REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

COUNTY ASSEMBLY OF THARAKA-NITHI

FOR THE YEAR ENDED 30 JUNE, 2019

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
27 JUL 2020
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THARAKA NITHI COUNTY ASSEMBLY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2019

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

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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The County Assembly is constituted as per the constitution of Kenya and is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the County Assembly. The Second County Assembly constitutes 15 Members of County Assembly (MCAs) elected to represent members of the public from their respective wards and an additional 5 members nominated by political parties. It has 10 MCAs from Jubilee Party, 3 from NARC Kenya and 2 Independent elected MCAs. 4 of the nominated MCAs are under Jubilee while 1 is under the NARC Kenya emblem. The constitution of the County Assembly Committees is all inclusive regardless of party affiliations, a pointer to the legislators working together for the common good of the people of Tharaka Nithi. The MCAs are responsible for making laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

Tharaka Nithi County Assembly has its Vision, Mission and Core Values as highlighted below:

Vision
To be a supreme, effective, efficient and self-sustaining County Assembly as a major participant in the process of good governance

Mission
To facilitate members of Tharaka Nithi County Assembly to efficiently and effectively fulfil the constitutional mandate in a representative system of devolved government

Core Values
- ✓ Professionalism and Team Work
- ✓ Accountability
- ✓ Transparency and Integrity
- ✓ Courtesy
- ✓ Efficiency and Responsiveness
- ✓ Prudent use of Resources

(b) Key Management
The *Tharaka Nithi County Assembly's* day-to-day management is under the following key organs:

- **Tharaka Nithi County Assembly Service Board**

Pursuant to Section 12 of the County Government Act, the County Assembly Service Board is responsible for:

(a) Providing services and facilities to ensure efficient and effective functioning of the County Assembly

(b) Constituting offices in the County Assembly Service and appointing and supervising the office holder

(c) Preparing Annual Estimates of expenditure of the County Assembly Service and submitting them to the County Assembly for approval and executing budgetary control over the same.

(d) Undertaking programmes to promote the ideas of parliamentary democracy

(e) Performing the function necessary for the wellbeing of the members and staff of the County Assembly

- **The Clerk of the County Assembly**

In accordance to PFM Act 2012, the Clerk of the County Assembly is the Accounting Officer and is responsible for:

147(1) Subject to the Constitution, the Accounting Officer of a County Assembly shall monitor, evaluate and oversee the management of their public finances, including:-

(a) Promoting and enforcing transparency, effective management and accountability with regard to the use of their finances

(b) Ensuring that accounting standards are applied

(c) Implementing financial policies in relation to their finances

(d) Ensuring proper management and control of, and accounting for, their finances in order to promote the efficient and effective use of budgetary resources

(e) Preparing Annual Estimates of expenditures

(f) Acting as custodian of the entity`s assets except as may be provided by the other legislation or the constitution

(g) Monitoring the management of their finances and their financial performance

(h) Reporting regularly to the County Assembly on the implementation of their budget and

(i) Take such action, not inconsistent with the constitution, as will further the implementation of this Act

The core responsibility of various departments is to facilitate the Members of County Assembly to achieve their mandates. Tharaka Nithi County Assembly is made up of various departments i.e. Office of the Speaker, Office of the Clerk, Finance & Accounts, Human Resource, Internal Audit, Procurement, Sergeant at-arms, Hansard & Communication, Administration, Legal and ICT departments. Through team work, these various departments have had the following achievements under the new management:

- Development of various County Assembly policies such as Transport, Secondment and Training Policies

- In the process of developing the Tharaka Nithi County Assembly Strategic Plan for 2019-2024

(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	**Amos Kiangwe Sikweya**
2.	Dir. Finance & Accounts	**Purity Kawira Njeru**

(d) Fiduciary Oversight Arrangements

The following committees have been established in the County Assembly:

i. The Loan Management Committee which considers application for Car loan and Mortgage loans

ii. The Management Committee that consists of the Clerk of the County Assembly and Heads of departments in the Assembly and is responsible for advising the Board on matters relating to the functions and powers of the County Assembly Service Board

iii. The Staff Advisory Committee that consists of staff from various departments and is responsible for advising the County Assembly Service Board through the Assembly Clerk on matters relating to staff

iv. County Assembly Audit Committee

Other Fiduciary arrangements include the following offices:

v. The Office of the Auditor General(OAG) that performs audits and report on all public entities, all courts and commissions whose funding is from public fund

vi. The Controller of Budget(COB) that plays an oversight role in the implementation of the Budgets assigned to County Governments in accordance with the law

vii. Commission on Revenue Allocation (CRA) that ensures equitable sharing of nationally generated revenue between the National Government and the County Government and among County Governments.

viii. The National Treasury that is mandated to formulate Financial and Economic policies, manage revenues, expenditures and borrowing by the County Government and also preparation of the National Budget

ix. The Salaries and Remuneration Commission(SRC) that ensures fair, equitable and sustainable remuneration of all state and public servants

x. The Society of clerks at the table in Kenyan County Legislatures(SOCCAT-K) which is an association of the Clerks and staff of the 47 County Assemblies in Kenya. It develops the capacities of the County Assemblies clerks and staff so that they can effectively discharge their duties.

xi. The County Assemblies Forum (CAF) which is a coordinating body of the 47 County Assemblies established to support the County Assemblies perform their core functions.

(e) Entity Headquarters

Tharaka Nithi County Assembly
P.O. Box 694
Chuka, Kenya

(f) Entity Contacts

Telephone: 202399828
E-mail: tharakanithicountyassembly@gmail.com
Website: Http://.tharakanithica.go.ke

(g) Entity Bankers

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

2. Equity Bank Limited
   P.O Box 213
   Chuka, Kenya

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

2. FORWARD BY THE CLERK OF THE ASSEMBLY

The County Assembly approved a budget of Kshs. 369,000,000 for the Financial Year 2018/2019 of which Kshs. 352,000,000 was for Recurrent Expenditure and Kshs. 17,000,000 was allocated for Development Expenditure. The budget was later reviewed twice through Supplementary Budget to the same amounts of Kshs. 352,000,000 as Recurrent Expenditure and Kshs. 17,000,000 as Development Expenditure.
However, by the end of Financial Year 30th June, 2019, the County Assembly had received Kshs. 351,999,598 through exchequer releases representing 95.39% of the total annual budget and 99.99% of the Recurrent Expenditure budget. There was no exchequer release on Development Expenditure. As the Financial Statements demonstrate, there is a need to increase the budget ceiling for Recurrent Expenditure because the County Assembly had utilized 99.99% of its Recurrent budget.

Operational Performance

-The County Assembly original budget was passed on 26th June, 2018, the 1st supplementary budget was passed on 21st November, 2018 and the 2nd supplementary budget was passed on 23rd April, 2019.
County Assembly Sectoral committees and their mandates include the following:

1. Agriculture, Environment and Natural resources-Deals with all matters related to agriculture and implementation of specific county government policies on natural resources and environmental conservation.
2. Health Services committee-Deals with all matters related to county health services and control undertakings that sell food to the public.
3. Children culture and community services-Deals with all matters related to cultural activities, public entertainment and public amenities.
4. Transport and public works-Deals with all matters related to county transport.
5. Planning, Trade, Tourism and Cooperatives-Deals with all matters related to County Planning and development.
6. Early Childhood Education and Vocational Training-Deals with all matters relating to pre-primary education, village polytechnics, home crafts centres and child care facilities.
7. Labour and Social Welfare-Deals with all matters relating to labour, trade union relations, manpower, sports etc.
8. Justice and Legal Affairs-Deals with constitutional affairs, administration of law and justice e.g. elections, ethics, integrity and anti-corruption and human rights.

- The oversight role of the County Assembly is done through the various committees where these committees receive annual reports from the relevant departments in executive which they deliberate and table the reports to the assembly for further deliberations and approval.
Further, committees undertake county tours for fact findings on the progress of projects implementation and further draft motions, statements or compile reports to the assembly.
The following are the successes of the sectoral committees over the period:

1. Various bills have been tabled, debated and passed
2. Various motions and statements have been passed
3. Various regulations and policy papers have been approved
4. They have promptly scrutinized Audited Reports that have also been tabled in the

Assembly

5. Investigated and made recommendations on various corruption cases
6. Played an effective role in the budget development
7. Effectively observed the a 2/3 gender rule in all appointments
8. Development of various policy manuals to guide the administration function
9. Development of National Legislation that affect County Governments e.g. County Assembly Service Act, County Government Amendment Act, Amendments to the PFM Act and Ward Development Fund Bill
10. Adoption of various policy circulars issued by the Constitutional Commissions e.g. Salaries and Remuneration Commission

Under this section, include:
-how many laws and policies were passed by the Members of the Assembly during the year and how they are expected to improve efficiency of operations at the County Government as well as benefit the population of the County..

Performance of key development projects

The first development project is Cabro Paving and Parking slots which are a completed project in the County Assembly. This has enhanced convenient parking of Assembly, Members of County Assembly and Staff vehicles within the County Assembly premises. Procurement plan/ Work Plan was in place.

The construction of the County Assembly building is Work in Progress as development project. The County Assembly is in the process of developing its Strategic Plan for 2019-2024.The construction of the County Assembly building will be included in the County Assembly Strategic Plan and Work Plan when it is due. When the said development project is complete, there would be effectiveness and efficiency of the operations of Tharaka Nithi County Assembly due to good working conditions and environment, good and spacious offices hence value addition will be realised.

Comment on value-for-money achievements

The Tharaka Nithi has undertaken a completed project of Cabro Paving and Parking slots within the County Assembly premises (offices). This has beautified the premises and has reduced the frequent floods that have been occurring during the rainy seasons. It has also improved the Parking slots for Members and Staff of the County Assembly. Value for money was realised.The construction of Tharaka Nithi County Assembly as a development project would enhance good working conditions and environment. This would improve the performance of the employees and thus would be at a position of serving the members of County Assembly at their best. These members would then serve the citizens due to good service from the employees hence improving the lives of the citizens of the County.

Challenges and Recommended Way Forward

The following are some of the implementation challenges of strategic objectives for the County Assembly or the key factors that caused the County Assembly not to achieve its goals and the recommended way forward:

Implementation Challenges:

1. The irregular, unpredictable and delays in Exchequer Releases from the National Treasury which in effect hinders effective planning and Budget implementation.

2. Integrated Financial Management Information System(IFMIS) connectivity challenges
3. Limited budget resources vis a vis demand for the resources to support operations of the County Assembly
4. Inadequate basic infrastructure, equipments and facilities

Recommended Way Forward:

1. The National Treasury through Controller of Budget to release the County Assembly`s Exchequer in time and without delays for proper planning and budget execution
2. The National Treasury to address the challenge of Integrated Financial Management Information System(IFMIS)connectivity through its ICT department
3. Budget ceiling for the County Assembly of Tharaka Nithi be increased to avoid limited resources while operating the County Assembly
4. Adhere to the annual budget allocations for the procurement of the various equipments and facilities for good performance and working conditions

NB:

The County Assembly of Tharaka Nithi is in the process of developing its Strategic Plan 2019-2024.

Sign.....
Name: Amos Kiangwe Sikweya
Clerk of the County Assembly

3. STATEMENT OF MANAGEMENT RESPONSIBILITIES

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

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

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

Approval of the financial statements

The County Assembly's Financial Statements were approved and signed by the Clerk of the County Assembly on 23.09.2019.

Clerk of the County Assembly
Name: Amos Kiangwe Sikweya

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
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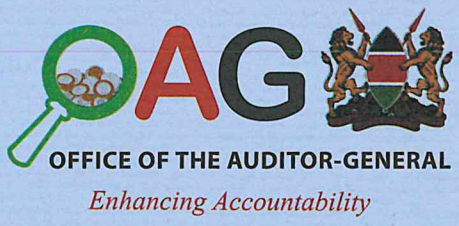

HEADQUARTERS
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REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF THARAKA-NITHI FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of County Assembly of Tharaka-Nithi set out on pages 1 to 27, which comprise the statement of financial assets and liabilities as at 30 June, 2019, and statement of receipts and payments, statement of cash flows, statement of comparison of budget and actual amounts - recurrent and development combined 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, the financial statements present fairly, in all material respects, the financial position of the County Assembly of Tharaka-Nithi as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the County Governments Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Assembly of Tharaka-Nithi 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 opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. I have determined that there are no key audit matters to communicate in my report.

Other Matters

Pending Accounts Payable

Annex 1 and 2 - Other disclosures to the financial statements shows pending accounts and staff payables of Kshs.10,517,225 (2018: Kshs.15,643,872) and Kshs.7,766,190 (2018: Kshs.2,294,932) respectively. However, the County Assembly did not have in place, a detailed creditors' ledger or register showing the age and movements of the outstanding payables during the year. Further, the County Assembly did not have sufficient cash reserves as at 30 June, 2019, to pay the pending payables totalling Kshs.18,283,415 for the goods and services consumed.

Had the pending bills been paid and expenditure charged to the accounts for the year, the statement of receipts and payments would have reflected a deficit of Kshs.17,534,018 instead of the reported surplus of Kshs.749,397 now shown.

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 discussed 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. Compliance with the Public Finance Management Act, 2012

As disclosed in Note 4 to the financial statements, the statement of receipts and payments reflects expenditure on use of goods and services of Kshs.153,089,155 (2018 - Kshs.129,923,181 restated) which includes an amount of Kshs.57,939,623 on account of domestic travel and subsistence allowances. The balance of Kshs.57,939,623 further includes an amount of Kshs.5,901,600 being payments made to Members of the County Assembly and other staff as perdiem allowances for travels outside the County for purposes which would ordinarily have been achieved at their offices which included discussing annual development plan, scrutinizing the budget, preparation of financial statements, report writing of county sports, review of land petitions and review of mandate, responsibilities and working together.

The above is contrary to the provisions of Regulation 42(1)(b) of the Public Finance (County Governments) Regulations, 2015, and Treasury Circular No. 20/2015 dated 4 November, 2015, which suspended movement of state and public officers for purposes of transacting business that would ordinarily be done in the offices.

2. Irregular Procurement of Furniture for Ward Offices

As disclosed under Note 7 to the financial statements, the statement of receipts and payments reflects expenditure on acquisition of assets of Kshs.5,752,250 (2018 - Kshs.17,255,650). A review of the documents in support of the expenditure revealed an amount of Kshs.4,288,050 paid to a firm for the supply and delivery of Ward office furniture. However, scrutiny of the available tender documents revealed that a firm which had procedurally bid for the supply had quoted a price of Kshs.3,949,500, and was lower than that of the firm which was awarded the contract, had been disqualified for lack of brochure or catalogue. The grounds used for disqualifying the bidder were contrary to Section 133(1) of the Public Procurement and Asset Disposal Act, 2015.

In addition, a review of the disqualified bidder's documents revealed that the brochures/catalogue of furniture had indeed been included in the bid documents. The County Assembly Management may have unlawfully disqualified the bidder on false grounds. Had the bidder been evaluated as per the law, and awarded the tender, the County Assembly could have made a saving of Kshs.338,550, being the difference between the awarded contract amount and that quoted by the bidder.

Further, the payment lacked proof of contracting of the firm by the County Assembly and evidence of it having tendered to supply the furniture in the tender register and tender opening minutes as provisioned for under Section 135 of the Public Procurement and Asset Disposal Act, 2015.

In the circumstances, the Management was in breach of the law and the effectiveness and value for money on the use of the public resources could not be ascertained.

3. Poor Human Resource Practices

A review of payroll and other personnel records revealed that an employee who resigned on 4 June, 2019 and opted to leave immediately did not pay the County Assembly one-month's salary in lieu of the notice pursuant to Section 35(1)(c) of the Employment Act, 2007 (Revised 2012). Instead, the employee was paid a salary of Kshs.162,310 for the month of June, 2019 despite not having worked.

Further, review of a sample of personnel files and other related records revealed that a number of re-designations were made by the County Assembly Service Board during the year. However, the County Assembly Management did not provide evidence by way of operational requirements to justify the re-designations. There was no evidence that the re-designations were conducted competitively or whether the officers had the requisite competencies. In addition, Management has not provided evidence whether the affected individuals had consented; as required under Section 69(2) of the County Governments Act, 2012 and Section 4.19 (3) the County Assembly Human Resources Manual which provides for existence of the vacancy, competency, fairness and officer's consent to re-designation.

Consequently, the Management was in breach of the law.

4. Irregular Transfers of Funds

As disclosed in Note 4 to the financial statements, the statement of receipts and payments reflects payments on use of goods and services amounting to Kshs.153,089,155 (2018 - Kshs.129,923,181 restated) which includes an amount of Kshs.22,972,700 on account of other operating expenses. The above payment of Kshs.22,972,700 constitutes transfers of Kshs.5,300,000 and Kshs.500,000 to the County Assembly Forum (CAF) and Society of Clerks at the Table (SOCATT) respectively. Further, the County Assembly incurred related expenditure by way of subsistence allowances to Members of the County Assembly amounting to Kshs.3,913,700 while attending events in Naivasha, Mombasa and Kisumu organized by the Society on various dates during the year under review.

However, the two bodies which the County Assembly was paying subscriptions to were not anchored in law and the expenditure incurred could not be confirmed as a proper charge to public funds.

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 complying, 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 sections of my report, I confirm that, nothing else has come to my attention to cause me to believe that that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Lack of an Approved Training Plan

Included in the amount for use of goods is Kshs.18,390,600 spent on training expenses. However, the County Assembly did not have an annual training plan for the year under review. Such a plan should indicate the individual Member or staff training needs, as well as approval from the Training Committee. This would inform the training budget allocation and its utilization.

In the circumstances, the regularity of the training expenditure amounting to Kshs.18,390,600 could not be confirmed.

2. Payment of Ward Office Expenses Using Imprest

As disclosed in Note 4 to the financial statements, the statement of receipts and payments reflects an amount of Kshs.153,089,155 under use of goods and services which includes an amount of Kshs.22,972,700 in respect of other operating expenses. The balance of Kshs.22,972,700 includes Kshs.11,934,500 issued to an employee of the County Assembly through temporary imprest to cover payment of Ward expenses across the County. The expenditure paid related to office rent and other daily operational expenses at the Ward offices. However, it was not clear why rental payments were being made through cash as opposed to direct remittances to the landlords as per the signed tenancy agreements.

Further, there were no clear guidelines on use of imprest issued, and how the same was to be accounted for.

3. Lack of Risk Management Policy

A review of the County Assembly's Information Technology (IT) control environment, risk management and disaster preparedness level revealed that the County Assembly lacked formally approved risk management policies such as Disaster Recovery Plan, Business Continuity Plan, IT Strategic Plan and IT Management Policy contrary to requirements of Regulation 158(1)(a) of the Public Finance Management (County Governments) Regulations, 2015.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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

18 November, 2020

5. FINANCIAL STATEMENTS

5.1. STATEMENT OF RECEIPTS AND PAYMENTS

			RESTATED
		2018/19	2017/18
	Note	KShs	KShs
RECEIPTS			
Exchequer Releases	1	351,999,598	295,476,383
Other Receipts	2	612,000	-
TOTAL RECEIPTS		**352,611,598**	**295,476,383**
PAYMENTS			
Compensation of Employees	3	184,481,628	141,058,781
Use of Goods and Services	4	153,089,155	129,923,181
Transfers to Other Government Units	5	934,504	7,224,401
Social Security Benefits	6	7,604,664	-
Acquisition of Assets	7	5,752,250	17,255,650
Finance Cost	8	-	2,750
TOTAL PAYMENTS		**351,862,201**	**295,464,763**
SURPLUS/DEFICIT		**749,397**	**11,620**

The explanatory notes to these Financial Statements form an integral part of the Financial Statements. The Financial Statements were approved on 23.09.2019 and signed by:

Clerk of the Assembly
Name: Amos Kiangwe Sikweya

Dir. Finance & Accounts – County Assembly
Name: Purity Kawira Njeru
ICPAK Member Number: 18093

5.2. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

		2018/19	2017/18-RESTATED
FINANCIAL ASSETS	**Note**	**KShs**	**KShs**
Cash and Cash Equivalents			
Bank Balances	9	24,428	24,428
Cash Balances		-	-
Total Cash and Cash Equivalent		**24,428**	**24,428**
Accounts Receivables	10	749,397	-
TOTAL FINANCIAL ASSETS		**773,825**	**24,428**
FINANCIAL LIABILITIES			
Accounts Payables		-	-
NET FINANCIAL ASSETS		**773,825**	**24,428**
REPRESENTED BY			
Fund Balance b/fwd	12	24,428	4,909,984
Prio Year Adjustment	13	-	(4,897,176)
Surplus/Deficit for the year		749,397	11,620
NET FINANCIAL POSITION		**773,825**	**24,428**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 23.09.2019 and signed by:

Clerk of the Assembly
Name: Amos Kiangwe Sikweya

Dir. Finance & Accounts – County Assembly
Name: Purity Kawira Njeru
ICPAK Member Number: 18093

5.3. STATEMENT OF CASH FLOWS

		2018/19	2017/18-RESTATED
	Note	KShs	KShs
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operating income			
Exchequer Releases	1	351,999,598	295,476,383
Other Receipts	2	612,000	-
Total Receipts		**352,611,598**	**295,476,383**
Payments for operating expenses			
Compensation of Employees	3	184,481,628	141,058,781
Use of goods and services	4	153,089,155	129,923,181
Transfers to Other Government Units	5	934,504	7,224,401
Social Security Benefits	6	7,604,664	-
Finance Cost	8	-	2,750
Total Payments operating Activities		**346,109,951**	**278,209,113**
Adjusted for:			
Changes in Account Receivables (decrease / (increase)	10	(749,397)	-
Changes in Account Payables (increase / (decrease)		-	-
Net cash flow from operating activities		**5,752,250**	**17,267,270**
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	7	(5,752,250)	(17,255,650)
Net cash flows from Investing Activities			
NET INCREASE IN CASH AND CASH EQUIVALENT		-	11,620
Cash and Cash Equivalent at BEGINNING of the Year	13	24,428	-
Prior Year Adjustments	13	-	12,808 -

		-	-
Cash and Cash Equivalent at END of the Year	**13**	**24,428**	**24,428**
Receipts from operating income			

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 23.09.2019 and signed by:

Clerk of the Assembly
Name: Amos Kiangwe Sikweya

Dir. Finance & Accounts – County Assembly
Name: Purity Kawira Njeru
ICPAK Member Number: 18093

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference
	a	b	c=a+b	d	e=d-c
RECEIPTS					
Exchequer Releases	369,000,000	-	369,000,000	351,999,598	95%
Transfers from Other Government Entities					
Own Sources of Revenue					
Returned CRF					
Other Receipts				612,000	
TOTAL RECEIPTS	**369,000,000**	**-**	**369,000,000**	**352,611,598**	**95%**
Compensation of Employees	208,140,750	(22,278,321)	185,862,429	184,481,628	99%
Use of Goods and Services	139,835,750	20,605,421	160,441,171	153,089,155	95%
Emergency Relief and Refugee Assistance & Subsidies	-		-	-	-
Transfers to Other Government Entities	-		-	-	-
Other Grants and Transfers	-		-	-	-
Government Pension and Retirement Benefits	-		-	7,604,664	
Other Payments	-		-	-	-
Acquisition of Assets					25%

	21,023,500	1,672,900	22,696,400	5,752,250	
Payable from Previous Financial Periods	-			-	-
TOTAL PAYMENTS	**369,000,000**	**-**	**369,000,000**	**350,927,697**	**95%**

The Tharaka Nithi County Assembly Financial Statements were approved on 23.09.2019 and signed by:

Clerk of the Assembly
Name: Amos Kiangwe Sikweya

Dir. Finance & Accounts – County Assembly
Name: Purity Kawira Njeru
ICPAK Member Number: 18093

	Other Payments	-		-	-	-
	Acquisition of Assets	4,023,500	1,672,900	5,696,400	5,752,250	100%
	Payable from Previous Financial Periods			-	-	
	TOTAL PAYMENTS	**352,000,000**	**0**	**352,000,000**	**351,862,201**	**4**

The Tharaka Nithi County Assembly Financial Statements were approved on 23.09.2019 and signed by:

Clerk of the Assembly
Name: Amos Kiangwe Sikweya

Dir. Finance & Accounts – County Assembly
Name: Purity Kawira Njeru
ICPAK Member Number: 18093

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

	Receipt/Expense Item	Original Budget	Adjustments	Final Budget (a+b)	Actual on Comparable Basis	Budget Utilisation Difference
		a	b	c=a+b	d	e=d-c
	RECEIPTS					
	Exchequer releases	352,000,000	-	352,000,000	351,999,598	99%
	Transfers from Other Government Entities					
	Own Sources of Revenue					
	Returned CRF					
	Other Receipts - Returned CRF				612,000	
	TOTAL RECEIPTS	**352,000,000**	-	**352,000,000**	**352,611,598**	**99%**
	PAYMENTS					
	Compensation of Employees	208,140,750	-22,278,321	185,862,429	184,481,628	99%
	Use of goods and services	139,835,750	20,605,421	160,441,171	153,089,155	95%
	Emergency Relief and Refugee Assistance & Subsidies	-		-	-	-
	Transfers to Other Government Units Entities	-		-	934,504	-
	Other Grants and Transfers	-		-	-	-
	Government Pension and Retirement Benefits	-		-	7,604,664	100%

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference
	a	b	c=a+b	d	e=c-d %
RECEIPTS					
Exchequer releases	17,000,000	-	17,000,000	-	0.00%
Transfers from Other Government Entities					
Own Sources of Revenue					
Returned CRF					
TOTAL RECEIPTS	**17,000,000**	**-**	**17,000,000**	**-**	0.00%
PAYMENTS					
Compensation of Employees					
Use of Goods and Services					
Emergency Relief and Refugee Assistance & Subsidies					
Transfers to Other Government Units					
Other grants and Transfers					
Government Pension and Retirement Benefits					
Other Payments					
Acquisition of Assets	17,000,000	-	17,000,000	-	0.00%
Payable from Previous Financial Periods					
TOTAL PAYMENTS	**17,000,000**	**-**	**17,000,000**	**-**	0.00%

Note:

Funds were not available for requisition by the time it was being done so as to use the development budget hence the underutilization of the same.

The Tharaka Nithi County Assembly Financial Statements were approved on 23.09.2019 and signed by:

Clerk of the Assembly
Name: Amos Kiangwe Sikweya

Dir. Finance & Accounts – County Assembly
Name: Purity Kawira Njeru
ICPAK Member Number: 18093

5.7 BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference
	KSHS.	KSHS.	KSHS.	KSHS.	%
ADMINISTRATIVE SERVICES					
Management of County Assembly Affairs	121,292,176	2,533,842	123,826,018	123,826,018	100%
Finance Management Services	31,950,697	(10,115,910)	21,834,787	21,834,787	100%
Administrative Services	29,859,000	4,448,958	34,307,958	33,373,458	97%
	183,101,873	**(3,133,110)**	**179,968,763**	**179,034,263**	**99%**
OVERSIGHT SERVICES					
County Assembly Legislation	132,875,599	(16,029,780)	116,845,819	116,845,819	100%
Coordination and Supervisory Services	11,376,000	3,012,301	14,388,301	14,388,301	100%
Procedure and Oversight Services	24,646,528	16,150,589	40,797,117	40,797,113	99%
	168,898,127	**3,133,110**	**172,031,237**	**172,031,233**	**99%**
DEVELOPMENT	17,000,000	0.00	17,000,000	0.00	0.00%
TOTALS	**17,000,000**	**0.00**	**17,000,000**	**0.00**	**0.00**

5.7. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of Tharaka Nithi County Assembly financial statements are set out below:

1. Statement of compliance and basis of preparation

The Tharaka Nithi County Assembly 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 and 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 Tharaka Nithi 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 Tharaka Nithi 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.

Other Receipts

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

b) Recognition of payments

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

Compensation of employees

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

Use of goods and services

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

Acquisition of fixed assets

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

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

4. In-kind contributions

In-kind contributions are donations that are made to the *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, the *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.

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.00 compared to Kshs.00 in prior period as indicated on note 15. There were no other restrictions on cash during the year.

6. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

7. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted and prescribed by the Public Sector Accounting Standards Board. Other liabilities including pending bills are disclosed in the financial statements.

8. Non-current assets

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

9. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the *entity* at the end of the year. Pending bill form a first charge to the subsequent year budget and when they are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

10. Budget

The budget is prepared on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *Tharaka Nithi County Assembly's* budget was approved as required by Law .The original budget was approved by the County Assembly on 26th 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. A high-level assessment of the *Tharaka Nithi County Assembly's* actual performance against the comparable budget for the financial year under review has been included in the Statement of Comparison between actual and budgeted amounts included in these financial statements.

11. Comparative figures

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

12. Subsequent events

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

13. Errors

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

14. Related party transactions

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

5.8. NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from the County Treasury/Exchequer Releases

	2018/19	2017/18
	KShs	KShs-Restated
Transfers from the County Treasury for August	54,241,068	30,000,000
Transfers from the County Treasury for October	48,980,000	15,000,000
Transfers from the County Treasury for November	14,978,804	23,567,288
Transfers from the County Treasury for December	39,507,819	38,075,195
Transfers from the County Treasury for January	34,951,986	-
Transfers from the County Treasury for February	15,000,000	42,925,000
Transfers from the County Treasury for March	11,000,000	34,000,000
Transfers from the County Treasury for April	41,000,000	15,000,000
Transfers from the County Treasury for May	16,502,564	79,908,900
Transfers from the County Treasury for June	75,837,357	17,000,000
Cumulative Amount	**351,999,598**	**295,476,383**

2. OTHER RECEIPTS

	2018/19	2017/18
	KShs	KShs-Restated
Transfer from Pension Fund	612,000	-
TOTAL	**612,000**	-

3. COMPENSATION OF EMPLOYEES

	2018/19	2017/18
	KShs	Restated Kshs
Basic salaries of permanent employees	123,826,361	88,013,033
Basic wages of temporary employees	14,340,000	7,897,500
Personal allowances paid as part of salary	36,477,133	23,137,000
Pension and other social security contributions	9,838,134	22,011,248
Total	**184,481,628**	**141,058,781**

4. USE OF GOODS AND SERVICES

	2018/19	2017/18
	KShs	Restated Kshs
Utilities, Supplies and Services	108,040	244,334
Communication, Supplies and Services	29,245	2,228,905
Domestic Travel and Subsistence	57,939,623	63,674,355
Foreign Travel and Subsistence	18,197,988	12,976,347
Printing, Advertising and Information Supplies & Services	2,977,621	7,576,981
Rentals of Produced Assets	840,000	-
Training Expenses	18,390,600	17,634,742
Hospitality Supplies and Services	13,954,722	10,289,122
Insurance Costs	12,560,916	2,497,973
Specialised Materials and Supplies	1,474,900	282,360
Office and General Supplies and Services	1,780,538	3,502,588
Fuels, Oil and Lubricants	960,330	121,500
Other Operating Expenses		

	22,972,700	7,718,335
Routine Maintenance – Vehicles and other Transport Equipment	901,932	1,162,139
Routine Maintenance – Other Assets	-	13,500
Total	**153,089,155**	**129,923,181**

5. TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	**2018/19**	**2017/18**
	KShs	**Restated -KShs**
Transfer to CRF Unspent Balances	934,504	7,224,401
Transfers to other County Assembly entities	-	-
TOTAL	**934,504**	**7,224,401**

6. SOCIAL SECURITY BENEFITS

	2018/19	**2017/18**
	KShs	**Restated -KShs**
Government Pension and Retirement Benefits	7,604,664	0.00
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	-	-
Total	**7,604,664**	**0.00**

7. ACQUISITION OF ASSETS

Non- Financial Assets	**2018/19**	**2017/18**
	KShs	**KShs**
Purchase of Vehicles and Other Transport Equipment	-	10,986,000
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	28,000	-
Purchase of Office Furniture and General Equipment	4,672,550	3,946,390
Purchase of ICT Equipment, Software and Other ICT Assets	544,300	637,500

Non- Financial Assets	2018/19	2017/18
Purchase of Specialised Plant, Equipment and Machinery	507,400	1,685,760
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	-	-
Total	**5,752,250**	**17,255,650**

8. FINANCE COSTS

	2018/19	2017/18
	KShs	KShs
Bank Charges	-	2,750
Exchange Rate Losses	-	-
Other Finance costs	-	-
Interest on borrowings	-	-
Total	**-**	**2,750**

9. BANK BALANCES

Name of Bank, Account No. & Currency	Indicated whether recurrent or development	2018/19	2017/18
		KShs	Restated KShs
Central Bank of Kenya, Acc. No 1000199407 & Kshs.	Development Acc	-	-
Central Bank of Kenya, Acc. No.1000199393 & Kshs.	Recurrent Acc	0	4,889,557
Equity Bank-Ward Accounts	Ward Account	12,808	12,808
Equity Bank Limited, Acc. No.0210261489699 & Kshs.	Commercial Bank Account	11,620	19,239
TOTAL		**24,428**	**4,921,604**

10. ACCOUNTS RECEIVABLE-OUTSTANDING IMPRESTS Annex 5

	2018/19	2017/18
	KShs	Restated -KShs
Government Imprests	749,397	-
Other Advances	-	-
Total	**749,397**	**-**

11. ACCOUNTS PAYABLE

	2018 – 2019	2017 – 2018
	Ksh	Ksh

11. ACCOUNTS PAYABLE

	2018 – 2019	2017 – 2018
	Ksh	Ksh
Contractors Retention		-
Withholding VAT and Income Taxes		
Total Account Receivables	-	-
Increase / (Decrease)	**0**	**-**

12. FUND BALANCE BROUGHT FORWARD

	2018/19	2017/18
	KShs	Restated - KShs
Bank accounts	24,428	4,909,984
Cash in hand	-	-
Accounts Receivables	749,397	
Accounts Payables	-	
Total	**773,825**	**4,909,984**

13. PRIOR YEAR ADJUSTMENTS

Description	Bank Balance as per Financial Statements 30th June 2018	Confirmed Actual Balances as at 30th June 2018	prior Year Adjustment
	Ksh	Ksh	
Tharaka Nithi County Assembly Recurrent Account - CBK	4,889,557	-	(4,889,557)
Tharaka Nithi County Assembly Imprest Account - Equity	19,239	11,620	(7,619)
Tharaka Nithi County Assembly Ward Accounts - Equity	12,808	12,808	-
Cash and Cash Equivalent	**4,921,604**	**24,428**	**(4,897,176)**

Description	Bank Balance as per Financial Statements 30th June 2018	Confirmed Actual Balances as at 30th June 2018	prior Year Adjustment	Final Balance
	Kshs.	Kshs.	Kshs.	
Accounts receivable	3,954,890	0	(3,954,890)	0
Accounts Payable	15,643,872	0	(15,643,872)	0

Explanatory Notes to the Prior Year Adjustment

i. The Bank balances for FY 2017/2018 had been overstated from Kshs. 24,428 (cash book balance) to 4,921,604 (bank balance) as at 30th June,2018.
ii. The Bank balances for FY2017/2018 had been overstated in that the amount was Kshs. 24,428 which was wrongly stated as Kshs. 4,921,604 as per the Cash Book as at 30th June,2018.
iii. In Account 1000199393 the Bank Balance was wrongly stated as Kshs. 4,889,557 instead of Kshs. NIL balance as per the Cash Book in the Financial Year 2017/2018 as at 30th June, 2018.
iv. In Account 0210261489699 the Bank balance was wrongly stated as Kshs. 19,239 instead of Kshs. 11,620 as per the Cash Book in the Financial Year 2017/2018 as at 30th June, 2018.
v. The Bank balances that were wrongly stated relate to the Financial Year 2017/2018 hence the reason of the Restated column.
vi. The accounts receivable of Kshs.3,954,890 were wrongly included as outstanding in the period ended 30th June 2018.
vii. The accounts payable relates to pending bills which were wrongly included as in the fund balances brought forward for the year ended 30th June 2018.

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	-	-	(-)	-
Construction of civil works	-	-	(-)	-
Supply of goods	13,348,940	4,545,152	(13,348,940)	4,545,152
Supply of services	2,294,932	5,972,073	(2,294,932)	5,972,073
Total	**15,643,872**	**10,517,225**	**(15,643,872)**	**10,517,225**

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	-	5,157,690	(-)	5,157,690
Middle management	1,886,652	33,600	(1,886,652)	33,600
Unionisable employees	408,280	2,574,900	(408,280)	2,574,900
Others	-	-	-	-
Total	**2,294,932**	**7,766,190**	**(2,294,932)**	**7,766,190**

3. RELATED PARTY DISCLOSURES

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

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

OTHER DISCLOSURES (CONTINUED)

Related party transactions:

	2018- 2019	2017- 2018
	Kshs	Kshs
Compensation to Key Management		
Compensation to the Speaker, Deputy Speaker and the MCAs	94,527,684	10,871,952
Key Management Compensation(Clerk and Heads of departments)	18,007,680	5,943,600
Total Compensation to Key Management	**112,535,364**	**16,815,552**
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 Releases	351,999,598	295,476,383
Payments made on behalf of the County Assembly by other Government Agencies	-	-
(Insert any other transfers received)	-	-
Total Transfers from related parties	**351,999,598**	**295,476,383**

4. 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)*
5	Unspent balance sin the Bank	✓ The end of year requisitions delayed hence affecting the end of year transactions. The County Assembly funds were released even in the month of July, 2019.	Head of Finance and Accounts department-Director Finance and Accounts	Resolved	The issue has been resolved because the unspent funds were returned to CRF Account at a later date

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)*
2.0	Presentation of Financial Statements	✓ The dates and signature on the Statement of Receipts and Payments have been put. The Assembly Clerk and the Head of Finance and Accounts have signed the Financial Statements on the noted pages 1 and 2 ✓ Progress on follow up of the Auditors recommendations of previous years Financial Statements as required by the IPSAS(Cash Basis) Financial preparation Format	The Accounting Officer(Assembly Clerk) and the Head of Finance and Accounts(Director Finance and Accounts)	Resolved	The issue has been 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)*
4	Imprest Management	✓ No staff or officer will be issued with an imprest on top of another imprest or with more than one imprest. The outstanding imprest must be cleared or surrendered before another one is issued and must be accounted for within 7days after return to the duty station.	Accountant in Charge of Imprest(Accountant1)	Resolved	The issue has been resolved
6	Employees earning less than a Third of their Basic Salary	✓ The County Assembly was operating a manual payroll system which would not restrict deductions and made work very difficult. However, the management	Head of Human Resource(Principal Human Resource Officer)	Resolved	The issue has been 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)*
		has put in place IPPD payroll system that has been able to correct the error			

Clerk of the County Assembly
Name: Amos Kiangwe Sikweya

Sign.....
Date 23.09.2019

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. Chuka General Construction	1,276,638		0.00	1,276,638		
2. GEM-CM Construction	3,081,934		0.00	3,081,934		
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7. Terrah General Supplies	186,580		0.00	186,580		
8.						
9.						
Sub-Total	**4,545,152**			**4,545,152**		
Supply of services						
10. Wintergreens Training and Consultancy Ltd	174,000		0.00	174,000		
11. Kasarani Sportsview Hotel	63,800		0.00	63,800		
12. ICPAK	330,000		0.00	330,000		
13. Zeal Auto Ltd	338,100		0.00	338,100		
14. Centre for Capacity Building	974,400		0.00	974,400		
15. Ethics and Integrity Institute	698,273		0.00	698,273		

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Comments
16. Institute for Capacity Development	1,200,000		0.00	1,200,000		
17. African Centre for Advanced Technology	975,000		0.00	975,000		
18. Centre for Parliamentary Studies & Training	20,000		0.00	20,000		
19. Mountain Breeze Hotel	264,000		0.00	264,000		
20. Ward Imprest for the month of June 2019	934,500		0.00	934,500		
Sub-Total	**5,972,073**		**0.00**	**5,972,073**		
Grand Total	**10,517,225**		**0.00**	**10,517,225**		

ANNEX 2 – ANALYSIS OF PENDING STAFF & HON. MEMBERS PAYABLES AS AT 30TH JUNE, 2019

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. Amos Sikweya		33,600		0.00	33,600		
2. Hon. Anita Karimi		217,900		0.00	217,900		
3. Antony Kirimi		61,600		0.00	61,600		
4. Hon. Asumpta Gabriel		313,500		0.00	313,500		
5. Hon. Bernard Rugia		113,900		0.00	113,900		
6. Hon. Bonifacia Njeri		435,100		0.00	435,100		
7. Elijah Buyanga		190,400		0.00	190,400		
8. Canvat Muriungi		60,200		0.00	60,200		
9. Catherine Njeri		16,800		0.00	16,800		
10. Daisy Kainyu		50,800		0.00	50,800		
11. Hon. Denis Mutwiri		254,400		0.00	254,400		
12. Hon. DJ Mbaya		201,600		0.00	201,600		
13. Donnah Muthomi		6,800		0.00	6,800		
14. Duncan Birichi		25,200		0.00	25,200		
15. Hon. Erastus Kinyua		496,600		0.00	496,600		
16. Eric Micheni		77,000		0.00	77,000		
17. Festus Kinoti		28,200		0.00	28,200		
18. Joy Gakii		10,000		0.00	10,000		
19. Hon. Gataya Mwenda		259,600		0.00	259,600		
20. Genson Mwenda		12,600		0.00	12,600		
21. Ginson Gikundi		85,000		0.00	85,000		
22. Hon. Godfrey Murithi		343,900		0.00	343,900		
23. Irichu Edward		64,200		0.00	64,200		
24. Hon. Jones Kabii		206,600		0.00	206,600		

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Comments
25. Muriithi Kanampiu		235,800		0.00	235,800		
26. Hon. Karen Karimi		141,900		0.00	141,900		
27.Kendi Mary		177,800		0.00	177,800		
28.Kanake Kennedy		81,200		0.00	81,200		
29.Kenneth Nyaga		28,000		0.00	28,000		
30.Peterson Kinyua		1,500		0.00	1,500		
31.Benson Kitheeru		135,400		0.00	135,400		
32.Hon. Justin Kithinji		263,190		0.00	263,190		
33.Lee		8,400		0.00	8,400		
34.Hon. Leonard Gitonga		152,000		0.00	152,000		
35.Linos Kinyua		16,800		0.00	16,800		
36.Machura		500		0.00	500		
37.Peterson Maimbu		93,800		0.00	93,800		
38.Fridah Makena		70,000		0.00	70,000		
39.Hon. Margaret Gitari		309,900		0.00	309,900		
40.Mathenge		7,000		0.00	7,000		
41.Meeni Francis		52,600		0.00	52,600		
42.Mercy Kendi		2,000		0.00	2,000		
43.Eric Micheni		63,700		0.00	63,700		
44.Hon. Morgan Millicent		186,900		0.00	186,900		
45.Mitugo Silas		22,400		0.00	22,400		
46.Monicah Wangari		165,200		0.00	165,200		
47.Munene Joseph		3,600		0.00	3,600		
48.Muniu Peter		16,000		0.00	16,000		
49.Munyua		1,500		0.00	1,500		
50.Eric Murimi-Legal		98,000		0.00	98,000		
51.Hon. Muthini Karangi		139,000		0.00	139,000		

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Comments
52.Muthomi Eric		63,700		0.00	63,700		
53.Mwani		2,000		0.00	2,000		
54.Mwathi Nicholus		29,400		0.00	29,400		
55.Hon. Mwirigi Peterson		146,000		0.00	146,000		
56.Denis Kimathi		92,400		0.00	92,400		
57.Hon. Njagi John		172,400		0.00	172,400		
58.Joy Nkunja		10,000		0.00	10,000		
59.Eric Nthumbi		19,000		0.00	19,000		
60.Hon. Nyaga Charles		187,900		0.00	187,900		
61.Patrick Mwirigi		10,200		0.00	10,200		
62.Peterson Pele		10,000		0.00	10,000		
63.Purity Makena		70,200		0.00	70,200		
64.Robert Mutwiri		49,000		0.00	49,000		
65.Romethew Mukembu		12,600		0.00	12,600		
66.Rose Kendi		44,800		0.00	44,800		
67.Sarah Wanja		70,200		0.00	70,200		
68.Sartunina Mutegi		19,000		0.00	19,000		
69.Hon. Susan Ngugi		256,000		0.00	256,000		
70.Paul Thirika		95,200		0.00	95,200		
71.Titary Mutugi		7,000		0.00	7,000		
72.Verah Wendwa		102,200		0.00	102,200		
73.Vincent		2,000		0.00	2,000		
74.Hon. Wilson Nyaga		255,400		0.00	255,400		
Sub-Total		**7,766,190**		**0.00**	**7,766,190**		
Grand Total		**7,766,190**		**0.00**	**7,766,190**		

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					
Household Furniture		28,000	-		**28,000**
Office Equipment and Furniture	3,946,390	507,400	-		**4,453,790**
ICT Equipment	637,500	544,300	-		**1,181,800**
Furniture and Fittings	1,685,760	4,672,550	-		**6,358,310**
Other Machinery and Equipment-M.Vehicle	10,986,000				**10,986,000**
Acquisition of County Assembly Website and Networks					
Heritage and Cultural Assets					
Intangible Assets					
Work In Progress					
Total	**17,255,650**	**5,752,250**			**23,007,900**

ANNEX 5 – ANALYSIS OF OUTSTANDING IMPRESTS AS AT 30TH JUNE, 2019

Government Imprest Holders

Name of Officer or Institution	Date Imprest Taken/Serial No.	Amount Taken	Amount Surrendered	Balance	Comments
		KShs	KShs	KShs	
Peterson Mugendi	2942840	25,000	-	25,000	Not Surrendered
Festus Kinoti	2942883	132,567	-	132,567	Not Surrendered
Peterson Mugendi	2942884	120,000	-	120,000	Not Surrendered
Eric Murimi-Legal department	2942799	471,830	-	471,830	Not Surrendered
Total		**749,397**		**749,397**	

Annex 6

EXCHEQUER RELEASES 2018/19

14.08.2018	**22,052,824**	14.01.2019	**13,951,986**
24.08.2018	**19,188,244**	18.01.2019	**21,000,000**
31.08.2018	**13,000,000**	25.02.2019	**15,000,000**
01.10.2018	**20,000,000**	07.03.2019	**11,000,000**
09.10.2018	**14,980,000**	02.04.2019	**14,000,000**
30.10.2018	**14,000,000**	09.04.2019	**27,000,000**
02.11.2018	**8,088,946**	06.05.2019	**16,502,564**
19.11.2018	**6,889,858**	11.06.2019	**42,000,000**
07.12.2018	**16,507,819**	26.06.2019	**33,837,357**
21.12.2018	**23,000,000**		