly by other Government Agencies	-	-
(Insert any other transfers received)	-	-
Total Transfers from related parties	**661,875,359**	**556,125,370**

DISCLOSURES (CONTINUED)

N/B: As at 30th June, 2019 the CBK balance was 9,388.1. However an amount of Kshs. 47,000,000 was received on 1st July, 2019 which was recognised as income for 2018-2019 as budgeted. The same was used to pay June 2019 commitments as per expenditure of Kshs. 47,001,041.60 and left with a closing balance of Kshs. 8,346.50.

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)*
.2.	Unsupported Expenditure	All unsupported expenditure have been supported	Gadiel Maghanga	Resolved	
4.	Outstanding Imprests	Outstanding imprest were surrendered by respective persons	Gadiel Maghanga	Resolved	
3.	Irregular Appointment, retention & promotion of staffs	Management forwarded the matter to County Assembly	Michael Ngala	Resolved	The affected staff is expected to leave office on February 2020.

Guidance Notes:

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

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

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

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

Clerk of the County Assembly

Sign.....

Date.....25/10/2019.....

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. MSUYA GENERAL SUPPLIES			33,804,000	-	10,000,000	
2.						
3.						
Sub-Total			**33,804,000**		**10,000,000**	
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7. ALBYZZ ENTERPRISES	76,200		38,100	38,100		
8. ASHTEL ENTERPRISES LTD	2,500		-	2,500	2,500	
9. CHENGA AUTO HARDWARE	52,000		33,800	18,200	18,200	
10. COASTAL IMAGE TECHNOLOGIES	243,534		-	243,534		
11. COUNTY (K) LIMITED	2,386,000		881,500	1,504,500	922,500	
12. CHALASAH	30,000		-	30,000	40,000	
13. LUCJAP COMPANY LIMITED	367,500		-	367,500		
14. DAVARO	248,000		-	248,000		
15. FAIRDEAL FURNITURES	1,162,204		956,043	206,161	859,064	
16. JEMKA ENTERPRISES	86,000		-	86,000		
17. KIDASI CHAPO	205,420		144,120	61,300	93,600	

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Comments
18. LARISCO BUILDERS & CONSTRUCTION	449,100		300,000	149,100		
19. LITEZ COMPUTER & STATIONERY	1,028,530		823,996	204,534	437,000	
20. CHAOJEDI INVESTMENTS	140,000		-	140,000		
21. MAXWORLD INVESTMENTS	1,392,000		400,000	992,000	1,392,000	
22. MT. CAMEL TIMBERLAND AN HARDWARE	93,020		-	93,020	48,760	
23. PAMTECH GENERAL MERCHANTS	19,500		10,750	8,750		
24. QUIBIT TECHNOLOGIES LTD (WAKA ICT)	1,141,100		662,700	478,400	478,400	
25. SILVER SPLASH FURNITURE MART	37,000		-	37,000		
26. SOTRA CONTRACTORS	883,000		-	883,000		
27. TOP SHOP	444,951		296,536	148,415		
28. TRADE MAGNET LIMITED	267,000		-	267,000		
29. YES YES GENERAL SUPPLIES	2,050,760		566,998	1,483,762	412,000	
30. STAVIC APPARELS					165,550	
31. JULAVA ENTERPRISES					69,100	
Sub-Total	**12,805,319**		**5,114,542**	**7,690,777**	**4,938,674**	
Supply of services						
32. ZIPAK GENERAL CONTRACTORS	1,637,200		1,164,424	472,776	472,000	
33. ANDYMAC HOTEL	16,500		-	16,500		
34. BAHARI FILLING STATION	270,285		-	270,285		
35. BLISS RESORT (ISINYA)	927,100		113,100	814,000		
36. CMC MOTORS	198,761		-	198,761	185,766	
37. GRANDLAB DIGITALS	251,360		82,500	168,860	82,500	
38. HAJA VENTURES	2,799,200		2,455,966	343,234	148,000	
39. HI-TECHZ INVESTMENTS	1,192,440		484,500	707,940	453,500	
40. INSTITUTE OF INTERNAL AUDITORS	10,000		-	10,000	15,000	
41. LAVENDER GARDEN HOTEL	1,461,664		953,143	508,521	446,100	
42. DOUBLE TAP ENTERTAINMENT	127,350		-	127,350		

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Comments
43. KENYA SAFARI LODGES & HOTELS	1,837,300		-	1,837,300	927,900	
44. MOMBASA CONTINENTAL RESORT	678,200		269,000	409,200		
45. NATION MEDIA GROUP	3,865,698		2,341,640	1,524,058	1,095,040	
46. PRIDE INN PARADISE	1,563,000		250,000	1,313,000		
47. SAROVA TAITA HILLS	150,000		-	150,000		
48. SHARIA NYANGE ADVOCATES	2,500,000		1,000,000	1,500,000		
49. STANDARD GROUP LTD	2,990,614		1,845,243	1,145,371	1,035,718	
50. THE STAR	1,229,040		-	1,229,040		
51. TAGHO C.I GROUP	385,380		363,330	22,050		
52. TAITA ROCK HOTELS	745,824		-	745,824	72,200	
53. TELKOM	806,144		666,480	139,664	139,200	
54. TOYOTA KENYA LTD	3,488,174		2,807,454	680,720	401,301	
55. VACANI RESORT	1,127,500		652,800	474,700		
56. UPENDO DAIRY					24,876	
57. TAVEVO WATER & SEWERAGE CO. LTD					68,615	
58. KENYA POWER & LIGHTINING CO.					19,399	
59. VOI WILDLIFE LODGE					88,000	
60. SHAMALINE CONSULTANTS					2,650,000	
61. GLOBAL CENTRE FOR CAPACITY BUILDING					180,000	
62. KENYA SCHOOL OF GOVERNMENT					120,640	
63. CENTRE FOR PARLIAMENTARY STUDIES AND TRAINING					70,000	
64. RYCE ENGINEERING					43,442	
Sub-Total	**30,258,734**		**15,449,580**	**14,809,154**	**8,738,597**	
Grand Total	**43,064,054**		**54,368,122**	**22,499,931**	**23,677,271**	

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. FLORENCE SHAKE		185,400		88,000	97,400		
2. MARY AMBI		869,200		377,200	492,000		
3. BRIAN MWANDATA		220,200		124,600	95,600		
4. MARY AMBI		19,000		-	19,000		
5. GEORGE MZUNGU		225,600		169,200	56,400		
6. BEATRICE KIWINGA		92,000		9,400	82,600		
7. RODGERS MAGHANGA		222,000		124,600	97,400		
8. GEORGE MZUNGU		131,600		47,000	84600		
9. JOSEPH MWAKISHA		580,200		390,800	189,400		
10. STELLAH WORESHA		202,400		109,800	92,600		
11. YUSTINA KUNDERI		123,000		75,200	47,800		
12. MESHACK MAGHANGA		206,400		-	206,400		
13. GEORGE MZUNGU		144,400		71,200	71,200		
14. JOSEPH MWAKISHA		547,200		-	547,200		
15. JAMES MWANG'OMBE		135,932		-	135,932		
16. JAMES MWANG'OMBE		97,932		-	97,932		
17. JOSEPH MKALA		200,100		64,500	135,600		
18. JACKSON MWAGHARO		176,000		110,000	66,000		
19. WILLIAM SOWA		28,400		-	28,400		
20. GABRIEL ZAI		33,600		-	33,600		
21. MICHAEL NGALA		37,600		-	37,600		
22. MILKA RIGHA		94,000		-	94,000		
23. PHELIS MWAMBERE		96,000		-	96,000		
24. YUSTINA KUNDERI		419,420		-	419,420		

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Comments
25. STANLEY MWAKIO		44,800		-	44,800		
26. PHELIS MWAMBERE		59,660		-	59,660		
27. PHELIS MWAMBERE		62,000		-	62,000		
28. JENTAH MWARUMA		381,200		83,600	297,600		
29. JENTAH MWARUMA		361,200		75,600	285,600		
30. REUBEN MWANYOLO		1,969,000		70,000	1,899,000		
31. BEATRICE NJUMWA		414,000		223,800	190,200		
32. YUSTINA KUNDERI		1,471,800		456,320	1,015,480		
33. JENTAH MWARUMA		792,800		367,200	425,600		
34. RODGERS MBANDI		168,000		67,200	100,800		
35. NELSON MWANYALO		17,500		6,300	11,200		
36. YUSTINA KUNDERI		1,890,500		1,034,000	856,500		
37. JULIUS MATHEKA		197,200		62,000	135,200	1,484,000	
38. MARGARET MWANGUO		404,400		-	404,400	200,000	
39. JAMES MANG'OMBE		171,200		94,000	77,200		
40. YUSTINA KUNDERI		95,600		-	95,600		
41. JOHN NJORE		34,900		-	34,900		
42. JOHN KOTAH		-		-	-	6,000	
43. JONATHAN MWAKACHOLA		-		-	-	11,200	
Sub-Total		**13,623,344**		**4,301,520**	**9,321,824**	**1,701,200**	
Grand Total		**13,623,344**		**4,301,520**	**9,321,824**	**1,701,200**	

ANNEX 3 – ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Comments
		a	b	c	d=a-c		
Amounts due to National Govt Entities							
1. NSSF				77,352		77,352	
2. NHIF				62,633		62,633	
3. NHIF				62,633		62,633	
Sub-Total				**202,619**		**202,619**	
Amounts due to County Govt Entities							
4.							
5.							
6.							
Sub-Total							
Amounts due to Third Parties							
7.							
8.							
9.							
Sub-Total							
Others (*specify*)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (KShs) 2017/18	Additions during the year (KShs)	Disposals during the year (KShs)	Transfers in/(out)	Historical Cost c/f (KShs) 2018/19
Land					
Buildings and structures (Work in progress)	15,490,870	33,804,000			49,294,870
Transport equipment	37,500,000	-			37,500,000
Office equipment, furniture and fittings	859,064	172,757			1,031,821
ICT Equipment	2,779,462	4,520,310			7,299,772
Machinery and Equipment					
Biological assets					
Infrastructure Assets					
Heritage and cultural assets					
Intangible assets					
Work In Progress					
Total	**56,629,396**	**38,497,067**			**95,126,463**

ANNEX 5 – ANALYSIS OF OUTSTANDING IMPRESTS

Government Imprest Holders

Name of Officer or Institution	*Date Imprest Taken*	*Amount Taken*	*Amount Surrendered*	*Balance*
		KShs	***KShs***	***KShs***
Name of Officer or Institution	dd/mm/yy	-	-	-
Name of Officer or Institution	dd/mm/yy	-	-	-
Name of Officer or Institution	dd/mm/yy	-	-	-
Name of Officer or Institution	dd/mm/yy	-	-	-
Name of Officer or Institution	dd/mm/yy	-	-	-
Name of Officer or Institution	dd/mm/yy	-	-	-
Total				-

ANNEX 6 – BANK RECONCILIATION/FO 30 REPORT