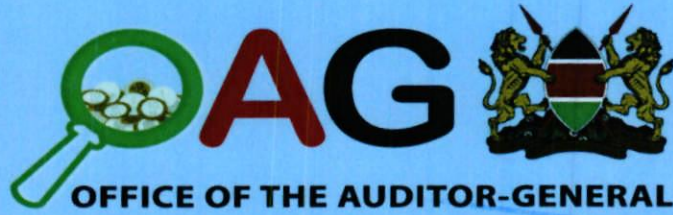


REPUBLIC OF KENYA

Scanned



*Enhancing Accountability*

PARLIAMENT  
OF KENYA  
LIBRARY

**REPORT**

PAPERS	
DATE	16/02/2022
TABLED BY	Sim -
COMMITTEE	
THE TABLE	Decoul

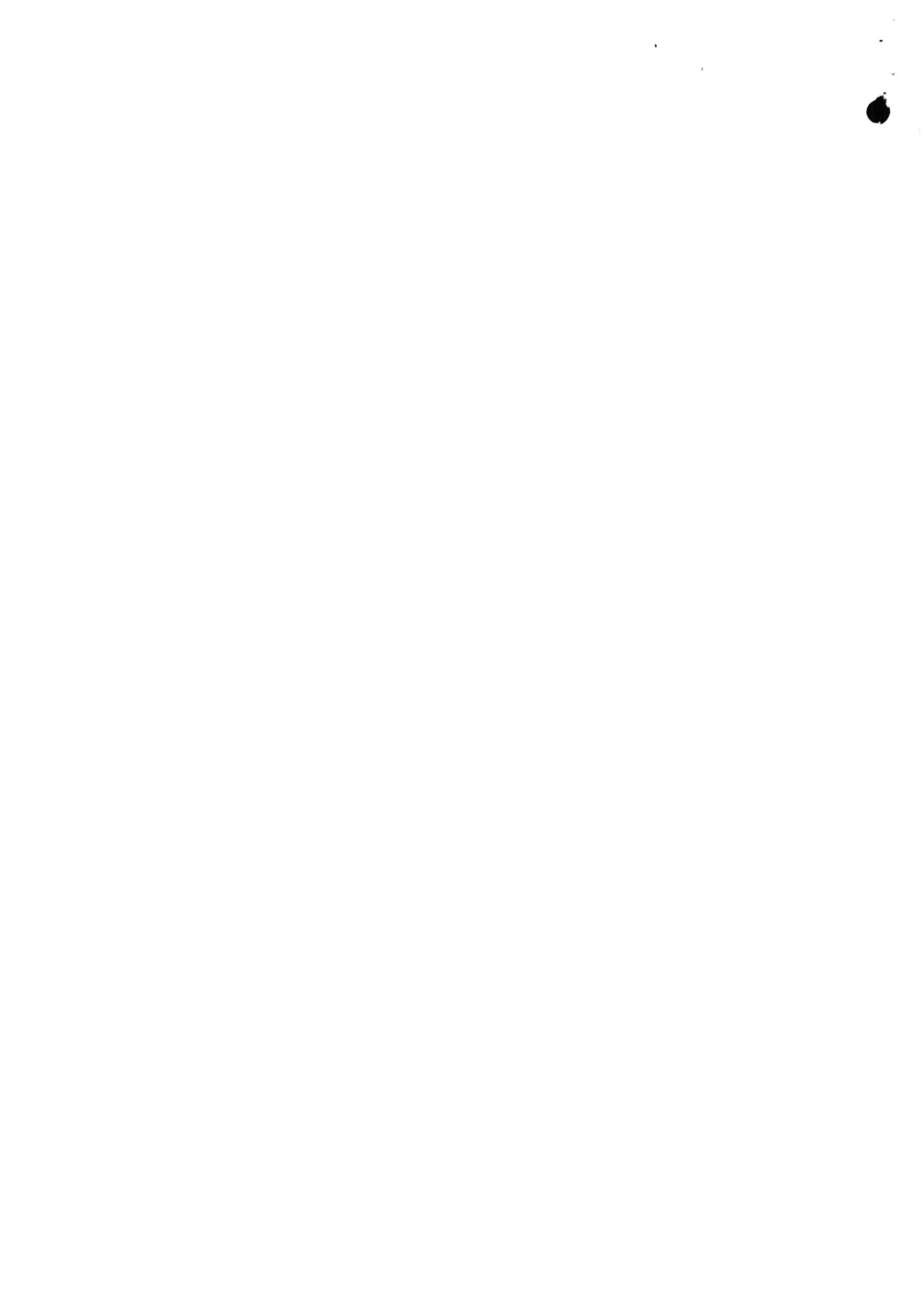
**OF**

**THE AUDITOR-GENERAL**

**ON**

**COUNTY EXECUTIVE OF TANA RIVER**

**FOR THE YEAR ENDED  
30 JUNE, 2020**



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
REGISTRY

14 DEC 2021

**RECEIVED**



---

**COUNTY GOVERNMENT OF TANA RIVER**

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2020**

---

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

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

---

**TABLE OF CONTENTS**

TABLE OF CONTENTS ..... i

1. KEY ENTITY INFORMATION AND MANAGEMENT ..... ii

2. FORWARD BY THE CEC ..... v

3. STATEMENT OF PERFORMANCE AGAINST COUNTY PREDETERMINED OBJECTIVES ..... viii

4. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING ..... x

5. STATEMENT OF MANAGEMENT RESPONSIBILITIES ..... xii

6. REPORT OF THE INDEPENDENT AUDITORS ON TANA RIVER COUNTY EXECUTIVE .....xiii

7. FINANCIAL STATEMENTS..... 1

    7.1. STATEMENT OF RECEIPTS AND PAYMENTS .....1

    7.2. STATEMENT OF ASSETS AND LIABILITIES .....2

    7.3. STATEMENT OF CASH FLOWS .....3

    7.4. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED.....5

    7.5. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT .....7

    7.6. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT .....9

    7.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES .....11

    7.8. SIGNIFICANT ACCOUNTING POLICIES .....18

    7.9. OTHER IMPORTANT DISCLOSURES .....36

ANNEXES ..... 39

    ANNEX 4 – ANALYSIS OF OTHER PENDING PAYABLES .....40

    ANNEX 5 – SUMMARY OF FIXED ASSET REGISTER .....41

    ANNEX 6 – INTER-ENTITY TRANSFERS .....42

    ANNEX7 – BANK RECONCILIATION/FO 30 REPORTS .....43

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

---

**1. KEY ENTITY INFORMATION AND MANAGEMENT**

**a) Background information**

The County is constituted as per the constitution of Kenya is headed by the County Governor, who is responsible for the general policy and strategic direction of the County.

**b) Key Management**

The *County executive* day-to-day management is under the following key organs:

<b>Name</b>	<b>Designation</b>	<b>Date of holding office</b>
H.E. Major (Rtd) Dr. Dhadho Gaddae Godhana	County Governor	2017-2022
H.E. Salim Kea Batuyu	Deputy County Governor	2017-2022
Mr. Joshua K. Jarha	County Secretary	2018-2022
Mrs. Khadija Harufa Algi	CEC Public Service Management, Administration & ICT	2018-2022
Mr. Abbas Kunyo	CEC Education, Vocational Training and Sports, Culture, Social Service and Gender	2018-2022
Mr. Javan Bonaya	CEC Health, Sanitation and Medical Services	2018-2022
Mrs. Mwanajuma Habwoka Mabuke	CEC Agriculture, Lands Livestock, Veterinary and Fisheries	2018-2022
Mr. Mathew Babwoya Buya	CEC Finance and Economic Planning	2018-2022
Mr. Stephen Wachira Kariuki	CEC Roads, Transport, Public Works and Urbanisation	2018-2022
Mr. Yahya Ali Barrow	CEC Trade, Industrialisation & Tourism	2018-2022
Mr. Mohamed Hassan Dube	CEC Water, Irrigation, Environment and Natural resources	2018-2022

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CEC Finance & Economic Planning	Mr. Mathew Babwoya Buya
2.	County Chief Officer Finance & Economic Planning	Mr. Ahmed Maalim Barako
3.	County Chief Officer Culture and Sports	Mr. Siraj Mohamed
4.	County Chief Officer Agriculture	Mr. Buya Phares
5.	County Chief Officer Public Works, Housing and Urbanization.	Ms. Angelina Wama
6.	County Chief Officer Roads and Transport	Mr. Jeremiah Hiribae Gijo
7.	County Chief Officer Trade and Tourism	CPA. Hero Bwanamaka
8.	County Chief Officer Education and Voc. Training	Ms. Fatuma Bona
9.	County Chief Officer Livestock, Fisheries and Veterinary	Mr. Kanchoru Golo
10.	County Chief Officer Cohesion & Special Prog.	Ms. Salma Makuru
11.	County Chief Officer Public Service and Admin.	Mr. Hussein Soba
12.	County Chief Officer Water and Energy	Mr. Alphonse Soso
13.	County Chief Officer Health and Sanitation	Mr. Erick Wasonga
14.	County Chief Officer Lands and Physical Planning	Mr. Francis Malibe
15.	County Chief Officer Environment & Nat. Resources	Mr. George Kase
16.	County Director Finance	CPA. Francis Ndegwa

**d) Fiduciary Oversight Arrangements**

The County Assembly Accounts and Investment Committee has the responsibility of examining the county government accounts particularly those reporting on appropriation granted by the County Assembly to meet public expenditure. The Committee also follows up on the audit report from the auditor general.

The other fiduciary oversight bodies at the County during the year,

1. Audit Committee;
2. Public Accounts Committee; and
3. Budget and Appropriations Committee.

The Head of Internal Audit who reports on:

- 1) Adequacy and effectiveness of CGE's internal control system
- 2) Adequacy and effectiveness of the entity's risk management
- 3) Likely causes of any weaknesses observed, implications and agreed remedies

The Controller of Budget also monitors and controls on the budget limits.

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

---

**e) Entity Headquarters**

P.O. Box 29 -70101  
Trade House  
County Council Road  
Hola, Kenya.

**f) Entity Contacts**

Telephone: (254) 73062600  
E-mail: [info@tanariver.go.ke](mailto:info@tanariver.go.ke)  
Website: [www.tanariver.go.ke](http://www.tanariver.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  
Hola Branch  
P. O. Box 100 - 70101  
Hola, Kenya
3. Equity Bank  
Hola Branch  
P.O. Box 182-70101  
Hola, Kenya

**h) Independent Auditors**

Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GOP 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 CEC**

It is my pleasure to present the Government of Tana River County Financial Statements for the year ended 30th June 2020. The financial statements present the financial performance of the County Government over the past financial year.

The promulgation of the Constitution of Kenya, 2010 under Chapter 11 ushered Kenya into a new system of governance, replacing the centralised system with a devolved system of governance. The devolved system of governance consists of the National Government and 47 County Governments.

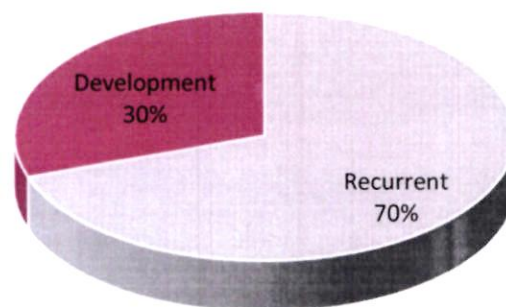
### **Financing of the County Governments**

Article 202 of the Constitution of Kenya provides that revenue raised nationally shall be shared equitably among the National Government and the County Governments. Each County Government's equitable share of revenue raised nationally, is determined yearly through the County Allocation of Revenue Act (CARA). The revenue sharing formula is developed by the Commission on Revenue Allocation and approved by Parliament in accordance with Article 217 of the Constitution.

The County also finances its operations through own generated revenues. For the second time in a row, the County has met the revenue target by 102%. These are revenues collected within the County. They key local revenue sources for Tana River County included business permits, land rates, natural resources exploitation, livestock cesses and various other administrative charges.

The County has also used devolved funds quite sound. The development payments were Kshs. 1,694,781,349 against recurrent payments of Kshs. 4,775,496,405. This makes development expenditure to be 30% which is well above the statutory threshold. This can be well pictured as below:

### **2019-2020 EXPENDITURES**





**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

---

The County continues to explore new and innovative ways of increasing its local revenue collections.

The accounts payables at the close of FY 2019/20 was Kshs. 610,329,141 compared to Kshs. 2,421,197,210 in FY2018/19. In line with the National treasury directive to Counties to clear pending bills in order to help cushion the economy during the current COVID 19 pandemic, the County endeavours to pay suppliers timely and ensures that all procurements are supported by a budgetary allocation. This ensures timely payments as obligations fall due. The outstanding payments remained at the closure of financial year.

The county has witnessed tremendous growth in the sectors like health, water, infrastructure, agriculture and energy during the financial year under review which has transformed the lives of residents of Tana River County. However, there were various challenges key among them being IFMIS connectivity problems as well as Internet Banking, the introduction of the procedures by the COB where requisitions are placed once payments are uploaded in the IB also resulted to delays in meeting some of the County obligations, COVID 19 pandemic, delayed disbursement of funds from National Treasury, shortage of trained personnel among others. A pictorial view of some of the achievements:



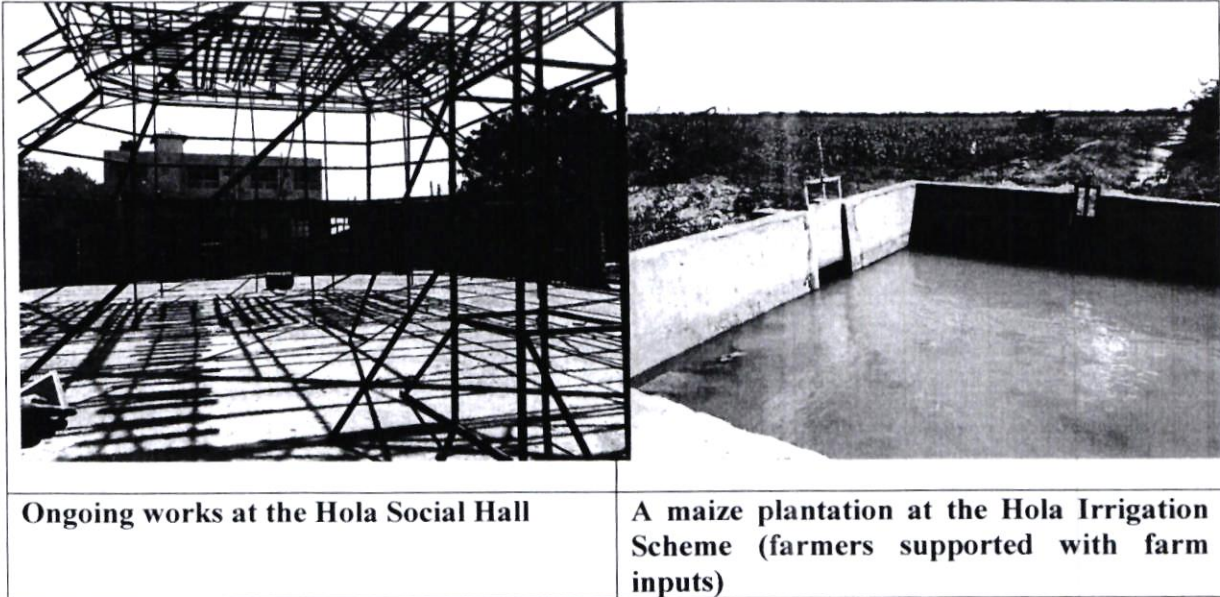
**Ongoing Construction at the Tana River County Headquarters**



**A Section of the Road to the Cluster Villages with Cabro**

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

---



Sections 163,164 and 165 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the County Treasury shall prepare financial statements of each County Government entity, receiver of receipts and consolidated financial statements for all County Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

In view of the above, it is my pleasure to forward the Tana River County Government's financial statements for the year ending 30<sup>th</sup> June 2020. The statements are prepared in accordance with the cash basis of accounting method under the International Public Sector Accounting Standards (IPSAS).

The statements presented include: A statement of Receipts and Payments, a statement of Assets and Liabilities, Cash flow Statement, a statement of Comparative budget and actual amounts, a statement of Pending bills, a summary of significant accounting policies, a statement of outstanding imprest and Notes to the Financial Statements.



**CEC, Finance and Economic Planning**

**Tana River County Government**

**3. STATEMENT OF PERFORMANCE AGAINST COUNTY PREDETERMINED OBJECTIVES**

**Introduction**

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity’s performance against predetermined objectives.

**Strategic development objectives**

The County’s 2018-2022 CIDP has identified four (4) key strategic development objectives. Broadly, these objectives have been identified through a participatory process that reviewed the development priorities of the Governor’s Manifesto, the National Government’s “Big Four”, NIUPLAN, SDGs and the MTP III.

The strategic objectives are a synthesised product of the afore-mentioned planning frameworks that amalgamate the thematic focus and development aspirations in these policy frameworks.

The key development objectives of the Tana River County’s 2018-2022 CIDP are to:

- a) Urban planning and climate proof infrastructure development;
- b) Accessible and quality education;
- c) Quality and affordable healthcare; and
- d) Modern and commercially oriented agriculture.

**Progress on attainment of Strategic development objectives**

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

<b>Department</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Agriculture	Contribute to the reduction of food insecurity at household level	Increase agricultural production and productivity	Quantity of crops produced	Some of the outputs in the reporting period include 75 tonnes of fertilizer, and 88.97 tonnes of drought tolerant seeds procured and distributed. 2621.2ha of land put under irrigation, 10 tractors procured, 1 livestock auction yard constructed, and 6 dairy goats procured and distributed. 1,700 beehives were established.

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

Health Services	To reduce incidences of preventable illnesses and mortality at the County level	Improve health physical infrastructure	% of health facilities with requisite physical infrastructure	Ongoing projects include construction of a dispensary in Wayu, Construction of A&E unit and office block, and renovation of wards at the Hola Referral Hospital.
EYE and Vocational Training	To Increase access to quality Early Years Education and Vocational Training	Increased access to quality Early Years Education and Vocational Training	No. of learners in EYE and vocational training centres	Achievements in the FY 2019/20 include provision of bursary to 22,500 learners in secondary and tertiary institutions, construction of 236 classrooms, subsidizing tuition for 7,115 trainees in vocational training centres.

*NB: Data and information provided here should be verifiable against the CIDP*

#### **4. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

Tana River County exists to transform lives. This is our purpose; the driving force behind everything we do. It is what guides us to deliver our strategy, which is founded on four pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar:

##### **1. Sustainability strategy and profile**

The County Government recognizes that the Departments hold a vital key in the implementation of County priority programmes and projects; other national priorities including the “Big Four” Initiatives in order to improve the quality of lives of the people of Tana River County and make the County competitive. In carrying out these duties, it intends to put all its efforts towards contributing effectively and efficiently to the achievement of the County development agenda as espoused in the CIDP and Kenya Vision 2030, keeping in mind the specific priorities of the county.

Bearing in mind the imperative of inclusivity and the best international practices.

##### **2. Environmental performance**

The county commits to adapt and mitigate climate change through:

- Conduct a tree planting session for County staff,
- Ensure that rainwater-harvesting structures are functional within the county,
- Introduction of flood mitigation policies such as the village cluster project.

##### **3. Employee welfare**

The County will undertake the following:

- (i) Institutional Skills Gap Analysis, this will done in the second quarter.
- (ii) Carry out Staff Training Needs Assessment in the second quarter.
- (iii) Execute interventions to address the identified skills gaps and training needs through, Recruitment and capacity building
- (iv) Carry out staff Performance Appraisal by end of the fourth quarter -25%
- (v) Prepare County Knowledge Management Action Plan -60%
- (vi) Develop a county treasury online repository -40%

In collaboration with the department of Public Service and Administration, the County will:

- (i) Install fire extinguishers
- (ii) Install security checks at the entrance
- (iii) Display emergency numbers for Fire/Police
- (iv) Put signage in designated places within the office compound
- (v) Regularly review the CCTV surveillance cameras and prepare a report
- (vi) Implement the information Security Management Steps.

##### **4. Market place practices**

The County commits to undertake the following to enhance national cohesion and values:-

- a) Upload the available opportunities for AGPO to the county government website,
- b) Enhance fight against corruption,
- c) Create awareness among staff on national values and principles of governance,

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

---

- d) The County commits to ensure that PWDs are considered for employment,
- e) Ensure enhancement of National Values by use of the two national language in the office.

**5. Community Engagements**

The County has continuously been;

- a) Sensitizing the community on alcohol and drug abuse.
- b) Recommending cases of rehabilitation, treatment and counselling.
- c) Following up on rehabilitated.

The County also commits to:

- a) Wellness promotion and sensitization of staff on HIV.
- b) Sensitize staff members on HIV related stigma and discrimination
- c) Promote preventive measures on HIV and COVID -19

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

---

**5. STATEMENT OF MANAGEMENT RESPONSIBILITIES**

Sections 163,164 and 165 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the County Treasury shall prepare financial statements of each County Government entity, receiver of receipts and consolidated financial statements for all County Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The County Executive Committee (CEC) member for finance of the County Government is responsible for the preparation and presentation of the County Government's financial statements, which give a true and fair view of the state of affairs of the County Government for and as at the end of the financial year ended on June 30, 2020. 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 Government; (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 Government; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The CEC member for finance accepts responsibility for the County Government'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 CEC member for finance is of the opinion that the County Government's financial statements give a true and fair view of the state of the County Government's transactions during the financial year ended June 30, 2020, and of its financial position as at that date. The CEC member for finance further confirms the completeness of the accounting records maintained for the County Government 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 CEC member for finance confirms that the County Government has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Government'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 CEC member for finance confirms that the County Government'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.

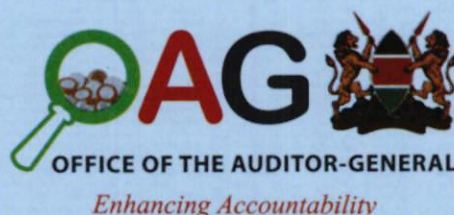
**Approval of the financial statements**

The County Government's financial statements were approved and signed by the CEC member for finance on \_\_\_\_\_ 2020.

  
\_\_\_\_\_  
**County Executive Committee Member – Finance**

# REPUBLIC OF KENYA

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



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

## REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF TANA RIVER FOR THE YEAR ENDED 30 JUNE, 2020

---

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of County Executive of Tana River set out on pages 1 to 38 which comprise the statement of financial assets and liabilities as at 30 June, 2020 the statement of receipts and payments, statement of cash flows and the summary statement of appropriation: 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 Executive of Tana River as at 30 June, 2020 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the County Governments Act, 2012 and the Public Finance Management Act, 2012.

#### Basis for Qualified Opinion

##### 1. Inaccuracies in the Financial Statements

During the year under review, a comparison of amounts stated in the statement of appropriation recurrent and development combined and amounts stated in 2019/2020 Supplementary Budget II presented for audit revealed the following differences: –

	Statement of Appropriation (Kshs.)	Supplementary Budget II (Kshs.)	Difference (Kshs.)
<b>Payments</b>			
Compensation of Employees	1,620,231,544	1,606,253,031	13,978,513
Use of Goods and Services	1,614,856,537	1,661,429,407	(46,572,870)
Transfers to Other Government Units	988,918,640	1,037,811,672	(48,893,032)
Other Grants and Transfers	399,474,535	514,203,050	(114,728,515)



<b>Payments</b>	<b>Statement of Appropriation (Kshs.)</b>	<b>Supplementary Budget II (Kshs.)</b>	<b>Difference (Kshs.)</b>
Social Security Benefits	34,593,659	21,277,496	13,316,163
Acquisition of Assets	1,226,330,807	1,060,830,802	165,500,005
Other Payments	2,139,195,410	2,121,795,674	17,399,736

In absence of any explanation and reconciliation between the two sets of records, the accuracy of the summary statement of appropriation: recurrent and development combined for the year ended 30 June, 2020 cannot be ascertained.

## **2. Irregular Payment of Special House Allowance**

Review of the Integrated Payroll and Personnel Database (IPPD) for the period between 1 July, 2019 to 30 June, 2020 revealed that the Executive had 259 employees who were earning special house allowances amounting to Kshs.13,099,267 in addition to the normal house allowance paid as part of their salaries. In some instances, the officers earned special house allowance which was more than their normal house allowance.

In absence of any explanation, the propriety on the payment of Kshs13,099,267 charged under compensation of employees as special house allowance could not be ascertained

## **3. Unsupported Expenditure - Use of Goods and Services**

As disclosed in Note 7 to the financial statements, the statement of receipts and payments for the year ended 30 June, 2020 reflects a balance of Kshs.1,847,716,015 under use of goods and services expenditure. However, the following anomalies were noted: -

### **3.1. Fuel, Oil and Lubricant**

The balance includes an amount of Kshs.1,847,716,015 which constitutes an amount of Kshs.47,197,759 on purchase of fuel, oil and lubricants. However, examination of payment vouchers and other records revealed that payments amounting to Kshs.3,669,000 were not supported with motor vehicles work tickets, local purchase orders, delivery notes, invoices and detail orders.

### **3.2. Domestic Travel and Subsistence Allowance**

Further, the balance constitutes payments amounting to Kshs.26,919,071 paid to officers who attended workshops, training and other official duties outside the County. However, the expenditure was not supported with invitation letters, pre-travel approval, requisitions, training programs, attendance registers and there was no report prepared after the officer went back to the office from the training.

### **3.3. Maintenance of Vehicles**

Included in the use of goods and services balance of Kshs.1,847,716,015 is Kshs.25,971,949 incurred on maintenance of vehicles and other transport equipment. However, examination of payment records and other supporting documents revealed that an amount of Kshs.7,774,083 was spent on motor vehicle repairs without pre- and post-certificate of inspection from Department for Mechanical Public Works indicating the nature of repairs and estimated costs to ascertain whether it was economical to repair the motor vehicles. It was also noted that the repairs were not recorded in the vehicle's logbooks. The work tickets of the vehicles repaired were also not provided for audit review.

### **3.4. Procurement of Specialized Materials**

The balance also constitutes an amount of Kshs.360,137,228 spent on specialized materials and services. However, examination of payment vouchers, procurement records and other supporting documents revealed that the project files for fifteen (15) contracts worth Kshs.55,801,278 did not contain tender documents such as purchase requisition, tender notice, tender opening minutes, appointment letters of the tender opening committee and for tender evaluation committee, minutes of the evaluation committee, notification of award letters of tender to successful bidder, letters of regret to the unsuccessful bidders, letters of acceptance by the winning bidder, contract agreement, inspection and acceptance committee report/minute, and professional opinion.

Further, Management procured two (2) biosafety cabinet class II worth Kshs.1,245,318. Although the equipment were allegedly procured for the County Referral Hospital, physical verification carried out on 11 December, 2020 revealed that the items were not at the County Referral Hospital.

In addition, Management paid for laboratory reagents and other equipment worth Kshs.11,843,272. Although the items were delivered on 17 July, 2019 the items were not recorded in the store ledgers.

### **3.5. Payments on Legal Services**

Included in the use of goods and services balance of Kshs.1,847,716,015 is Kshs.188,406,708 relating to other operating expenses out of which Kshs.75,660,000 were spent on legal services. However, an amount of Kshs.9,500,000 was not supported with case files and their respective procurement details such as tender documents. It was therefore not possible to ascertain whether the services were fairly procured.

### **3.6. Hire of Motor Vehicles**

The balance constitutes Kshs.54,275,472 relating to rental of produced assets which includes an amount of Kshs.28,048,949 spent on hire of motor vehicles. However, examination of payment vouchers and other supporting documents revealed that expenditure totalling to Kshs.9,806,896 were not supported with end user requests, authorization from a designated officer in charge of transport and logbooks to ascertain

ownership of the motor vehicles hired. Management did not explain the reasons for the hire of the vehicles since it has fleets of vehicles.

### **3.7. Printing Advertising and Information Supplies and Services**

Further, included in the use of goods and services balance of Kshs.1,847,716,015 is an amount of Kshs.27,045,886 which was spent on printing, advertising and information supplies and services. However, expenditure amounting to Kshs.4,059,000 had the following unsatisfactory matters: -

- i. There were no inspection and acceptance committee reports and end user requests.
- ii. For the payment of advertising expenses, there were no copies of program to be aired and copies of the adverts.
- iii. Quotations supporting the payment did not indicated date when they were supposed to be returned.
- iv. In some cases, suppliers were single sourced and the goods and services were not procured competitively.

### **3.8. Expenditure for Hospitality, Supplies and Services**

The balance also constitutes an amount of Kshs.230,816,717 relating to hospitality supplies and services. However, examination of payment records and other supporting documents revealed that expenditure amounting to Kshs.39,965,141 had the following anomalies: -

- i. Contracts were awarded to suppliers who did not satisfy the mandatory requirements such as valid tax compliance certificates, business permits and also did not submit KRA pin as required by the evaluation criteria.
- ii. End user request notes were not attached to the payment voucher to ascertain if the service were needed and done to the expectation.
- iii. Payments were not supported with programs of events, signed list of participants and venue where the events and workshops were held.
- iv. In some cases, suppliers were single sourced and the goods and services were procured without competitive bidding.

### **3.9. Office and General Supplies and Services**

During the year under review, the County Executive spent a total of Kshs.182,646,025 on office and general supplies and services. However, examination of payment vouchers and other supporting documents revealed that expenditure totaling Kshs.31,092,450 was not supported with local purchase orders, invoices and stores receipts voucher. In addition, the request for quotations supporting the payments did not indicate the description of the items to be procured, quantity and prices of the items. Further, there

were no stores ledgers, requisition and issue notes provided to confirm how the items procured were recorded and issued to the user departments.

### **3.10. Irregular Allowances on Training Expenses**

The use of good and services balance of Kshs.1,847,716,015 constitutes an amount of Kshs.57,429,014 relating to training expenses. However, examination of payment records and other documents revealed that five (5) officers who attended various trainings outside the County were paid per diem amounting to Kshs.1,921,200 in excess of the days specified on invitation letters and respective travel records. It was also noted that one (1) officer was paid Kshs.315,000 per diem allowance for 45 continuous days contrary to Section C.16 (2) of the PSC Human Resource Manual that provides for maximum of 30 days.

In the circumstances, the propriety, regularity and completeness of the expenditure amounting to Kshs.203,911,209 included in the use of goods and services balance of Kshs.1,847,716,015 for the year ended 30 June, 2020 could not be confirmed.

## **4. Acquisition of Assets**

As disclosed in Note 12 to the financial statements, the statement of receipts and payments for the year ended 30 June, 2020 reflects a balance of Kshs.1,433,800,633 under acquisition of assets out of which a balance of Kshs.237,349,634 was incurred on construction of buildings. However, examination of payment records and other documents revealed that Management made payment of Kshs.5,681,457 for construction of social hall. The contract was initiated in financial year 2018/2019. However, contract documents such as project file, Bills of Quantities, minutes and other records relating to the project were not provided for audit review.

Further, an amount of Kshs.32,415,111 was incurred on project implementation during the year but was not supported with project files, advertisements, tender opening minutes, evaluation and awarding minutes, contract agreements, inspection and acceptance reports, site meeting minutes, project status report and certificate of practical completion.

Physical verification carried out revealed that the projects was incomplete and finishing works including plastering, windows and doors and external works had not been done. The contractor was not at the site at the time of the audit and there was no sign of work in progress.

In the circumstances, the propriety of the expenditure amounting to Kshs.38,096,568 incurred on construction of buildings could not be confirmed.

## **5. Other Grants and Payments**

As disclosed in Note 10 to the financial statements, the statement of receipts and payments reflects a balance of Kshs.458,197,821 in respect of other grants and payments. Examination of records and payment documents revealed the following unsatisfactory matters: -

## **5.1. Irregular Supply, Delivery and Transportation of Relief Food**

Included in the other grants and payment balance of Kshs.458,197,821 is Kshs.286,714,845 incurred on emergency relief and refugee assistance out of Kshs.45,551,683 related to supply, delivery and transportation of relief food to various sub-counties. However, examination of payment records and other documents revealed that payments of Kshs.25,853,752 were not properly supported as detailed below-

- i. The payments were not supported with the waybills indicating the point of origin of the foodstuff, number of kilometers covered by the vehicles, the route, names of the committee which received the food and the dates when the foods were received.
- ii. There was no documentary evidence to show the County Department of Health inspected the food stuff to verify the conditions of the food items.
- iii. There was no need assessments report, number of household beneficiaries and distribution schedules showing the identity cards of the beneficiaries and quantity of foodstuff given. It was therefore not possible to confirm whether or not the total amount of foodstuff procured, received and issued out were indeed distributed in full to the intended beneficiaries.
- iv. Further, there was no evidence to show that there were negotiations between the Management, the suppliers and transporters of relief food as required by Section 104(b) of the Public Procurement and Assets Disposal Act, 2015.
- v. The Management did not also carry out market survey, before the procurement of the foodstuff. It was therefore not possible to ascertain whether the relief food procured was supplied at a fair price as required by Section 103(e) of the Public Procurement and Assets Disposal Act, 2015.
- vi. There were no contract agreements signed between the suppliers of the foodstuff and the Management as required by Section 104(d) of the Public Procurement and Assets Disposal Act, 2015.
- vii. Mandatory documents such as business license, certificate of incorporation, tax compliance certificates were not attached to the payment vouchers or provided for audit review as required by Section 68(6) of the Public Procurement and Assets Disposal Act, 2015. It was therefore not possible to ascertain whether the contract for suppliers of the relief food were fairly awarded to the contractors.

## **5.2. Unsupported Payment of Emergency Relief and Refuge Assistance**

Further, the balance constitutes Kshs.458,197,821 in respect of other grants and payment which includes an amount of Kshs.286,714,845 incurred on emergency relief and refugee assistance out of which Kshs.241,163,162 related to water trucking. However, examination of payment vouchers and other supporting documents revealed expenditure amounting to Kshs.49,288,691 was not properly supported as detailed below-

- i. Log books and work tickets of the hired vehicles were not attached to the payment vouchers nor provided for audit review.
- ii. There was no evidence of how the services were procured as contract agreements were not signed between the owners of the vehicles and the Executive contrary to Section 135(1) of the Public Procurement and Disposal Act, 2015.
- iii. Distribution schedule lacked the identity cards number of the recipients of the water or documentary confirmations that the water was delivered to the centers.
- iv. Contrary to Section 86(1) of the Public Procurement and Disposal Act 2015, the contracts were awarded to suppliers who did not satisfy the mandatory requirements as valid tax compliance certificates, business permits and KRA pin as required by the evaluation criteria.
- v. A review of the prequalified list of suppliers for the years 2016-2019 disclosed that the County Executive did not have a list prequalify suppliers for provision of water trucking services hence the suppliers were neither prequalified nor selected competitively contrary to Section 93(1) of the Public Procurement and Disposal Act, 2015.
- vi. The County Executive did not also carry out market survey before undertaking the award of the contracts. It was therefore not possible to ascertain whether the water trucking services were supplied at fair prices contrary to Section 71(4) of the Public Procurement and Disposal Act 2015.

In the circumstances, the propriety and regularity of the expenditure amounting to Kshs.75,142,443 included under other grants and transfers for the year ended 30 June 2020 could not be ascertained.

## **6. Unaccounted for Payments of Taxes and Retention Money**

As disclosed in Note 13 to the financial statements, the statement of receipts and payments reflects a balance of Kshs.164,147,413 in respect of other payments. However, examination of ledgers and other documents revealed that the expenditure was incurred on payment of retention money to contactors and remittances of withholding taxes. Payments documents amounting to Kshs.64,552,204 in respect of retention money were however, not supported with payment vouchers, statements of account detailing the computations of retention money, respective projects' inspection and acceptance certificates, practical completion certificates and projects' handing over certificates.

Further, Management deducted an amount of Kshs.88,732,209 from suppliers as withholding taxes from certified works for various projects. The payments were however, not supported with payment vouchers, statements of account detailing how the withholding taxes have been computed.

In the circumstances, the propriety on the expenditure of Kshs.153,284,413 in respect of retention and withholding taxes for the year ended 30 June, 2020 could not be confirmed.

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

## **Emphasis of Matter**

### **Pending Bills and Account Payables**

Note 7.9 - Other important disclosure to the financial statement for the year under review reflected pending bills balance of Kshs.1,157,939,143 as at 30 June, 2020. However, analysis of the details of the pending bills were not provided in the financial statement.

Further, the County Executive reported pending bills amounting to Kshs.2,421,197,210 in its financial statement for the 2018/2019. Out of this amount, Management paid pending bill amounting to Kshs.2,031,132,042, leaving a balance of Kshs.390,065,168 unsettled. This is contrary to Section 41(2) of the Public Finance Management (County Governments) Regulations, 2015. Which stated that "debt service payment be a first charge to the County revenue fund and the accounting officer shall ensure this is done to the extent possible that the County Government does not default on debt obligation. No explanation was provided for the non-compliance to the regulations.

In addition, Management did not maintain a pending bills register or ledger showing the opening balance, additions during the financial year, amount settled during the year and closing balance as at 30 June, 2020.

My opinion is not modified in respect of the above matter

## **Key Audit Matters**

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

## **Other Matter**

### **1. Budgetary Control and Performance**

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.8,075,1477,524 and Kshs.6,952,431,179 respectively, resulting to an under-funding of Kshs.1,122,716,345 or 14% of the budget. Similarly, the County Assembly expended Kshs.6,513,343,127 against an approved

budget of Kshs.8,075,1477,524 resulting to an under-expenditure of Kshs.1,561,804,397 or 19% of the budget. Management has attributed the low absorption to late disbursement of the Exchequer by the National Treasury.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

## **2. Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circular Ref: No. AG.4/16/3 Vol.1(9) dated 24 June, 2020.

### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

#### **Conclusion**

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

#### **Basis for Conclusion**

##### **1. Non-Compliance with the One Third of Basic Salary Rule**

During the year ended 30 June, 2020, nineteen (19) employees earned a net salary of less than a third (1/3) of the basic salary contrary to Section C.1(3) of the Public Service Commission (PSC) Human Resource Policies, 2016. The Management has not given explanation for failure to comply with the policy.

In the circumstances, Management is in breach of the law.

##### **2. Non-Compliance with the Public Procurement and Asset Disposal Act, 2015**

During the year under review, the Management spent an amount of Kshs.360,137,228 on specialized materials and services. However, examination of payment vouchers, procurement records and other supporting documents revealed that tender evaluation and opening minutes for three (3) contracts worth Kshs.18,695,072 were not signed appropriately as provided by of Section 80 (7) of the Public Procurement and Assets Disposal Act, 2015 which states that the evaluation report shall be signed by each



member of evaluation committee who shall append his or her signature as well as initial to the final page of the minutes indicating their full name and designation.

In the circumstances, Management is in breach of the law.

### **3. Unaccounted for Communication Supplies and Services**

The County Executive spent Kshs.22,297,287 on communication, supplies and service. However, examination of payment vouchers and other supporting documents revealed that expenditure amounting to Kshs.8,097,444 was made in respect to a tender for the provision of regular maintenance of Media Broadcasting Equipment service which was awarded to a bidder who did not meet the preliminary tender evaluation criteria as required by Section 86(1) of the Public Procurement and Disposal Act, 2015. The payment was not supported with end user requisition notes, local service order/local purchase order, invoices, tender evaluation reports and tender opening registers as required by Section 68(6) of the Public Procurement and Disposal Act, 2015. Further, the bidder awarded the contract was not in the list of prequalified suppliers as required by Section 57 of the Public Procurement and Disposal Act, 2015.

In the circumstances, Management is in breach of the law.

### **4. Acquisition of Assets**

As disclosed in Note 12 to the financial statements, the statement of receipts and expenditure reflects an expenditure of Kshs.1,433,800,633 on acquisition of assets. However, examination of records on the payments revealed the following anomalies;

#### **4.1 Construction of Roads**

Included in the acquisition of assets balance of Kshs.1,433,800,633 is Kshs.430,456,266 incurred on construction of roads out of which Management through the Department of roads entered into a contract with a construction company for the construction of Bangali-Mbalambala road during the financial year 2018/2019 at a total contract price of Kshs.11,140,060. The contractor was paid Kshs.6,873,794 during the financial year 2018/2019 and a further payment of Kshs.3,312,116 was made during the financial year under review. However, physical verification carried out on project revealed the following anomalies:

- i. Heavy grading was to be done at a cost of Kshs.3,900,000 as per the specifications of the bill of quantities but light grading was done and therefore the road was loose, unlevelled and easily wearing off.
- ii. Existing culverts which were supposed to be repaired, replaced and cleaning done to remove accumulated silt at a cost of Kshs.224,000 was not done.
- iii. The Bill of Quantities, BQ had provided the diameter of the new culverts to be 900mm, but the culverts installed were of 600mm diameter while the backfilling specified in BQs was not done properly making mobility for the road users difficult.

- iv. The Bill of Quantities had provided the erection of a signboard costing Kshs.50,000 However, there was no signboard showing that the work was undertaken by the County Executive.

In the circumstances, the value for money on payments for the project expenses amounting Kshs.3,312,116 could not be ascertained.

#### **4.2 Construction of Buildings**

The balance includes an amount of Kshs.237,349,634 incurred on the construction buildings. However, examination of payment records, tender documents and other documents for an expenditure amounting to Kshs.170,656,849 revealed that the County Executive awarded seven (7) contracts amounting Kshs.115,042,704 for construction of slaughter house, health facility, administration blocks and public pit latrine at various sub-counties through open tender. It was however, observed that regret letters sent out to the unsuccessful bidders did not indicate the identities of the winning bidders as required by Section 87(3) of the Public Procurement and Disposal Act, 2015.

Further, the projects were implemented without NEMA certification for Environmental and Social Impact Assessment contrary to Section 117 of National Environment Act, 2019 while the appointment letters of inspection and acceptance committee members who inspected the implementation of the projects was not provided for audit review.

In addition, the Management awarded a contract for the construction of Madogo Slaughter House at Madogo Township at cost of Kshs.17,517,577. Physical verification revealed that the project was completed and full payment made on 29 April, 2020 but had not been put to use six months after its completion.

In the circumstances, Management is in breach of the law and the value for money on expenditure of Kshs.132,560,281 incurred on construction of building as at 30 June, 2020 could not be confirmed.

#### **4.2 Construction and Civil Works**

Further the balance includes an amount of Kshs.287,589,316 incurred on construction and civil works. However, examination of payment records and other documents provided for audit revealed the following: -

##### **4.3.1 Improvement of Playground at Garsen South Ward**

During the financial year 2018/2019, the Management awarded a contract for improvement of playground at Garsen South Ward to a company at a contract sum of Kshs.3,094,996. Review of expenditure records, vouchers, project file and other documents revealed that the payment was not supported by an approved project work plan/relevant architectural drawing, a feasibility study on sustainability, a signed professional opinion from the head of supply chain and inspection and acceptance report.

Physical verification done on the project indicated that the playground was not in a usable condition. It was overgrown with bushes, shrubs and thickets, an indication that bush clearing, site clearance, excavation, planking, strutting, hardcore filing, depositing and compacting was poorly done. Both the roof and doors on the field shade and the toilets had been vandalized. There was no signboard at the project site and thus ownership of the project could not be confirmed.

In the circumstances, the value for money on expenditure of Kshs.3,094,996 with respect to Improvement of Playground at Garsen South Ward incurred during the year could not be ascertained.

#### **4.3.2 Delivery and Installation of Weigh Bridge**

Further, during the financial year 2018/2019, Management awarded a contract for the delivery and installation of a weigh bridge at Hurara at a contract sum of Kshs.18,619,392. However, examination of payment vouchers, project file and other documents provided for audit review revealed that the payment was not supported with inspection and acceptance report and Bill of Quantities. Although full payment was made to the contractor, physical verification carried out during the audit revealed that the project was incomplete. Access road to the weighing bridge was not cleared and the alphanumeric indicator, laser jet printers and 5XR screens had not been fitted. There was no project sign board at the project site and thus ownership of the project could not be confirmed.

In the circumstances, the value for money on Kshs.18,619,392 incurred on the Delivery and Installation of Weigh Bridge could not be ascertained.

#### **4.3.3 Unsupported Expenditure on Construction and Civil works**

During the under review, the County Executive made payments totalling Kshs.287,589,316 for construction and civil works. However, Management did not provide procurement records and payment vouchers for works amounting to Kshs.17,340,833 for audit review. It was further observed that the project files, tender opening registers, letters of notification to unsuccessful bidders, certificates of practical completion, inspection and acceptance reports, signed professional opinion reports from the head of county executive supply chain, engineers' estimates and filled bills of quantities were not maintained contrary to Section 68 of the Public Procurement and Disposal Act, 2015

In the circumstances, value for money on expenditure amounting to Kshs.17,340,833 incurred on construction and civil works could not be confirmed.

#### **4.4 Unsupported Refurbishment of Buildings**

Included in the acquisition of assets balance of Kshs.1,433,800,633 is an amount of Kshs.110,565,285 on refurbishment of buildings. However, examination of payment vouchers and procurement documents revealed the following anomalies: -

- i. Project files for seven (7) contracts worth Kshs.24,937,876 did not contain tender documents such as tender notice, tender opening minutes, letter of appointment of the tender opening committee, appointment letter for tender evaluation committee, minutes of the evaluation committee, notification letter of tender award to the successful bidder and unsuccessful bidders, letter of acceptance by the winning bidder, contract agreement, inspection and acceptance committee report/minute and professional opinion recommending the approval.
- ii. Management awarded contract for repairs works for Delta Sub-County office at Minjila at a contract sum of Kshs.3,981,032. According to the Bill of Quantities (BQ), the works included renovations, electrical works and supply of firefighting equipment's, carpet and curtain slides. However, physical verification revealed that the firefighting equipment's and curtain slides costing Kshs.620,000 and Kshs.45,000 respectively were not done.

In the circumstances, value for money on expenditure amounting to Kshs.25,602,876 incurred on refurbishment of building as at 30 June, 2020 could not be confirmed.

#### **4.5 Purchase of Specialized Plant and Equipment**

The balance constitutes an amount of Kshs.1,433,800,633 out of which Kshs.99,260,703 was incurred on purchase of specialized plant equipment and machinery. However, examination of payment records and supporting documents revealed that payments totalling Kshs.16,539,560 was not supported with signed professional opinion document from County procurement office while signed business questionnaire was not properly filled contrary to Section 84 of the Public Procurement and Asset Disposal Act, 2015.

Further, the letter appointing inspection and acceptance committee and minutes or certificate of inspection and acceptance committee were not attached to the payment vouchers or provided for audit review contrary to Section 48 of the Public Procurement and Disposal Act, 2015.

In the circumstances, Management is in breach of the law.

#### **4.6 Procurement of Office Furniture and General Equipment**

Included in the acquisition of assets balance of Kshs.1,433,800,633 is Kshs.24,728,117 incurred on purchase of office furniture and general equipment. However, examination of payment vouchers and other supporting documents revealed an amount of Kshs.13,987,700 was not supported as follows: -

- i. Quotations were not attached to most of payment vouchers and where attached the dates when quotations were supposed to be returned by the suppliers were not indicated.
- ii. Counter receipt vouchers (S13) and other store records were not provided for audit while the furniture and equipment procured were not recorded in the assets register. It was therefore not possible to confirm whether the goods purchased were actually received and used for the intended purpose.

- iii. Some of the winning bidder did not provide VAT registration certificate and Tax compliance which were mandatory requirement for the award of the contracts. It was therefore not clear how the suppliers were selected for award of the contract.

In the circumstances, Management is in breach of the law.

#### **5. Unapproved Withdraws of Funds from the County Revenue Fund**

During the year under review, the Tana River County Appropriation Act, 2019 was assented to on 17 July, 2019. However, audit review of the County Revenue Fund Account statement for the month of July 2020 reflected debit transactions amounting to Kshs.558,625,935 that took place between 1 July, 2019 and 17 July, 2020. The withdrawal from the County revenue fund was not approved by the County Assembly, contrary to Regulation (36)(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that; 'where the County Appropriation Act is not assented to or is not likely to be assented to before the first working day of the financial year, the Speaker to the County Assembly, with approval of County Assembly, shall communicate to the County Executive Committee Member of Finance and Economics Planning to grant of authority to withdraw from the County Revenue Fund of monies of an amount not exceeding one-half of the amount included in the estimates.

In the circumstances, Management is in breach of the law.

#### **6. Non-Submission of Statutory Deductions (KRA P.A.Y.E)**

During the year under review, Management made deductions for Pay As You Earn (PAYE) amounting to Kshs.255,371,740 from the staff members. However, examination of payment vouchers and bank statements for the month of June, 2020 revealed that PAYE totalling Kshs.19,345,005 was not remitted within the statutory timelines contrary to Section 83 Tax Procedures Act, 2015. The non-remittance of PAYE on time is likely to attract 25% penalty and 1% interest amounting to Kshs.4,836,251.

In the circumstances, Management is in breach of the law.

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

# REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

## **Conclusion**

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

## **Basis for Conclusion**

### **1. Compensation of Employees**

#### **1.1 Lack of Staff Establishment**

During the year under review, Management did not maintain an approved staff establishment that indicates the optimal number of staff and skills required in each category thus making it impossible to ascertain the optimal number of employees required for each Department.

In the absence of the approved staff establishment, it was not possible to ascertain whether the County Executive has the right human resource and professional mix and whether it is operating within the optimal level of staff establishment.

#### **1.2 Irregular Engagement of Casual Employees**

During the year under review, the Management had engaged a total of 718 casuals. The following observations was made: -

- i. There were no formal requests done from the departmental heads (Chief Officers) on the need for engaging casuals.
- ii. Records in respect of how temporary employees were hired, the work for which they were hired, reason for their recruitment, terms and conditions of services were not provided for audit review.
- iii. Muster rolls showing attendance of the casual workers were not also provided for audit review to confirm the existence of the temporary employees and their work station.

In the circumstances, the existence of effective internal controls procedures regarding engagement of casual workers could not be confirmed.

## **2. Un-Supported Fixed Assets Balances**

Annex 5 to the financial statements reflects total fixed assets balance of Kshs.4,748,838,154 as at 30 June, 2020. Review of records and supporting documents revealed the following anomalies: -

- i. Separate sheet was not maintained for each specific class of assets.
- ii. For standard assets, the asset register did not indicate the tag number, serial number, model/type and date of delivery.
- iii. For land/buildings, the asset register did not indicate the mode of acquisition, category of land, L.R. certificate number, document of ownership held, size of land, acquisition date, registration date, encumbrances, planning status and the cost of acquisition.
- iv. For roads infrastructure, the assets register did not indicate the roads description/name/type, the length of the road, date of commissioning, class of road, land registry ID and acquisition amount.
- v. For motor vehicles, the assets register did not indicate the engine number, chassis number, tag number and year of purchase.
- vi. In addition, according to the supplementary budget for 2019/2020 financial year the Executive had a budget of Kshs.20,000,000 for motor vehicle insurance. However, the funds were not spent and it was not clear how the County vehicles operated without insurance cover and why the amount budgeted for motor vehicles insurance services were not spent.

In the circumstances, it has not been possible to confirm the existence of adequate mechanism to safeguard the assets under the County Government.

## **3. Lack of Approved Internal Audit Charter**

During the year under review, Management did not have an approved Internal Audit Charter that spells out the internal audit purpose, authority and responsibility and the effectiveness of the internal audit unit is doubtful.

Consequently, the internal audit function cannot be guaranteed and may not be effective in the management of public resources.

## **4. Implementation of E-procurement System**

The Management started implementing e-procurement system for its procurement of goods, works and services on the month of September, 2019. However, review of payment vouchers and project files disclosed that most of the procurements for the 2019/2020 financial year were implemented manually.

In the circumstances, the Management have not instituted strong checks in procurement function by failing to implement the Executive Order No.2 of 2018.

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 governance.

In preparing the financial statements, Management is responsible for assessing the County Executive'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 Executive, 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 Executive 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 policies and procedures may deteriorate.

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a

material uncertainty exists related to events or conditions that may cast significant doubt on the County Executive'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 Executive 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 Executive 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.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**08 December, 2021**

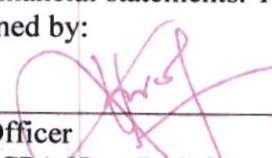
**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

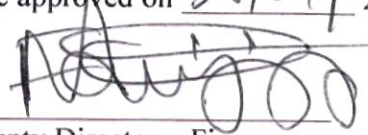
**7. FINANCIAL STATEMENTS**

**7.1. STATEMENT OF RECEIPTS AND PAYMENTS**

		<b>2019-2020</b>	<b>2018-2019</b>
	<b>Notes</b>	<b>KShs</b>	<b>KShs</b>
<b>RECEIPTS</b>			
Exchequer releases	<b>1</b>	6,523,402,422	4,819,155,018
Proceeds from Domestic and Foreign Grants	<b>2</b>	-	79,838,365
Transfers from Other Government Entities	<b>3</b>	361,722,546	5,682,537
County Own Generated Receipts	<b>4</b>	66,580,034	63,450,041
Returned CRF issues	<b>5</b>	726,177	199,348,683
<b>TOTAL RECEIPTS</b>		<b>6,952,431,178</b>	<b>5,167,474,644</b>
<b>PAYMENTS</b>			
Compensation of Employees	<b>6</b>	1,595,878,299	1,482,807,360
Use of goods and services	<b>7</b>	1,847,716,015	1,436,298,631
Subsidies	<b>8</b>	51,546,392	-
Transfers to Other Government Units	<b>9</b>	909,041,833	- 745,811,920
Other grants and transfers	<b>10</b>	458,197,821	375,000,000
Social Security Benefits	<b>11</b>	53,014,722	53,038,560
Acquisition of Assets	<b>12</b>	1,433,800,633	1,990,073,263
Other Payments	<b>13</b>	164,147,413	-
<b>TOTAL PAYMENTS</b>		<b>6,513,343,127</b>	<b>6,083,029,734</b>
<b>SURPLUS/DEFICIT</b>		<b>439,088,051</b>	<b>(915,555,090)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30/09/20 2020 and signed by:

  
 Chief Officer  
 Name: CPA Hero B. Said  
 ICPAK Member number: 11408

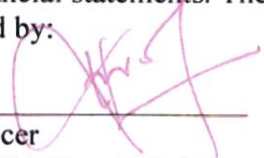
  
 County Director – Finance  
 Name: CPA Francis N. Ngigi  
 ICPAK Member Number: 10878

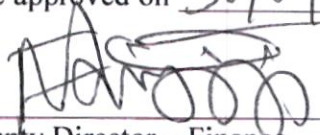
**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**7.2. STATEMENT OF ASSETS AND LIABILITIES**

	Notes	2019-2020 KShs	2018-2019 KShs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	14A	701,512,398	229,186,576
Cash Balances	14B	711,940	103,945
<b>Total Cash and cash equivalent</b>		<b><u>702,224,338</u></b>	<b><u>229,290,521</u></b>
Accounts receivables – Outstanding Imprests	15	4,857,200	9,770,644
<b>TOTAL FINANCIAL ASSETS</b>		<b>707,081,538</b>	<b>239,061,165</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payables – Deposits and retentions	16	36,213,470	7,281,148
<b>NET FINANCIAL ASSETS</b>		<b>670,868,068</b>	<b>231,780,017</b>
<b>REPRESENTED BY</b>			
<b>Fund balance b/fwd</b>	17	231,780,017	1,147,335,107
<b>Prior year adjustments</b>	18	-	-
<b>Surplus/Deficit for the year</b>		439,088,051	(915,555,090)
<b>NET FINANCIAL POSITION</b>		<b>670,868,068</b>	<b>231,780,017</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30/09/2020 and signed by:

  
 Chief Officer  
 NAME: CPA Hero B Said  
 ICPAK Member number: 11408

  
 County Director – Finance  
 Name: Francis N. Ngigi  
 ICPAK Member Number: 10878

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

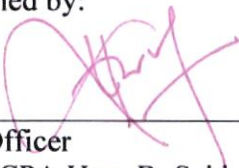
**7.3. STATEMENT OF CASH FLOWS**

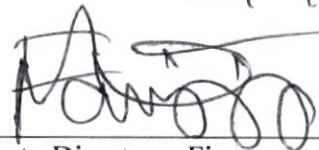
		<b>2019-2020</b>	<b>2018-2019</b>
	<b>Notes</b>	<b>KShs</b>	<b>KShs</b>
<b>Receipts from operating income</b>			
Exchequer Releases	<b>1</b>	6,523,402,422	4,819,155,01
Proceeds from Domestic and Foreign Grants	<b>2</b>	-	79,838,36
Transfers from Other Government Entities	<b>3</b>	361,722,546	5,682,53
County Own Generated Receipts	<b>4</b>	66,580,034	63,450,04
Returned CRF issues	<b>5</b>	726,177	199,348,68
		<b>6,952,431,178</b>	<b>5,167,474,64</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	<b>6</b>	1,595,878,299	1,482,807,36
Use of goods and services	<b>7</b>	1,847,716,015	1,436,298,63
Subsidies	<b>8</b>	51,546,392	
Transfers to Other Government Units	<b>9</b>	909,041,833	745,811,92
Other grants and transfers	<b>10</b>	458,197,821	375,000,00
Social Security Benefits	<b>11</b>	53,014,722	53,038,56
Other Payments	<b>13</b>	164,147,413	
		<b>5,079,542,494</b>	<b>4,092,956,47</b>
<b>Adjusted for:</b>			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	<b>15</b>	4,913,444	(5,374,05)
Increase/(Decrease) in Accounts Payable: (deposits and retention)	<b>16</b>	28,932,322	6,919,85
Other Adjustments	<b>18</b>	-	
<b>Total adjustments</b>		<b>33,845,766</b>	<b>1,545,80</b>
<b>Net cash flow from operating activities</b>		<b>1,906,734,450</b>	<b>1,076,063,98</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	<b>12</b>	(1,433,800,633)	(1,990,073,26)
<b>Net cash flows from Investing Activities</b>		<b>(1,433,800,633)</b>	<b>(1,990,073,26)</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
<b>Net cash flow from financing activities</b>		-	
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>472,933,817</b>	<b>(914,009,28)</b>
<b>Cash and cash equivalents at BEGINNING of the year</b>	<b>19</b>	<b>229,290,521</b>	<b>1,143,299,80</b>
<b>Cash and cash equivalents at END of the year</b>	<b>20</b>	<b>702,224,339</b>	<b>229,290,52</b>

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

---

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30/09/2020 and signed by:

  
\_\_\_\_\_  
Chief Officer  
Name: CPA Hero B. Said  
ICPAK Member Number: 11408

  
\_\_\_\_\_  
County Director – Finance  
Name: Francis N. Ngigi  
ICPAK Member Number: 10878

**7.4. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Exchequer releases	5,735,000,000	120,250,000	5,855,250,000	6,240,946,500	(385,696,500)	107%
Proceeds from Domestic and Foreign Grants	393,279,535	6,195,000	399,474,535	282,455,922	117,018,614	71%
Transfers from Other Government Entities	314,115,991	33,628,000	347,743,991	361,722,546	(13,978,555)	104%
County Own Generated Receipts	66,000,000	-	66,000,000	66,580,034	(580,034)	101%
Return Issues to CRF	1,716,145,804	(309,466,806)	1,406,678,998	726,177	1,405,952,822	-
<b>TOTAL</b>	<b>8,224,541,330</b>	<b>(149,393,806)</b>	<b>8,075,147,524</b>	<b>6,952,431,179</b>	<b>1,122,716,345</b>	<b>86%</b>
<b>PAYMENTS</b>						
Compensation of Employees	1,674,245,591	(54,014,047)	1,620,231,544	1,595,878,299	24,353,245	98%
Use of Goods and Services	1,682,642,729	642,617,912	2,325,260,641	1,847,716,015	477,544,626	79%
Subsidies	51,546,392	-	51,546,392	51,546,392	-	100%
Transfers to Other Government Units	1,074,726,018	(85,807,378)	988,918,640	909,041,833	79,876,807	92%
Other Grants and Transfers	399,474,535	-	399,474,535	458,197,821	(58,723,285)	115%
Social Security Benefits	75,008,933	(40,415,274)	34,593,659	53,014,722	(18,421,063)	153%
Acquisition of Assets	3,266,897,132	(732,857,059)	2,534,040,073	1,433,800,633	1,100,239,440	57%
Other Payments	-	121,082,040	121,082,040	164,147,413	(43,065,373)	136%
<b>TOTAL</b>	<b>8,224,541,330</b>	<b>(149,393,806)</b>	<b>8,075,147,524</b>	<b>6,513,343,127</b>	<b>1,561,804,397</b>	<b>81%</b>
<b>SURPLUS/(DEFICIT)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>439,088,052</b>	<b>(439,088,052)</b>	<b>-</b>

[Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

- (a) The exchequer release and Proceeds from Domestic includes an amount KShs. 930,000,000 which relate to FY 2018/2019
- (b) The County has surpassed the target collection for the financial year.

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

---

*(Explain whether the changes between the original and final are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23 The total of actual on comparable basis should tie with the totals under receipts and payments where this is not the case, a reconciliation should between the two statements should be prepared and disclosed.)*

The entity financial statements were approved on 31/08/20 2020 and signed by:

\_\_\_\_\_  
Chief Officer  
Name: CPA Hero B. Said  
ICPAK Member Number: 11408

\_\_\_\_\_  
County Director – Finance  
Name: Francis N. Ngigi  
ICPAK Member Number: 10878



**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**7.5. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT**

<b>Receipt/Expense Item</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilisation Difference</b>	<b>% of Utilisation</b>
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Exchequer releases	3,498,350,000	-	3,498,350,000	4,128,079,275	(629,729,275)	118%
Proceeds from Domestic and Foreign Grants	343,279,535	6,195,000	349,474,535	282,455,922	67,018,613	81%
Transfers from Other Government Entities	26,910,835	33,628,000	60,538,835	60,538,835	-	100%
County Own Generated Receipts	66,000,000	-	66,000,000	66,580,034	(580,034)	101%
Return Issues to CRF	1,149,817,689	(207,342,760)	942,474,929	722,645	941,752,284	0%
<b>TOTAL</b>	<b>5,084,358,059</b>	<b>(167,519,760)</b>	<b>4,916,838,299</b>	<b>4,538,376,712</b>	<b>378,461,587</b>	<b>92%</b>
<b>PAYMENTS</b>						
Compensation of Employees	1,674,245,591	(54,014,047)	1,620,231,544	1,595,878,299	24,353,245	98%
Use of goods and services	1,682,642,729	642,617,912	2,325,260,641	1,847,716,015	477,544,626	79%
Subsidies	51,546,392	-	51,546,392	51,546,392	-	100%
Transfers to Other Government Units	720,066,432	-	720,066,432	769,143,157	(49,076,725)	107%
Other grants and transfers	267,647,938		267,647,938	458,197,821	(190,549,882)	171%
Social Security Benefits	75,008,933	(40,415,274)	34,593,659	53,014,722	(18,421,063)	153%
Other Payments	-	-	-	-	-	0%
<b>TOTAL</b>	<b>4,471,158,016</b>	<b>548,188,591</b>	<b>5,019,346,607</b>	<b>4,775,496,405</b>	<b>243,850,201</b>	<b>95%</b>
<b>SURPLUS/(DEFICIT)</b>	<b>613,200,043</b>	<b>(715,708,351)</b>	<b>(102,508,308)</b>	<b>(237,119,694)</b>	<b>134,611,386</b>	<b>-</b>

(a) There was no underutilization of the budget below 50%

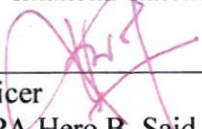
(b) Overutilization on other grants and transfers is as result of items budgeted under other creditors (pending bills) but actual expenditure reclassified to other grants.


(c) The changes were as result of supplementary budget

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

---

The entity financial statements were approved on 25/09/ 2020 and signed by:

  
\_\_\_\_\_  
Chief Officer  
Name: CPA Hero B. Said  
ICPAK Member Number: 11408

  
\_\_\_\_\_  
County Director – Finance  
Name: Francis N. Ngigi  
ICPAK Member Number: 10878

## 7.6. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Exchequer releases	2,236,650,000	-	2,236,650,000	2,112,867,225	123,782,775	94%
Proceeds from Domestic and Foreign Grants	50,000,000	-	50,000,000	-	50,000,000	0%
Transfers from Other Government Entities	287,205,156	-	287,205,156	301,183,711	(13,978,555)	105%
Return Issues to CRF	566,328,115	(102,124,046)	464,204,069	3,531	464,200,538	0%
<b>TOTAL</b>	<b>3,140,183,271</b>	<b>(102,124,046)</b>	<b>3,038,059,225</b>	<b>2,414,054,467</b>	<b>624,004,758</b>	<b>79%</b>
<b>PAYMENTS</b>						
Transfers to Other Government Units	354,659,586	(85,807,378)	268,852,208	139,898,676	128,953,532	52%
Other grants and transfers	131,826,597	-	131,826,597	-	131,826,597	0%
Social Security Benefits	-	-	-	-	-	-
Acquisition of Assets	3,266,897,132	(732,857,059)	2,534,040,073	1,433,800,633	1,100,239,440	57%
Other Payments	-	121,082,040	121,082,040	164,147,413	(43,065,373)	136%
<b>TOTALS</b>	<b>3,753,383,314</b>	<b>(697,582,397)</b>	<b>3,055,800,917</b>	<b>1,737,846,722</b>	<b>1,317,954,196</b>	<b>57%</b>
<b>SURPLUS/(DEFICIT)</b>	<b>(613,200,043)</b>	<b>595,458,351</b>	<b>(17,741,692)</b>	<b>676,207,745</b>	<b>(693,949,438)</b>	<b>-</b>

(a) There was no underutilization of the budget below 50%

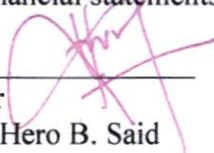
(b) Overutilization on other grants and transfers is as result of items budgeted under other creditors (pending bills) but actual expenditure reclassified to other grants.


(c) The changes were as result of supplementary budget

**Reports and Financial Statements  
For the year ended June 30, 2020**

---

The entity financial statements were approved on 8/9/20 2020 and signed by:

  
\_\_\_\_\_  
Chief Officer  
Name: CPA Hero B. Said  
ICPAK Member Number: 11408

  
\_\_\_\_\_  
County Director – Finance  
Name: Francis N. Ngigi  
ICPAK Member Number: 10878

**7.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES**

<b>Program/ Sub Program</b>	<b>Description</b>	<b>Original Budget 2019</b>	<b>Adjustments</b>	<b>Final Budget 2020</b>	<b>Actual June 30, 2020</b>	<b>Budget utilization difference</b>
<b>3160</b>		<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
<b>101003160</b>	<b>Administration, planning support services</b>	<b>178,332,590.00</b>	<b>56,909,843.00</b>	<b>235,242,433.00</b>	<b>234,416,712.85</b>	<b>825,720.15</b>
101013160	Administration, planning support services	178,332,590.00	56,909,843.00	235,242,433.00	234,416,712.85	825,720.15
<b>102003160</b>	<b>Agricultural Development project</b>	<b>175,000,000.00</b>	<b>-175,000,000.00</b>	<b>0</b>	<b>0</b>	<b>0</b>
102043160	Minor/Village irrigation schemes	175,000,000.00	-175,000,000.00	0	0	0
<b>102003160</b>	<b>Agricultural Development project</b>	<b>417,548,619.00</b>	<b>-73,839,525.00</b>	<b>343,709,094.00</b>	<b>280,253,165.35</b>	<b>63,455,928.65</b>
102023160	Agricultural Mechanization Services (AMS Garsen station)	40,362,414.00	-18,000,000.00	22,362,414.00	8,878,811.00	13,483,603.00
102053160		44,195,768.00	12,575,000.00	56,770,768.00	24,744,480.00	32,026,288.00
102063160		3,199,468.00	0	3,199,468.00	420,750.00	2,778,718.00
102073160		271,414,525.00	-68,414,525.00	203,000,000.00	202,415,629.35	584,370.65
102083160	Agriculture Sector Development Support Project (ASDSP)	55,885,044.00	0	55,885,044.00	42,593,495.00	13,291,549.00
102093160	Food and Agriculture Organization	2,491,400.00	0	2,491,400.00	1,200,000.00	1,291,400.00
<b>103003160</b>	<b>Veterinary Development</b>	<b>81,811,071.00</b>	<b>-36,655,811.00</b>	<b>45,155,260.00</b>	<b>11,743,220.00</b>	<b>33,412,040.00</b>
103053160	Build a modern slaughter house in Garsen	15,000,000.00	-15,000,000.00	0	0	0
103013160	Veterinary extension services	32,706,985.00	-19,420,815.00	13,286,170.00	1,528,400.00	11,757,770.00
103043160	Artificial insemination (Pilot scheme)	6,314,000.00	-1,245,000.00	5,069,000.00	1,270,800.00	3,798,200.00
103093160	Buy Tsetse fly traps/Targets (Kipini, Tarasaa)	6,477,379.00	0	6,477,379.00	3,002,900.00	3,474,479.00
103113160	Conduct Disease Surveillance	16,671,611.00	-239,996.00	16,431,615.00	5,336,320.00	11,095,295.00
103153160		3,387,096.00	-750,000.00	2,637,096.00	323,400.00	2,313,696.00

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

103163160	Leather Development Service	1,254,000.00	0	1,254,000.00	281,400.00	972,600.00
<b>104003160</b>	<b>Livestock Development</b>	<b>32,551,500.00</b>	<b>-21,200,000.00</b>	<b>11,351,500.00</b>	<b>3,131,825.00</b>	<b>8,219,675.00</b>
104013160	Livestock production extension services	8,000,000.00	-7,000,000.00	1,000,000.00	0	1,000,000.00
104023160	Promotion of livestock sales	2,000,000.00	0	2,000,000.00	0	2,000,000.00
104073160		4,322,000.00	-1,000,000.00	3,322,000.00	1,768,855.00	1,553,145.00
104103160		11,078,000.00	-10,000,000.00	1,078,000.00	271,700.00	806,300.00
104113160	Milk Cooling Plant	4,908,500.00	-2,750,000.00	2,158,500.00	601,850.00	1,556,650.00
104123160	Irrigation Fodder Production	2,243,000.00	-450,000.00	1,793,000.00	489,420.00	1,303,580.00
<b>106003160</b>	<b>Fisheries Development</b>	<b>25,431,865.00</b>	<b>-9,001,764.00</b>	<b>16,430,101.00</b>	<b>0</b>	<b>16,430,101.00</b>
106013160	Fisheries development	25,431,865.00	-9,001,764.00	16,430,101.00	0	16,430,101.00
<b>113003160</b>	<b>County Land Survey Services</b>	<b>112,000,000.00</b>	<b>-108,019,000.00</b>	<b>3,981,000.00</b>	<b>3,981,000.00</b>	<b>0</b>
113023160	Surveying and Mapping	92,000,000.00	-88,019,000.00	3,981,000.00	3,981,000.00	0
113033160	Construction of a Registry	20,000,000.00	-20,000,000.00	0	0	0
<b>117003160</b>	<b>Fisheries</b>	<b>9,080,066.00</b>	<b>-1,300,000.00</b>	<b>7,780,066.00</b>	<b>2,412,815.00</b>	<b>5,367,251.00</b>
117013160	Empowerment of Women and Youth on Fish Safety and Quality Assurance	6,270,066.00	-1,000,000.00	5,270,066.00	2,081,000.00	3,189,066.00
117023160	Construction of Ice Plant and Cold Storage	2,810,000.00	-300,000.00	2,510,000.00	331,815.00	2,178,185.00
<b>118003160</b>	<b>Land Policy and Planning</b>	<b>62,659,513.00</b>	<b>-1,336,000.00</b>	<b>61,323,513.00</b>	<b>37,792,400.00</b>	<b>23,531,113.00</b>
118013160	Physical Planning	53,809,335.00	-1,200,000.00	52,609,335.00	31,753,510.00	20,855,825.00
118023160	Land Survey and Mapping	5,650,178.00	-136,000.00	5,514,178.00	4,229,590.00	1,284,588.00
118033160	Land Administration	3,200,000.00	0	3,200,000.00	1,809,300.00	1,390,700.00
<b>201003160</b>	<b>Infrastructure Development programme</b>	<b>96,400,000.00</b>	<b>-55,000,000.00</b>	<b>41,400,000.00</b>	<b>3,860,000.00</b>	<b>37,540,000.00</b>
201013160	Public Works	74,400,000.00	-55,000,000.00	19,400,000.00	19,400,000.00	0
201023160	Roads	22,000,000.00	0	22,000,000.00	22,000,000.00	0
<b>202003160</b>	<b>Administration, Planning and Support Services</b>	<b>72,268,416.00</b>	<b>11,536,555.00</b>	<b>83,804,971.00</b>	<b>82,377,279.05</b>	<b>1,427,691.95</b>

**TANA RIVER COUNTY GOVERNMENT**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

202013160	Administration, planning, Operation and Maintenance	72,268,416.00	11,536,555.00	83,804,971.00	82,377,279.05	1,427,691.95
<b>204003160</b>	<b>Public Works</b>	<b>380,627,000.00</b>	<b>-58,766,797.00</b>	<b>321,860,203.00</b>	<b>22,746,130.00</b>	<b>299,114,073.00</b>
204023160	Construction	12,000,000.00	0	12,000,000.00	0	12,000,000.00
204033160	County Headquarters	368,627,000.00	-58,766,797.00	309,860,203.00	22,746,130.00	287,114,073.00
<b>205003160</b>	<b>County Roads Development</b>	<b>466,872,190.00</b>	<b>-57,936,919.00</b>	<b>408,935,271.00</b>	<b>144,482,110.10</b>	<b>264,453,160.90</b>
205013160	Routine Maintenance	403,615,524.00	-57936919	345,678,605.00	107,733,310.10	237,945,294.90
205023160	Opening of New Roads	46,478,333.00	0	46,478,333.00	35,886,000.00	10,592,333.00
205033160	Grading and Murruming of County Roads	16,778,333.00	0	16,778,333.00	862,800.00	15,915,533.00
<b>206003160</b>	<b>County Housing Development</b>	<b>16,199,801.00</b>	<b>-5,219,500.00</b>	<b>10,980,301.00</b>	<b>3,104,626.00</b>	<b>7,875,675.00</b>
206033160	Housing Development	6,981,410.00	-2,339,500.00	4,641,910.00	1,779,550.00	2,862,360.00
206043160	Urbanization	9,218,391.00	-2,880,000.00	6,338,391.00	1,325,076.00	5,013,315.00
<b>207003160</b>	<b>Urban Development</b>	<b>150,000,000.00</b>	<b>2,500,000.00</b>	<b>152,500,000.00</b>	<b>91,200,000.00</b>	<b>61,300,000.00</b>
207013160	Hola Municipality	150,000,000.00	2,500,000.00	152,500,000.00	91,200,000.00	61,300,000.00
<b>301003160</b>	<b>Administration and Support Services</b>	<b>23,595,543.00</b>	<b>1,659,687.00</b>	<b>25,255,230.00</b>	<b>22,489,682.40</b>	<b>2,765,547.60</b>
301013160	Administration, planning & support Services	23,595,543.00	1,659,687.00	25,255,230.00	22,489,682.40	2,765,547.60
<b>302003160</b>	<b>Promotion of Trade, Tourism and Cooperative Development</b>	<b>171,424,411.00</b>	<b>-77,676,628.00</b>	<b>93,747,783.00</b>	<b>66,321,102.00</b>	<b>27,426,681.00</b>
302013160	Promotion of Trade	155,041,666.00	-77,676,628.00	77,365,038.00	61,200,156.00	16,164,882.00
302023160	Promotion of Tourism	6,953,716.00	278,499.00	7,232,215.00	2,634,373.00	4,597,842.00
302033160	Promotion of Cooperative Development	9,429,029.00	-278,499.00	9,150,530.00	2,486,573.00	6,663,957.00
<b>401003160</b>	<b>Administration and Support Services</b>	<b>1,014,693,503.00</b>	<b>4,843,277.00</b>	<b>1,019,536,780.00</b>	<b>1,016,481,764.05</b>	<b>3,055,015.95</b>
401013160	Administration, planning & support Services	1,014,693,503.00	4,843,277.00	1,019,536,780.00	1,016,481,764.05	3,055,015.95
<b>402003160</b>	<b>Water Services Programme</b>	<b>126,200,000.00</b>	<b>-102,000,000.00</b>	<b>24,200,000.00</b>	<b>24,200,000.00</b>	<b>0</b>
402023160	Construction and Rehabilitation of Civil Works	126,200,000.00	-102,000,000.00	24,200,000.00	24,200,000.00	0

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

<b>405003160</b>	<b>Curative and Rehabilitative</b>	<b>219,316,864.00</b>	<b>-11,659,705.00</b>	<b>207,657,159.00</b>	<b>170,113,659.30</b>	<b>37,543,499.70</b>
405013160	Medical Supplies	162,120,000.00	10,108,020.00	172,228,020.00	152,576,400.30	19,651,619.70
405023160	Medical Services	20,480,864.00	-3,515,425.00	16,965,439.00	10,610,133.00	6,355,306.00
405033160	Ambulance Services	36,716,000.00	-18,252,300.00	18,463,700.00	6,927,126.00	11,536,574.00
<b>406003160</b>	<b>Preventive and Promotive</b>	<b>18,927,600.00</b>	<b>34,944,065.00</b>	<b>53,871,665.00</b>	<b>13,252,522.00</b>	<b>40,619,143.00</b>
406013160	Preventive and Promotive	14,190,800.00	33,513,220.00	47,704,020.00	9,712,450.00	37,991,570.00
406023160	Licensing and Control of Undertaking	4,736,800.00	1,430,845.00	6,167,645.00	3,540,072.00	2,627,573.00
<b>503003160</b>	<b>General Administration, Planning and Support services</b>	<b>286,200,515.00</b>	<b>4,338,941.00</b>	<b>290,539,456.00</b>	<b>290,539,456.00</b>	<b>0</b>
503013160	General operation, Planning and support services	286,200,515.00	4,338,941.00	290,539,456.00	290,539,456.00	0
<b>505003160</b>	<b>Quality and Standard Assurance in EYE Center</b>	<b>230,300,000.00</b>	<b>-82,700,763.00</b>	<b>147,599,237.00</b>	<b>40,726,968.00</b>	<b>106,872,269.00</b>
505013160	ECDE Learning/Teaching Materials	55,500,000.00	-36,107,098.00	19,392,902.00	11,227,946.00	8,164,956.00
505023160	ECDE Furniture and Equipment Support	14,000,000.00	-1,175,394.00	12,824,606.00	8,268,460.00	4,556,146.00
505033160	ECDE Food Program	40,000,000.00	-7,132,191.00	32,867,809.00	18,489,532.00	14,378,277.00
505043160	ECDE Infrastructure	120,800,000.00	-38,286,080.00	82,513,920.00	2,741,030.00	79,772,890.00
<b>506003160</b>	<b>Vocational Training Centers and Adult Education</b>	<b>81,877,169.00</b>	<b>-937,832.00</b>	<b>80,939,337.00</b>	<b>36,078,392.00</b>	<b>44,860,945.00</b>
506013160	Youth Polytechnic Publicity Campaigns	7,000,000.00	603,675.00	7,603,675.00	5,196,700.00	2,406,975.00
506023160	Annual Graduation and Rewards	14,129,485.00	-3,315,811.00	10,813,674.00	4,353,794.00	6,459,880.00
506043160	Provision of Modern Tools and Equipment	10,300,000.00	1,744,304.00	12,044,304.00	3,687,600.00	8,356,704.00
506053160	Subsidized Youth Polytechnic Tuition Fund (SYPT)	50,447,684.00	30,000.00	50,477,684.00	22,840,298.00	27,637,386.00
<b>703003160</b>	<b>Administration, planning support services</b>	<b>379,958,061.00</b>	<b>-109,706,048.00</b>	<b>270,252,013.00</b>	<b>243,491,072.15</b>	<b>26,760,940.85</b>



**JANA RIVER COUNTY GOVERNMENT**

**Reports and Financial Statements  
For the year ended June 30, 2020**

703013160	Coordination and Supervisory Services	379,958,061.00	-109,706,048.00	270,252,013.00	243,491,072.15	26,760,940.85
<b>706003160</b>	<b>Administration, planning support services</b>	<b>670,519,191.00</b>	<b>226,595,645.00</b>	<b>897,114,836.00</b>	<b>880,619,107.25</b>	<b>16,495,728.75</b>
706013160	Administration, planning support services	670,519,191.00	226,595,645.00	897,114,836.00	880,619,107.25	16,495,728.75
<b>707003160</b>	<b>Financial Management</b>	<b>948,538,102.00</b>	<b>591,622,658.00</b>	<b>1,540,160,760.00</b>	<b>1,405,819,800.05</b>	<b>134,340,959.95</b>
707013160	Financial management	7,892,957.00	21,412,761.00	29,305,718.00	29,354,900.00	-49,182.00
707033160	Supply Chain Managements	24,105,000.00	-9,342,286.00	14,762,714.00	12,132,977.00	2,629,737.00
707053160	Accounting and Audit Services	200,000.00	1,999,500.00	2,199,500.00	2,161,500.00	38,000.00
707063160	Own Source Revenue Collection	46,815,007.00	-32,700,396.00	14,114,611.00	13,291,011.00	823,600.00
707073160	Budget and Economic Planning	37,410,000.00	-1,043,347.00	36,366,653.00	32,137,920.40	4,228,732.60
707083160	Accounting & Finance	810,362,946.00	621,634,128.00	1,431,997,074.00	1,307,427,509.65	124,569,564.35
707093160	Internal Audit	6,672,192.00	-2,994,892.00	3,677,300.00	3,609,900.00	67,400.00
707103160	Monitoring and Evaluation	15,080,000.00	-7,342,810.00	7,737,190.00	5,704,082.00	2,033,108.00
<b>709003160</b>	<b>Board Administration, Planning and Governance</b>	<b>59,501,601.00</b>	<b>-22,569,459.00</b>	<b>36,932,142.00</b>	<b>31,165,290.80</b>	<b>5,766,851.20</b>
709013160	Board Operations & Governance	59,501,601.00	-22,569,459.00	36,932,142.00	31,165,290.80	5,766,851.20
<b>714003160</b>		<b>10,292,498.00</b>	<b>3,000,000.00</b>	<b>13,292,498.00</b>	<b>3,839,950.00</b>	<b>9,452,548.00</b>
714013160	Ethics Governance and Compliance	5,782,498.00	-3,000,000.00	2,782,498.00	1,576,000.00	1,206,498.00
714033160	Human Resource Management & Development	2,710,000.00	5,800,000.00	8,510,000.00	1,192,240.00	7,317,760.00
714043160	Skills and Competence Development	1,800,000.00	200,000.00	2,000,000.00	1,071,710.00	928,290.00
<b>715003160</b>		<b>133,635,977.00</b>	<b>31,946,475.00</b>	<b>165,582,452.00</b>	<b>164,883,700.00</b>	<b>698,752.00</b>
715013160	Performance Management System	11,041,992.00	-3,268,644.00	7,773,348.00	7,074,596.00	698,752.00
715023160	Human Resource Development	122,593,985.00	35,215,119.00	157,809,104.00	157,809,104.00	0
<b>716003160</b>		<b>92,651,000.00</b>	<b>-27,074,219.00</b>	<b>65,576,781.00</b>	<b>64,743,245.00</b>	<b>833,536.00</b>
716013160	County Administration	92,651,000.00	-27,074,219.00	65,576,781.00	64,743,245.00	833,536.00
<b>717003160</b>		<b>11,892,576.00</b>	<b>1,439,844.00</b>	<b>13,332,420.00</b>	<b>11,653,040.00</b>	<b>1,679,380.00</b>

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

717013160	Citizen Participation	11,892,576.00	1,439,844.00	13,332,420.00	11,653,040.00	1,679,380.00
<b>718003160</b>		<b>107,463,833.00</b>	<b>231,081,025.00</b>	<b>338,544,858.00</b>	<b>243,432,382.30</b>	<b>95,112,475.70</b>
718013160	County Leadership & Coordination of CDAs	54,000,000.00	18,304,607.00	72,304,607.00	45,458,024.10	26,846,582.90
718023160	County Government Advisory Service	47,341,464.00	-4,458,295.00	42,883,169.00	40,773,229.20	2,109,939.80
718033160	Coordination of Peace and Cohesion	6,122,369.00	217,234,713.00	223,357,082.00	157,201,129.00	66,155,953.00
<b>901003160</b>	<b>Administration, planning support services</b>	<b>59,629,854.00</b>	<b>26,902,299.00</b>	<b>86,532,153.00</b>	<b>86,532,153.00</b>	<b>0</b>
901013160	Administration, planning support services	59,629,854.00	26,902,299.00	86,532,153.00	40,319,673.30	46,212,480
<b>902003160</b>	<b>Social development</b>	<b>10,000,000.00</b>	<b>-10,000,000.00</b>	<b>0</b>	<b>0</b>	<b>0</b>
902013160	Social development	10,000,000.00	-10,000,000.00	0	0	0
<b>905003160</b>	<b>Natural Disaster mitigation programme</b>	<b>56,884,563.00</b>	<b>15,610,000.00</b>	<b>72,494,563.00</b>	<b>44,214,129.00</b>	<b>28,280,434.00</b>
905023160	Drought management	4,884,563.00	-2,890,000.00	1,994,563.00	1,686,360.00	308,203.00
905043160	Emergency Relief (food, medicine, blankets, cash grant)	52,000,000.00	18,500,000.00	70,500,000.00	42,527,769.00	27,972,231.00
<b>907003160</b>		<b>57,204,849.00</b>	<b>-46,034,800.00</b>	<b>11,170,049.00</b>	<b>8,533,465.00</b>	<b>2,636,584.00</b>
907023160	Food Distribution and Rations	10,624,800.00	-464,800.00	10,160,000.00	8,095,170.00	2,064,830.00
907033160	Capacity Building to Response to Fire Outbreaks and Other Disaster	4,490,049.00	-3,480,000.00	1,010,049.00	438,295.00	571,754.00
907043160	Resettlement of Victims	42,090,000.00	-42,090,000.00	0	0	0
<b>909003160</b>		<b>106,850,000.00</b>	<b>-87,650,000.00</b>	<b>19,200,000.00</b>	<b>2,936,000.00</b>	<b>16,264,000.00</b>
909013160	Culture Promotion and Development	102,750,000.00	-86,700,000.00	16,050,000.00	2,430,000.00	13,620,000.00
909023160	Empowerment/Capacity Building of Cultural Practitioners	4,100,000.00	-950,000.00	3,150,000.00	506,000.00	2,644,000.00
<b>910003160</b>		<b>8,500,000.00</b>	<b>-1,300,000.00</b>	<b>7,200,000.00</b>	<b>2,870,600.00</b>	<b>4,329,400.00</b>
910013160	Baseline Survey for OVC	3,000,000.00	-300,000.00	2,700,000.00	1,255,600.00	1,444,400.00

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

910023160	Community Awareness Creation on Child Rights and Child Protection	3,500,000.00	-450,000.00	3,050,000.00	1,562,320.00	1,487,680.00
910033160	Enhanced Child Participation	2,000,000.00	-550,000.00	1,450,000.00	52,680.00	1,397,320.00
<b>911003160</b>		<b>12,000,000.00</b>	<b>-2,050,000.00</b>	<b>9,950,000.00</b>	<b>6,505,900.00</b>	<b>3,444,100.00</b>
911013160	Women Empowerment	5,500,000.00	-950,000.00	4,550,000.00	3,264,400.00	1,285,600.00
911023160	Gender and Leadership	6,500,000.00	-1,100,000.00	5,400,000.00	3,241,500.00	2,158,500.00
<b>912003160</b>		<b>10,900,000.00</b>	<b>-1,535,000.00</b>	<b>9,365,000.00</b>	<b>5,497,210.00</b>	<b>3,867,790.00</b>
912013160	County Sports Leagues	10,900,000.00	-1,535,000.00	9,365,000.00	5,497,210.00	3,867,790.00
<b>1001003160</b>	<b>General Administration, Support and Support Services</b>	<b>76,021,319.00</b>	<b>11,993,303.00</b>	<b>88,014,622.00</b>	<b>64,884,764.05</b>	<b>23,129,858</b>
1001013160	General Administration, Support and Support Services	76,021,319.00	11,993,303.00	88,014,622.00	64,884,764.05	23,129,858
<b>1002003160</b>	<b>Environmental Management Programme</b>	<b>90,886,887.00</b>	<b>-43,378,887.00</b>	<b>47,508,000.00</b>	<b>33,517,956.00</b>	<b>13,990,044.00</b>
1002023160	Environmental Protection	87,393,260.00	-42,435,260.00	44,958,000.00	32,764,000.00	12,194,000.00
1002033160	Noise Pollution Management	2,244,000.00	-456,000.00	1,788,000.00	613,356.00	1,174,644.00
1002043160	Control of Air Pollution	1,249,627.00	-487,627.00	762,000.00	140,600.00	621,400.00
<b>1012003160</b>		<b>221,751,540.00</b>	<b>179,348,766.00</b>	<b>42,402,774.00</b>	<b>15,152,214.00</b>	<b>27,250,560.00</b>
1012013160	Water Management Services	215,878,740.00	-178,071,966.00	37,806,774.00	13,456,518.00	24,350,256.00
1012023160	Sanitation	1,620,000.00	-1,008,000.00	612,000.00	612,000.00	0
1012033160	Storm Water Management	4,252,800.00	-268,800.00	3,984,000.00	1,083,696.00	2,900,304.00
<b>1013003160</b>		<b>3,644,000.00</b>	<b>2,580,000.00</b>	<b>6,224,000.00</b>	<b>676,911.00</b>	<b>5,547,089.00</b>
1013013160	Irrigation Management Services	3,644,000.00	2,580,000.00	6,224,000.00	676,911.00	5,547,089.00
	<b>Grand Total</b>	<b>7,578,044,087.00</b>	<b>149,393,806.00</b>	<b>7,428,650,281.00</b>	<b>5,852,261,239.00</b>	<b>1,576,389,042.00</b>

NB: This statement is a disclosure statement indicating the utilisation in the same format at the County executive budgets, which are programmatic

## **7.8. 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 IPSAS Cash-basis financial reporting framework, as prescribed by the PSASB and set out in the accounting policy notes. 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 receivables and payables are disclosed in the Statement of Assets and Liabilities. 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 Tana River County executive. The financial statements encompass the reporting entity as specified under section 164 of the PFM Act 2012.

### **3. Recognition of receipts and payments**

#### **a) Recognition of receipts**

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

#### **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**

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.

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

---

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**External Assistance**

External assistance is received through grants and loans from multilateral and bilateral development partners.

**Donations and grants**

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

**Proceeds from borrowing**

Borrowing includes Treasury bill, treasury bonds, corporate bonds; sovereign bonds and external loans acquired by the entity or any other debt the County Government may take on will be treated on cash basis and recognized as receipts during the year of receipt.

**Undrawn external assistance**

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for projects currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. During the year ended 30th June 2020, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans. The amount of undrawn external assistance for the year is detailed in the notes

**County Own Generated Receipts**

These include Appropriation-in-Aid and relates to receipts such as trade licences, cess, fees, property income among others generated by the County Government from its citizenry. These are recognised in the financial statements the time associated cash is received.

**Returns to CRF Issues**

These relate to unspent balances in the development, recurrent and deposit accounts at the end of the year which are returned to the County Revenue Fund (CRF) and appropriated through a supplementary budget to enable the County to spend funds. These funds are recognised once appropriated through a supplementary budget process.

**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.

**TANA RIVER COUNTY GOVERNMENT**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

---

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**Interest on borrowing**

Borrowing costs that include interest are recognized as payment in the period in which they incurred and paid for.

**Repayment of borrowing (principal amount)**

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the County consolidated financial statements.

**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 executive 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 executive 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.

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

---

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**5. Third Party Payments**

This relates to payments done directly to supplier on behalf of the county governments such as; national government may fund the operation of health or education program, a donor may pay directly for construction of a given market etc. Details of payments by third parties on behalf of the county government is detailed in the notes to this financial statement.

**6. 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 2020, this amounted to KShs. 148,282 compared to KShs. 7,281,148 in prior period as indicated on note 23.

There were no other restrictions on cash during the year

**7. 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.

**8. 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.

## **TANA RIVER COUNTY GOVERNMENT**

### **Reports and Financial Statements**

**For the year ended June 30, 2020**

---

#### **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **9. 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.

##### **10. Pending bills**

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

##### **11. Contingent Liabilities**

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
  - (i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from litigation in progress, guarantees, and indemnities. Letters of comfort/ support, insurance, Public Private Partnerships,

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Annex 6 of this financial statement is a register of the contingent liabilities in the year.

Section 185 (2) (i) of the PFM Act requires the County Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial year, including payments made in respect of loan write-offs or waiver of interest on loans



**TANA RIVER COUNTY GOVERNMENT**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

---

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**12. Contingent Assets**

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**13. Budget**

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The county executive budget was approved as required by Law and as detailed in the County Revenue Allocation Act. The County Assembly approved the original budget on 19<sup>th</sup> July 2019 for the period 1<sup>st</sup> July 2019 to 30 June 2020 as required by law. There was two number of supplementary budgets passed in the year. A high-level assessment of the county executive actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

**14. Comparative figures**

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

**15. Subsequent events**

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

**16. 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.

**17. Related party transactions**

Related party transactions involve cash and in-kind transactions with National and County Government Entities. The County Executive treats cash transfer to Autonomous County Government entities preparing their own financial statement as payment during the financial year. Cash transfer to semi-autonomous County Government entities not preparing their own financial

**TANA RIVER COUNTY GOVERNMENT**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

---

statement will have only the actual expenditure treated as transfer payment with their respective bank balances disclosed in financial statements.

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. EXCHEQUER RELEASES**

<b>Description</b>	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
Total Exchequer Releases for quarter 1	6,523,402,422	4,819,155,018
Total Exchequer Releases for quarter 2	-	-
Total Exchequer Releases for quarter 3	-	-
Total Exchequer Releases for quarter 4	-	-
<b>Total</b>	<b>6,523,402,422</b>	<b>4,819,155,018</b>

The above comprises transfers from the Exchequer from CARA, comprising of equitable share, Level 5 and donor funds released through the exchequer. Exchequer releases are as follows: (The totals of A, B and C below should equal the total exchequer releases).

**1A. Equitable Share**

<b>Description</b>	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
Total Equitable Share for Quarter 1	1,908,061,500	277,890,000
Total Equitable Share for Quarter 2	1,053,945,000	889,248,000
Total Equitable Share for Quarter 3	1,668,746,250	2,084,175,000
Total Equitable Share for Quarter 4	1,610,193,750	1,417,239,000
<b>Total</b>	<b>6,240,946,500</b>	<b>4,668,552,000</b>

**1B: Level 5 Hospitals Allocation**

<b>Description</b>	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
Transfers for level 5 hospitals	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**1C: Donor Funds released through Exchequer Releases as per CARA**

<b>Description</b>	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
DANIDA - Universal Healthcare in Devolved Units Programme	22,788,750	17,921,250
World Bank – THUSCP	50,849,353	51,096,293
Kenya Urban Support Programme (KUSP)	-	50,000,000
Agriculture Sector Development Support Project (ASDSP II)	21,858,867	-
Kenya Climate Smart Agriculture Project (KCSAP)	145,758,951	31,585,475
Hola Municipality Development Grant	41,200,000	-
<b>Total</b>	<b>282,455,922</b>	<b>150,603,018</b>

**2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS**

<b>Name of Donor</b>	<b>Date received</b>	<b>Amount in foreign currency</b>	<b>2019 - 2020</b>	<b>2018 – 2019</b>
			<b>KShs</b>	<b>KShs</b>
<b>Grants Received from Bilateral Donors (Foreign Governments):</b>				
EU Grant - IDEAS	-	-	-	79,838,365
<b>Total</b>			<b>-</b>	<b>79,838,365</b>

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

<b>Description</b>	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
<b>Transfers from Central Government Entities:</b>		
KRB – Roads Maintenance Levy Fund (RMLF)	301,183,711	-
Ministry of Health COVID-19 Fund	33,628,000	-
Abolishment of User Fees in Health Centres and Dispensaries	5,682,537	5,682,537
Youth Polytechnic Support Grant	21,228,298	-
<b>TOTAL</b>	<b>361,722,546</b>	<b>5,682,537</b>

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. COUNTY OWN GENERATED RECEIPTS**

<b>Description</b>	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
Receipts from Sale of Incidental Goods	8,000	989,415
Business permits	8,369,735	15,535,281
Cess	20,924,265	18,337,930
Poll rates	6,189,909	1,220,404
Plot rents	1,131,762	869,800
Administrative services fees	369,800	1,371,800
County's natural resources	14,745,995	20,037,754
Market/trade Centre fee	358,800	-
Vehicle parking fees	1,266,050	3,134,353
Housing	10,143,600	-
Environment & conservancy Administration	-	1,657,026
Slaughterhouses administration	-	78,348
Technical services fees	433,809	217,930
Other miscellaneous receipts	2,638,309	-
<b>Total</b>	<b>66,580,034</b>	<b>63,450,041</b>

*(This section should include all classes of revenues raised by the County Government. The section may be tailored to reflect the classes of revenue for each County.)*

**5. RETURNED CRF ISSUES**

<b>Description</b>	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
Recurrent account	722,646	363,372
Development account	3,531	198,624,022
Deposit account	-	361,290
<b>Total</b>	<b>726,177</b>	<b>199,348,683</b>

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**6. COMPENSATION OF EMPLOYEES**

Description	2019 - 2020	2018 - 2019
	KShs	KShs
Basic salaries of permanent employees	632,360,636	1,236,142,900
Basic wages of temporary employees	166,575,025	31,128,480
Personal allowances paid as part of salary	714,981,739	177,172,298
Personal allowances paid as reimbursements	-	9,806,013
Pension and other social security contributions	54,682,699	9,359,131
Compulsory national social security schemes	1,923,600	4,260,199
Compulsory national health insurance schemes	25,354,600	14,938,339
<b>Total</b>	<b>1,595,878,299</b>	<b>1,482,807,360</b>

**7. USE OF GOODS AND SERVICES**

Description	2019 - 2020	2018 - 2019
	KShs	KShs
Utilities, supplies and services	51,392,879	43,583,715
Communication, supplies and services	22,297,287	3,687,735
Domestic travel and subsistence	424,081,792	351,295,869
Foreign travel and subsistence	10,271,287	37,682,301
Printing, advertising and information supplies & services	27,045,886	55,710,243
Rentals of produced assets	54,275,472	30,591,742
Training expenses	57,429,014	43,360,382
Hospitality supplies and services	230,816,717	107,436,215
Insurance costs	157,809,104	92,597,627
Specialized materials and services	360,137,228	263,345,110
Office and general supplies and services	182,646,025	82,011,846
Fuel Oil and Lubricants	47,197,759	51,279,794
Other operating expenses	188,406,708	247,953,456
Routine maintenance – Vehicles and other transport equipment	25,971,949	8,899,503
Routine maintenance – Other assets	7,936,909	16,863,093
<b>Total</b>	<b>1,847,716,015</b>	<b>1,436,298,631</b>

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**8. SUBSIDIES**

Description	2019 - 2020	2018 - 2019
	KShs	KShs
<i>Tana River County INUKA Fund</i>	51,546,392	-
<b>Total</b>	<b>51,546,392</b>	<b>-</b>

*INUKA Fund meant to give subsidized loans to SMEs in the County's jurisdiction.*

**9. TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2019 - 2020	2018 - 2019
	KShs	KShs
<b>Transfers to County Government entities</b>		
Transfers to County Assembly	618,016,515	578,819,158
Transfers to Tana River County Gov't Staff Car and Mortgage Fund	80,000,000	-
Other Current Transfer and Grants - Health Facilities	77,990,431	87,669,250
Other Current Transfer and Grants - IDEAS LED Project	-	79,323,512
Other Current Transfer and Grants - KCSAP	79,718,822	-
Other Current Transfer and Grants - UIG	4,728,900	-
Other Current Transfer and Grants - VCT	21,228,298	-
Other Current Transfer and Grants - ASDSP II	27,358,867	-
<b>Total</b>	<b>909,041,833</b>	<b>745,811,920</b>

**10. OTHER GRANTS AND PAYMENTS**

Description	2019 - 2020	2018 - 2019
	KShs	KShs
Scholarships and other educational benefits	154,500,000	160,000,000
Emergency relief and refugee assistance	286,714,845	170,000,000
Burial Grants for Destitute	16,982,976	45,000,000
<b>Total</b>	<b>458,197,821</b>	<b>375,000,000</b>



**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**11. SOCIAL SECURITY BENEFITS**

<b>Description</b>	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
Government pension and retirement benefits	53,014,722	53,038,560
<b>Total</b>	<b>53,014,722</b>	<b>53,038,560</b>

**12. ACQUISITION OF ASSETS**

<b>Non- Financial Assets</b>	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
Purchase of Buildings	-	-
Construction of Buildings	237,349,634	274,734,449
Refurbishment of Buildings	110,565,285	57,576,314
Construction of Roads	430,456,266	374,627,837
Construction and Civil Works	287,589,316	425,736,239
Purchase of Vehicles and Other Transport Equipment	168,248,643	366,328,745
Purchase of Office Furniture and General Equipment	24,728,117	33,793,364
Purchase of ICT Equipment	25,861,835	15,709,948
Purchase of Specialized Plant, Equipment and Machinery	99,260,703	-
Purchase of Certified Seeds, Breeding Stock and Live Animals	49,740,833	18,096,912
Research, Studies, Project Preparation, Design & Supervision	-	34,513,187
Rehabilitation of Civil Works	-	388,956,268
<b>Total acquisition of non- financial assets</b>	<b>1,433,800,633</b>	<b>1,990,073,263</b>
<b>Financial Assets</b>		
<b>Total acquisition of assets</b>	<b>1,433,800,633</b>	<b>1,990,073,263</b>

**13. OTHER PAYMENTS**

<b>Description</b>	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
Other payments	164,147,413	-
	<b>164,147,413</b>	<b>-</b>

*These payments relate to outstanding KRA bills and retention.*

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**14. CASH AND BANK BALANCES**

**14A. BANK BALANCES**

Name of Bank, Account No. & currency	Amount in bank account currency	Indicate whether recurrent, Development, deposit, receipts e.t.c	Ex. rate (if in foreign currency)	2019 - 2020	2018 - 2019
				KShs	KShs
<i>Tana River County Revenue Fund – 1000171332, Kes.</i>	351,144,961	CRF	1	351,144,961	108,068,767
<i>Tana River County Development – 1000170708, Kes.</i>	11,098	Development	1	11,098	137,154
<i>Tana River County Recurrent – 1000172735, Kes.</i>	1,268	Recurrent	1	1,268	722,646
<i>Tana River County Deposit – 1000267496, Kes.</i>	148,282	Deposit	1	148,282	7,281,148
<i>Tana River Road Maintenance Levy Fund – 1000297751, Kes.</i>	185,638,486	Development	1	185,638,486	1,294,405
<i>Tana River Health Conditional Grant – 1000268298, Kes.</i>	6,713,452	Recurrent	1	6,713,452	10,634,844
<i>Tana River County Kenya Climate Smart Agriculture Project – 1000365862, Kes.</i>	69,040,130	Grants	1	69,040,130	8,196,940
<i>Tana River County Livestock Support Account – 1000386118, Kes.</i>	1,104,095	Grants	1	1,104,095	998,240
<i>Hola Municipality Development Grant CBK – 1000424982 Kes.</i>	50,000,000	Grants	1	50,000,000	-
<i>Hola Municipality Institutional Grant – 1000424834, Kes.</i>	36,471,100	Grants	1	36,471,100	-
<i>Equity - Kenya Devolution Support Programme (KDSP) - 1210276354654</i>	-	Recurrent	1	-	3,912,330

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

<i>KCB - Tana River County Gov't Revenue Collection - 1140754033, Kes.</i>	1,239,527	Revenue	1	1,239,527	645,099
<i>KCB - VTC Support Grant Account - 1226976840</i>	-	Grants	1	-	5,886
<i>KCB - Tana River County KCSAP - 1232731609</i>	-	Grants	1	-	965,689
<i>KCB - IDEAS LED Project Account - 1240740387</i>	-	Grants	1	-	653,499
<i>KCB - Tana River County IDEAS LED Milk Project - 1253298769</i>	-	Grants	1	-	40,683,670
<i>KCB - Tana River County IDEAS LED Fish Project - 1253299730</i>	-	Grants	1	-	44,565,022
<i>KCB - Tana River County Ward Bursary Fund - 1166389197</i>	-	Recurrent	1	-	421,238
<b>Total</b>				<b>701,512,398</b>	<b>229,186,576</b>

*\*(Amount should be as per amount in the cash book and bank reconciliation statements prepared for each account held)*

**14B. CASH IN HAND**

<b>Description</b>	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
Cash in Hand – Held in domestic currency	711,940	103,945
<b>Total</b>	<b>711,940</b>	<b>103,945</b>

Cash in hand should also be analysed as follows:

	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
Tana North Sub-County Revenue Office	390,730	21,950
Tana River Sub-County Revenue Office	259,360	36,640
Tana Delta Sub-County Revenue Office	61,850	45,355
<b>Total</b>	<b>711,940</b>	<b>103,945</b>

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**15. ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS**

<b>Description</b>	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
Government Imprests	4,857,200	9,770,644
<b>Total</b>	<b>4,857,200</b>	<b>9,770,644</b>

<b>Name of Officer or Institution</b>	<b>Date Imprest Taken</b>	<b>Amount Taken</b>	<b>Amount Surrendered</b>	<b>Balance</b>
		<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
ANGELINA NAEMI WAMA	25/09/2019	702,000	-	702,000
PAKIA CHEMFWE GODO	24/09/2019	592,800	-	592,800
ALI M. MUSA	13/09/2019	200,000	-	200,000
GALGALO JARSON JILLO	17/09/2019	1,862,400	-	1,862,400
CONSTANCE DHADHO	25/10/2019	500,000	-	500,000
ARTHENUS LEWA MUNGA	22/01/2020	1,000,000	-	1,000,000
<b>Total</b>		<b>4,857,200</b>	<b>-</b>	<b>4,857,200</b>

**16. ACCOUNTS PAYABLE**

<b>Description</b>	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
Deposits	148,282	7,281,148
Retention Monies	36,065,188	-
<b>Total</b>	<b>36,213,470</b>	<b>7,281,148</b>

**17. FUND BALANCE BROUGHT FORWARD**

<b>Description</b>	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
Bank accounts	229,186,576	1,143,299,804
Cash in hand	103,945	0
Accounts Receivables	9,770,644	4,396,593
Accounts Payables	(7,281,148)	(361,290)
<b>Total</b>	<b>231,780,017</b>	<b>1,147,335,107</b>

*These are derived from the balances as at close of the previous comparative year.*

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**18. PRIOR YEAR ADJUSTMENTS**

A prior period adjustment really applies to the correction of an error in the financial statements of a prior period

	<b>Balance b/f FY 2018/2019 as per Financial statements</b>	<b>Adjustments</b>	<b>Adjusted Balance b/f FY 2018/2019</b>
<b>Description of the error</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Bank account Balances	-	-	-
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Others ( <i>specify</i> )	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

**19. CHANGES IN RECEIVABLES**

<b>Description</b>	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
Outstanding Imprest as at 1 <sup>st</sup> July 2019 (A)	9,770,644	4,396,593
Imprest issued during the year (B)	45,698,399	55,650,120
Imprest surrendered during the Year (C)	50,611,843	50,276,069
Net changes in account receivables D= A+B-C	<b>4,857,200</b>	<b>9,770,644</b>

**20. CHANGES IN ACCOUNTS PAYABLES – DEPOSITS AND RETENTIONS**

<b>Description</b>	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
Deposit and Retentions as at 1 <sup>st</sup> July 2019 (A)	7,281,148	361,290
Deposit and Retentions held during the year (B)	48,715,446	18,468,262
Deposit and Retentions paid during the Year (C)	19,783,124	11,548,404
Net changes in account payables D= A+B-C	<b>36,213,470</b>	<b>7,281,148</b>

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**7.9. OTHER IMPORTANT DISCLOSURES**

**1. PENDING ACCOUNTS PAYABLE (See Annex 2)**

	<b>Balance b/f FY 2018/2019</b>	<b>Additions for the period</b>	<b>Paid during the year</b>	<b>Balance c/f FY 2019/2020</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Construction of Buildings	981,583,016	-	(477,804,385)	503,778,631
Construction of Civil Works	408,533,275	287,660,098	(585,398,605)	110,794,769
Supply of Goods	670,638,667	259,404,224	(509,602,663)	420,440,229
Supply of Services	360,442,252	220,809,675	(458,326,412)	122,925,515
<b>Total</b>	<b>2,421,197,210</b>	<b>767,873,998</b>	<b>(2,031,132,064)</b>	<b>1,157,939,143</b>

**2. OTHER PENDING PAYABLES (See Annex 3)**

	<b>Balance b/f FY 2018/2019</b>	<b>Additions for the period</b>	<b>Paid during the year</b>	<b>Balance c/f FY 2019/2020</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Amounts due to National Government entities	-	191,934,247	(-)	191,934,247
<b>Total</b>	<b>-</b>	<b>191,934,247</b>	<b>(-)</b>	<b>191,934,247</b>

**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 Government:

- Key management personnel that include the Governor, the Deputy Governor Members of the County Assembly, CECs and Chief Officers for various County Ministries and Departments;
- County Ministries and Departments;
- The National Government;
- Other County Governments; and
- State Corporations and Semi-Autonomous Government Agencies.

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**Related party transactions**

	<b>2019- 2020</b>	<b>2018- 2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Key Management Compensation (Governors, CEC Members and COs)	-	-
<b>Transfers to related parties:</b>		
Transfer to the County Assembly	618,016,515	578,819,158
Transfers to other County Government Entities	389,994,021	160,000,000
Transfers to Development Projects	107,077,689	166,992,762
<b>Total Transfers to related parties</b>	<b>1,115,088,225</b>	<b>905,811,920</b>
<b>Transfers from related parties:</b>		
Transfers from the Exchequer	6,523,402,422	4,668,552,000
Transfers from MDAs	361,722,546	5,682,537
<b>Total Transfers from related parties</b>	<b>6,885,124,968</b>	<b>4,674,234,537</b>

**4. ESTABLISHMENT OF OTHER COUNTY GOVERNMENT ENTITIES**

The PFM Act, 2012 section 182 enables the County Government to establish and dissolve County Corporations/ entities. For purposes of follow up on financial reporting, audit and disclosure, outlined below is a list of entities established by the County Government since inception.

<b>Entity</b>	<b>Date Established/Date taken over</b>	<b>Location</b>	<b>Accounting Officer responsible</b>
Tana Water & Sewerage Company	21 <sup>st</sup> October, 2016	Hola	Nasra Sulekha Hanshi
Kenya Climate Smart Agr. Project	1 <sup>st</sup> July, 2017	Hola	Peter Katiwa Munyoki
Tana River IDEAS LED Project	1 <sup>st</sup> July, 2018	Hola	Yaqub Gudo
Tana River County Bursary Board	18 <sup>th</sup> July, 2018	Hola	Lucky Azikilwe
Hola Municipality	1 <sup>st</sup> July, 2019	Hola	Jacob Jarha
Tana River County INUKA Fund	21 <sup>st</sup> February, 2020	Hola	KCB - Hola
Tana River County Gov't Staff Car Loan & Mortgage	12 <sup>th</sup> September, 2019	Hola	Lucky Azikilwe

**5. DISCLOSURE OF BALANCES IN REVENUE COLLECTION ACCOUNTS**

County Government Own source revenue is recognized in the financial statements when it has been swiped to CRF. Revenue collection account balances need to be disclosed at the end of the reporting period as below. Revenue collection accounts should be swept to CRF on reporting dates.

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

Name of Bank, Account No. & currency	Amount in bank account currency *	Ex. rate (if in foreign currency)	2019 - 2020	2018 - 2019
			KShs	KShs
KCB - Tana River County Gov't Revenue Collection – 114075403, Kes.	527,897	1	527,897	645,099
<b>Total</b>	<b>527,897</b>		<b>527,897</b>	<b>645,099</b>

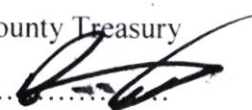
**6. PROGRESS ON FOLLOW UP ON PRIOR YEAR AUDITOR'S RECOMMENDATIONS**

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)

**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.

CEC, County Treasury  
 Sign.....  
 Date.....



**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**ANNEXES**

**ANNEX 1 – ANALYSIS OF TRANSFERS FROM THE EXCHEQUER**

<b>Period</b>	<b>Equitable Share</b>	<b>DANIDA</b>	<b>Level 5 hospitals allocation</b>	<b>Other transfers- Donor funds transferred through exchequer</b>	<b>Total Transfers from the National Treasury/ Exchequer</b>
Exchequer Releases for Quarter 1	1,908,061,500	-	-	41,200,000	1,949,261,500
Exchequer Releases for Quarter 2	1,053,945,000	8,296,875	-	84,151,168	1,146,393,043
Exchequer Releases for Quarter 3	1,668,746,250	-	-	18,085,025	1,686,831,275
Exchequer Releases for Quarter 4	1,610,193,750	14,491,875	-	116,230,978	1,740,916,603
<b>Total</b>	<b>6,240,946,500</b>	<b>22,788,750</b>	<b>-</b>	<b>259,667,171</b>	<b>6,523,402,421</b>

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**ANNEX 4 – ANALYSIS OF OTHER PENDING PAYABLES**

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2019/2020	Outstanding Balance 2018/2019	Comments
		a	b	c	d=a-c		
<b>Amounts due to National Govt Entities</b>							
1. Kenya Revenue Authority	Outstanding taxes	191,934,247	22.05.2020	-	191,934,247	-	
2.							
<b>Sub-Total</b>		<b>191,934,247</b>			<b>191,934,247</b>		
<b>Amounts due to County Govt Entities</b>							
3.		-		-	-	-	
<b>Sub-Total</b>							
<b>Amounts due to Third Parties</b>							
4.		-		-	-	-	
<b>Sub-Total</b>							
<b>Others (specify)</b>							
5.		-		-	-	-	
<b>Sub-Total</b>							
<b>Grand Total</b>		<b>191,934,247</b>			<b>191,934,247</b>	<b>-</b>	

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**ANNEX 5 – SUMMARY OF FIXED ASSET REGISTER**

<b>Asset class</b>	<b>Historical Cost b/f (KShs) 2018/2019</b>	<b>Additions during the year (KShs)</b>	<b>Disposals during the year (KShs)</b>	<b>Transfers in/(out) during the year (KShs)</b>	<b>Historical Cost c/f (KShs) 2019/2020</b>
Land	-	-	-	-	-
Buildings and Structures	2,129,637,348	635,504,235	-	-	2,765,141,583
Transport Equipment	78,838,600	168,248,643	-	-	247,087,243
Office Equipment, Furniture and Fittings	20,355,047	24,728,117	-	-	45,083,164
ICT Equipment	20,831,788	25,861,835	-	-	46,693,623
Machinery and Equipment	78,933,543	99,260,703	-	-	178,194,246
Biological Assets	35,262,673	49,740,833	-	-	85,003,506
Intangible Assets	452,273,642	-	-	-	452,273,642
Infrastructure Assets- Roads, Rails	498,904,881	430,456,266	-	-	929,361,147
<b>Total</b>	<b>3,315,037,522</b>	<b>1,433,800,633</b>	<b>-</b>	<b>-</b>	<b>4,748,838,154</b>

*(NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the County Government. Additions during the year should tie to note 17 on acquisition of assets during the year.)*

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**ANNEX 6 – INTER-ENTITY TRANSFERS**

Ref.	Entity	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Amount transferred KShs	Amount Confirmed as received KShs	D if.	Expl ana
1	County Assembly	88,000,000	204,000,000	167,196,515	158,820,000	618,016,515	618,016,515	-	
2	KCSAP	-	78,218,822	1,500,000	69,040,130	79,718,822	79,718,822	-	
3	Vocational Training College	-	-	10,614,149	10,614,149	21,228,298	21,228,298	-	
4	Staff Car Loan & Mortgage	80,000,000	-	-	-	80,000,000	80,000,000	-	
5	Hola Municipality Urban Grant	-	4,728,900	-	-	4,728,900	4,728,900	-	
6	Health Facilities Grant	-	23,526,985	23,017,372	31,446,074	77,990,431	77,990,431	-	
7	Other Current Transfer and Grants - ASDSP II	27,358,867	-	-	-	27,358,867	-27,358,867		
	<b>Total</b>	<b>195,358,867</b>	<b>310,474,707</b>	<b>252,328,036</b>	<b>269,920,353</b>	<b>909,041,833</b>	<b>909,041,833</b>	<b>-</b>	

Director of Finance  
 County Executive



Director of Finance  
 County Assembly/fund/project



(NB: This appendix must be agreed and signed by the issuing and receiving party)

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**ANNEX7 – BANK RECONCILIATION/FO 30 REPORTS**

F.O. 30

REPUBLIC OF KENYA

**BANK RECONCILIATION**

From Date: 01-JUL-19 to: 30-JUN-20

TANA RIVER COUNTY REVENUE FUND ACCOUNT

Bank: Central Bank of Kenya,

Branch: Haile Selassie,

Account Number: 1000171332

Balance as per bank certificate	351,144,961.30
Less:	
1. Payment in Cash Book not yet recorded in Bank Statement (Unpresented cheques)	-
2. Receipts in Bank Statement not yet recorded in Cash Book	-
Add:	
3. Payment in Bank Statement not yet recorded in Cash	-
4. Receipts in Cash Book not yet recorded in Bank Statement	-
<b>Bank Balance as per Cash Book</b>	<b>351,144,961.30</b>
Reconciled by: <u>CSARVELIUS O. WAMUKOTA</u>	Signature: <u>[Signature]</u> Date: <u>10/07/2020</u>
Reviewed by: <u>KIMINIE DUBHU</u>	Signature: <u>[Signature]</u> Date: <u>10/07/2020</u>
Approved by: <u>Nyiriji G.M.</u>	Signature: <u>[Signature]</u> Date: <u>10/07/2020</u>

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**BANK RECONCILIATION**


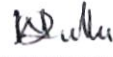
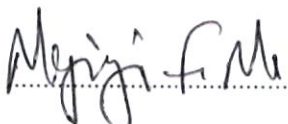

From Date: 01-JUN-20 To:30-JUN-20

TANA RIVER COUNTY DEVELOPMENT ACCOUNT

Bank: Central Bank of Kenya

Branch: Haile Selassie,

Account Number: 1000170708

Balance as per bank certificate	21,742,754.85
Less:	
2. Payment in Cash Book not yet recorded in Bank Statement (Unpresented cheques)	-21,077,387.25
3. Receipts in Bank Statement not yet recorded in Cash Book	-654,269.60
Add:	
4. Payment in Bank Statement not yet recorded in Cash	-
5. Receipts in Cash Book not yet recorded in Bank Statement	-
Bank Balance as per Cash Book	11,098.00
Reconciled by: CORNELIUS O. WAMVIGATA	Signature:  Date: 10/07/2020
Reviewed by: WINNIE DUKU	Signature:  Date: 10/07/2020
Approved by: 	Signature:  Date: 10/07/2020

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**BANK RECONCILIATION**

From Date: 01-JUL-19 To: 30-JUN-20

TANA RIVER COUNTY RECURRENT ACCOUNT

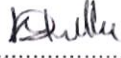
Bank: Central Bank of Kenya

Branch: Haile Selassie,

Account Number: 1000170735

Balance as per bank certificate	21,600.45
Less:	
3. Payment in Cash Book not yet recorded in Bank Statement (Unpresented cheques)	-20,332.45
4. Receipts in Bank Statement not yet recorded in Cash Book	-
Add:	
5. Payment in Bank Statement not yet recorded in Cash	-
6. Receipts in Cash Book not yet recorded in Bank Statement	-
Bank Balance as per Cash Book	1,268

Reconciled by: CAROLINE D. WAMALOLA Signature:  Date: 10/07/2020

Reviewed by: WILSON DUBWA Signature:  Date: 10/07/2020

Approved by: Majidi F.M. Signature:  Date: 10/07/2020

**TANA RIVER COUNTY GOVERNMENT**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**BANK RECONCILIATION**

From Date: 01-JUN-20 To:30-JUN-20

TANA RIVER COUNTY DEPOSIT ACCOUNT

Bank: Central Bank of Kenya,

Branch: Haile Selassie,

Account Number: 1000267496

Balance as per bank certificate	148,282
Less:	
4. Payment in Cash Book not yet recorded in Bank Statement (Unpresented cheques)	-
5. Receipts in Bank Statement not yet recorded in Cash Book	-
Add:	
6. Payment in Bank Statement not yet recorded in Cash	-
7. Receipts in Cash Book not yet recorded in Bank Statement	-
Bank Balance as per Cash Book	148,282

Reconciled by: CORNELIUS O. WAMUKOTA Signature:  Date: 10/07/2020

Reviewed by: WINNIE DUKU Signature:  Date: 10/07/2020

Approved by:  Signature:  Date: 12/07/2020