

REPUBLIC OF KENYA



Enhancing Accountability

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REPORT

OF

THE AUDITOR-GENERAL

ON

**COUNTY ASSEMBLY OF
MANDERA**

**FOR THE YEAR ENDED
30 JUNE, 2023**





COUNTY ASSEMBLY OF MANDERA
(MANDERA COUNTY)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2023

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



County Government of Mandera
County Assembly of Mandera
Annual Report and Financial Statements For the year ended 30th June 2023

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1. Acronyms and Glossary of Terms

a) Acronyms

ADP	Annual Development Plan
AIE	Authority to Incur Expenditure
CA	County Assembly
CARA	County Allocation of Revenue Act
CECM	County Executive Committee Member
CE	County Executive
CG	County Government
CIDP	County Integrated Development Plan
CRA	Commission on Revenue Allocation
CRF	County Revenue Fund
CT	County Treasury
IPSAS	International Public Sector Accounting Standards
MCA	Member of County Assembly
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
NT	National Treasury
WB	World Bank
Kshs	Kenya Shillings

b) Glossary of Terms

Comparative FY Means the financial year preceding the current financial year.

(This list is an indication of acronyms and key terms; the County Assembly should include all from the annual report and financial statements prepared)

2. Key Entity Information and Management

(a) Background information

The County Assembly of Mandera is constituted as per the constitution of Kenya is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The County Assembly constitutes 50 Members of County Assembly (MCAs) elected to represent members of the public from their respective wards. The MCAs are responsible for making laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

(b) Key Management Team

The County Assembly of Mandera's day-to-day management is under the following key organs:

No.	Designation	Name
1.	Speaker of the County Assembly	Hon. Omar Maalim Mohamed
2.	Clerk of the County Assembly	Mr. Ahmed Hassan Surow
3.	Head of Departments - Finance	Mr. Mohamed Hussein Kahia
4.	Head of Departments - Clerks	Mr. Hassan Abdullahi Abdikadir

(c) Fiduciary Management

The key management personnel who held office during the year ended 2023 and who had direct fiduciary responsibility were:

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

Key Entity Information and Management (Continued)

(d) Fiduciary Oversight Arrangements

- Audit committee activities – The audit committee is established to assist the accounting officer/ Mandera County Assembly Service Board with its responsibility outlined in its charter.
- County Assembly committees – The committee activities help on the oversight over the various County Government Organs.
- County Assembly Service Board - – The County Assembly service board of Mandera which is created under section 12 of the County Government Acts, 2012, as a body corporate with perpetual succession and common seal. The County Assembly Service Board comprises of the speaker who is also the board chairperson; two members of County Assembly and two external members who are representatives of the public. The secretary of Service Board is the Clerk of the County Assembly.
- County Assembly Public Account and Investment Committee – The committee was formed to provide oversight on the County’s finances.

(e) Entity Headquarters

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

(f) Entity Contacts

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

(g) Entity Bankers

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

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2. Other Commercial Banks

Other Commercial Banks

Kenya Commercial Bank

P.O. Box 275 – 70300

Mandera Branch

Mandera, Kenya.

Equity Bank Kenya Limited

P.O Box

Mandera Branch

Mandera, Kenya

(h) Independent Auditor

Auditor General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

NAIROBI, KENYA

(i) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

(j) County Attorney

Mandera County Government

P.O Box 13-70300

Mandera

3. Governance Statement

The County Assembly

The County Assembly is constituted by the MCAs of Mandera county government. It is headed by the Speaker who is elected by the MCAs. The speaker is also the chairperson of the county assembly service board while the county assembly clerk is the secretary.

Section 10 (4) of the county governments 2012 provides that a county assembly shall observe the following order of precedence.

- a) The speaker of the county assembly.
- b) The leader of the majority party; and
- c) The leader of the minority party.

The Roles of the county assembly are outlined in Section 8 of the County Governments Act 2012 and they include:

- a) Vet and approve nominees for appointment to county public office as may be provided for in this Act or any other law.
- b) Perform the roles set out under Article 185 of the Constitution.
- c) Approve the budget and expenditure of the county government in accordance with Article 207 of the Constitution, and the legislation contemplated in Article 220(2) of the Constitution, guided by Articles 201 and 203 of the Constitution.
- d) Approve the borrowing by the county government in accordance with Article 212 of the Constitution.
- e) Approve county development planning; and
- f) Perform any other role as may be set out under the Constitution or legislation.

The County Assembly Executes its mandate, through committees which are broadly classified into two.

a) Select Committees

Select committees are generally responsible for overseeing the work of government departments and agencies and general housekeeping of County Assembly matters.

b) Sectoral Committees

The mandate of Sectoral Committees is in respect to the subject matter assigned by the Standing Orders and is exercised within the limits contemplated under Part 2 of the Fourth Schedule to the Constitution.

The County Assembly has the following Select and Sectoral committees:

- a) Committee of Powers and Privileges
- b) Audit Committee
- c) Public Accounts/Investment Committee
- d) Budget and Appropriations Committee

County Government of Mandera
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a) Committee of Powers and Privileges

There is established committee known as the Committee of Powers and Privileges consisting of the Speaker, who shall be the chairperson of the Committee; and such other members of the county assembly as may be provided in the Standing Orders of the county assembly. The functions of the Committee of Powers and Privileges shall be to inquire into the conduct of a member whose conduct is alleged to constitute a breach of privileges accorded to the county assembly members by any legislation or standing orders and perform such other functions as may be specified by enabling legislation. The committee held one meetings in FY 2023. The committee members during FY 2023 were:

Member	Designation	Ward
Hon. Omar M. Maalim	Speaker	
Hon. Ahmed Rashid	Member	(Gither) Majority party leader
Hon. Adan H. Rahoy	Member	(Lafey) Minority Party leader
Hon. Mohamed I. Yussuf	Member	(Guticha) Majority Party whip
Hon. Bishar S. Muktar	Member	(Wargadud) Minority party Whip
Hon. Issack Dahir Abdi	Member	Banisa
Hon. Issak Derow Ibrahim	Member	Elwak South
Hon. Fardowsa M. Hassan	Member	Nominated
Hon. Amran A Abdirahman	Member	Nominated
Hon. Maryan Issak Hussein	Member	Nominated
Hon. Nur Hussein Adan	Member	Nominated
Hon. Abdikarim Daud Abdi	Member	Malkamari
Hon. Elyas Jimale Abdille	Member	Rhamu Dimtu

b) Audit Committee

The audit committee was constituted in 2019. Its mandate is to advise the County Government on institutional risk management and compliance. The committee held one meeting in FY 2023. The committee members during FY 2023 were:

Member	Designation
Hussein Ali Hussein	Chair-Audit Committee
Abdiaziz S. Sheikh	Member
Abdirahman Alio kala	Member
Ahmed Mohamed Adan	Member

c) Public Accounts/Investment Committee

The committee was formed to provide oversight on the County's finances. The committee held quarterly mandatory meetings during the year. Additionally, it also held 20 extra sittings to deal with arising matters. The members who served in the committee during the year were:

Member	Designation	Ward
Hon.Abdullahi S. Ibrahim	Chair	Warankara
Hon.Samia Hassan Abdi	V/Chair	Nominated
Hon. Adan M. Ali	Member	Neboi
Hon.Sokorey M. Issackow	Member	Nominated
Hon.Abdullahi M. Maalim	Member	Guba
Hon. M. Y. Mohamud	Member	Khalalio
Hon.Zeituna Abdi Hassan	Member	Nominated

d) Budget and Appropriations Committee

The budget and appropriations committee provides guidance in the budgetary process. It is charged with the budget making process and ensuring that there is public participation in the budget process. The members who served in the committee during the period were:

Member	Designation	Ward
Hon.Adan M. Mohamed	Chair	Malkamari
Hon.Abdikarim Daud Abdi	V/Chair	Dandu
Hon.Fardowsa M. Hassan	Member	Elwak North
Hon.Yussuf Sheikh Adan	Member	Kiliwehiri
Hon.Adan Nura Ibrein	Member	Takakba south
Hon. Ibrahim A. Maalim	Member	Shimbir Fatuma
Hon.Amran A Abdirahman	Member	Nominated
Hon.Adan Ali Hussein	Member	Morothile
Hon.Ibrahim Ali Wariyo	Member	Dandu
Hon.Maryam Khalif Adan	Member	Nominated
Hon.Hassan Hussein Adan	Member	Rhamu
Hon.Nasteha A. Ibrahim	Member	Nominated
Hon.Mohamed Abdikarim	Member	Libehiya

Communication with all Stakeholders

The Mandera County Assembly is committed to ensuring that all its stakeholders are provided with full and timely information about its programmes and performance through County Assembly website and Assembly Facebook page. The members of public are also given an opportunity through public notice with regard to vetting on public appointments or other general information that require public inputs. Member of public submits any Information /memorandum on bill and other statutory documents in accordance to public participation principles as envisaged in Article 196 of CoK,2010. The County Assembly has severally invited state and non-state actors for consultative engagements on budget making process and other statutory document for information sharing. This communication is important in ensuring that stakeholder expectations are aligned to the County's service delivery charter.

The County Assembly also subjected 3 bills through public participation.

	<u>Name of the Bill</u>	<u>Committee</u>
<u>1.</u>	The Mandera County Supplementary Appropriation Bill,2022	Budget and appropriations committee
<u>2.</u>	The Mandera County Finance Bill, 2022	Finance and Economic Planning Committee
<u>3.</u>	The Mandera County supplementary appropriations bill,2023	County Budget and appropriations Committee

Risk management

- Are there effective arrangements for risk management and internal control?
- Are there formal processes to identify and assess risks?
- Are there formal processed to analyse risks as a basis for how they should be managed?
- Are there formal processes to assess changes in the internal and external environments which could give rise to risks?
- Risks identified and analysed in the period and how they were managed.

Compliance

The entity should identify the relevant laws and regulations that governs it and disclose its compliance to these laws. There should also be a disclosure whether reports emanating from such compliance are prepared and discussed at the relevant levels or other government offices.

4. Foreword By the Clerk of The Assembly

It is my pleasure to present the Financial Statement of the County Assembly of Mandera for the year ended 30th June 2023. The financial statement presents the financial performance of the County Assembly over the financial year under review.

(i) Budget performance

The County Assembly of Mandera had an approved budget of Ksh 1,162,343,708. During the financial year 2022-2023, a total of ksh 927,322,403 was received as an exchequer transfer from County treasury to finance the County Assembly's budget. The exchequer releases comprise of both Recurrent and Development expenditure. Out of the exchequer released, ksh 885,157,163 was for recurrent expenditure against a budget of ksh 943,795,562 representing an absorption rate of 94%. The remaining amount of ksh 42,165,240 was for Development expenditure against a budget of ksh 218,548,146. This represents an absorption rate of 19%. The overall budget absorption rate for the county assembly is 80%.

(ii) Operational Performance

The Mandera County Assembly was created by the Constitution of Kenya 2010, and operationalized by the County Government Act no. 17 of 2012. It provides that the Mandera County Assembly, while respecting the principle of the separation of powers, may exercise oversight role over the County Executive Committee and any other County Executive organs. During the period under review six bills and three policy papers were passed.

Three were on budget (The Mandera County Appropriation Bill 2022, Mandera County Supplementary Appropriations Bill 2023 and Mandera County Appropriations Bill 2023) and the three policies were also on Budget (Annual development Plan 2023-2024, County Budget review outlook paper 2022 and County Fiscal strategy paper 2023)

They authorized the issue of certain sums of money out of the County Revenue Fund so as to offer certain public services and enhance service delivery.

(iii) Performance of key development projects

During the Financial year 2022-2023, Mandera County Assembly undertook capital projects whose end result would impact on services delivery by the County Assembly to the residence of Mandera County and beyond.

The projects include completion of County Assembly Building (on-going), constructions of Speaker's Residence and Refurbishment of buildings.

(iv) Comment on value-for-money achievements

The Mandera County Assembly have applied all funds received prudently in terms of both Development and recurrent expenditure and value for money was achieved in all areas of operations. Therefore, Mandera County Assembly funds were utilised in accordance with the Public Financial Management Act and the purpose for which they were intended for.

(v) Challenges and Recommended Way Forward

Some of the major challenges faced by the Mandera County Assembly during the Financial Year 2022-2023 includes but not limited to;

- Delays in Exchequer releases thus hampering efficiency and effectiveness of activities work plan
- Unreliable internet connectivity to access IFMIS and Internet Banking
- Occasionally achieving quorum in the Plenary and Committees is an issue thereby slowing legislative business of the County Assembly.

RECOMMENDATIONS

- Improved internet connectivity through reliable networks
- Early disbursement of resources to County Government and County Assemblies
- Improvement on attainment of quorum by the Hon. Members.



.....
Name: Ahmed Hassan Surow

Clerk of the County Assembly

5. Statement Of Performance Against County Assembly Predetermined Objectives

Guidance

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 Government entities 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 key mandate of the County Assembly of Mandera is legislation, oversight, and representation. To achieve this, the Assembly's program was documented in terms of objective, key performance indicators, and output. Below is the performance of the Assembly in FY 2023.

Program 1	Objective	Outcome	Indicator	Performance	Remarks (Explain the reasons underperformance/ Overperformance)
Legislation, oversight and representation	Four Bills passed into Acts of the County Assembly	Improved service delivery to citizens	Four No of bills passed in the County Assembly	In FY 2023 Three number of bills were passed	
	Enhanced professional development of MCAs – Review standing orders	Review standing orders	83% Increase in efficient Assembly operation	Three standing orders were reviewed and resulted to improved legislation	

6. Corporate Social Responsibility Statement/Sustainability Reporting

Mandera County Assembly 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 Sustainable strategy, environmental performance, employee welfare, marketplace practices and community engagement pillars; putting the citizen first, delivering relevant services and improving operational excellence. Below is a brief highlight of our achievement in each pillar.

a) Sustainability strategy and profile –

Mandera County Assembly have made various sustainable efforts that focus on service delivery to the citizen. The strategic area of focus for service delivery includes but not limited to:

- County's Legislative Agenda
- Oversight Through Committees
- Staff Management and development
- Physical infrastructure development
- Financial Resource Management
- Application of ICT's
- Strategic Partnerships to service delivery (including development partners)

b) Environmental performance

Mandera County Assembly works towards the Health and Safety measures that aims at prevention and protection of officers against accidents and occupational hazards arising at workplace as well as reduce the environmental impact of the institution activities and products.

The Assembly have put in place measures to prevent and mitigate against accidents, explosions, fire, floods, earthquakes, bomb threats and prepared procedures to be followed in such events.

The Clerk of the County Assembly has put in place measures to ensure that the fire protection facilities are provided in the buildings under the assembly control and are adequate and maintained as advised by Fire Officers and Occupational Safety and Health Officers. The management is responsible for enforcing all necessary fire precaution measures as directed by both the County Department responsible for Public Works and the Directorate responsible for Labour.

c) Employee welfare

Mandera County Assembly commits to ensure employee welfare is taken into consideration to ensure maximum efficiency and effectiveness. Amongst the welfare opportunities present to Mandera County Assembly Members and Staff includes: Prompt payment of Salaries, Annual incremental of Salaries, advance of salary, subsistence & foreign allowance, acting allowance and leave allowance.

The Assembly also provides Medical Cover to the Members and Staffs as per SRC advice. The medical covers entail inpatient, outpatient, dental, Optical Maternity as well as last expense.

In addition, the Assembly takes into consideration occupational Safety and Health by providing Occupational Benefits; Group Life Insurance, Group Personal Accident and Work Injury Benefit (WIBA).

The Members and staff of Mandera County Assembly enjoy other benefit like leave allowances, including Annual Leave, Maternity & Paternity Leave, Unpaid Leave, Compassionate Leave, Sick/Convalescent Leave, Terminal and Study leave.

The Members and staff also enjoy various workshops and training programme intended to improve the employee performance and shortcomings. The Supervisor addresses this through training, mentorship and coaching.

d) Market place practices-

The organisation should outline its efforts to:

Various rules and regulations, Acts and other government directions to run its day-to-day activities guide Mandera County Assembly.

The procurement department of Assembly does market place practices on behalf of the institution following the Public Procurement and Asset Disposal and PFM Acts to guide them.

All procurement related issues are published through supplier portals to give fair competitions to suppliers.

e) Community Engagements

Mandera County Assembly engaged the general public through public participations in delivering its mandate and responsibilities. All bills, plans and policies go through public participation before being enacted.

7. Statement Of Management Responsibilities

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

The Clerk of the County Assembly of Mandera is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended June 30, 2023. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Assembly;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the County Assembly;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Clerk accepts responsibility for the County Assembly's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Clerk is of the opinion that the County Assembly's financial statements give a true and fair view of the state of the County Assembly's transactions for the year ended June 30, 2023, and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the County Assembly of Mandera which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control.

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

County Government of Mandera
County Assembly of Mandera
Annual Report and Financial Statements For the year ended 30th June 2023

Approval of the financial statements

The County Government's financial statements were approved and signed by the Clerk of the County Assembly on 22nd September 2023.



.....
Name: Ahmed Hassan Surow
Clerk of the County Assembly

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF MANDERA FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the County Assembly of Mandera set out on pages 1 to 27, which comprise of the statement of financial assets

Report of the Auditor-General on the County Assembly of Mandera for the year ended 30 June, 2023

and liabilities as at 30 June, 2023 and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the County Assembly of Mandera as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) and comply with the County Government Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unsupported Domestic Travel and Subsistence Allowances

The statement of receipts and payments and as disclosed in Note 3 to the financial statements reflects use of goods and services amount of Kshs.279,413,929 which includes domestic travel and subsistence allowances amount of Kshs.70,071,133. However, payments amounting to Kshs.2,842,000 were not supported with invitation letters, nomination letters to the participating staff, copies of certificates of participation, signed expenditure schedules with details of job groups and applicable rates.

In the circumstances, the accuracy and completeness of the domestic travel and subsistence allowances amounting to Kshs.2,842,000 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total receipts budget and actual on comparable basis of Kshs.1,162,343,708 and Kshs.927,322,403 respectively, resulting in an under-funding of Kshs.235,021,305 or 20% of the budget. Similarly, the statement reflects final budgeted payments and actual on comparable basis of Kshs.1,162,343,708 and Kshs.927,320,029 resulting in under-absorption of

Kshs.235,023,679 or 20 % of the budget. The under-funding and under-absorption affected the planned activities and may have impacted negatively on service delivery to the public.

Further, the County Assembly received late disbursements totaling to Kshs.252,000,001 in the month of June, 2023 or 27% of total receipts thus negatively affecting implementation of budgeted programs and activities to the detriment of the residents of Mandera County.

My opinion is not modified in respect of this 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 were no key audit matters to report in the year under review.

Other Matter

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 do so, as part of the contents provided for in the reporting format prescribed by the Public Sector Accounting Standards Board.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE 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. Irregular Expenditure on Subscriptions

The statement of receipts and payments reflects use of goods and services expenditure of Kshs.279,413,929 which, as disclosed in Note 3 to the financial statements, includes other operating expenses amount of Kshs.41,137,171 out of which, Kshs.4,450,000 and

Kshs.750,000 were paid to the County Assembly Forum (CAF) and Society of Clerks at The Table in Kenya (SOCATT(K)) respectively as subscription fees. However, the payments lacked legal backing or supporting policy guidelines.

In the circumstances, the value for money on the subscription's expenditure of Kshs.5,200,000 could not be confirmed.

2. Non-Compliance with Ward Partisan Staffing Levels

Review of the records revealed that the County Assembly employed a total number of two hundred (200) partisan staff for the wards against the set limit of one hundred and forty-four (144) as per circular number CRA/CSO/CMG//9/VOLV/59 dated 21 October, 2020 on Advisory of Ward Offices Operation Costs from the Commission on Revenue Allocation.

In the circumstances, Management was in breach of the circular.

3. Unutilized Speaker's Residence

The proposed construction of the Speaker's residence for Mandera County Assembly was constructed at a total cost of Kshs.55,811,842 and a completion certificate was issued on 26 August, 2021 in respect of the project. During the year under review an amount of Kshs.2,028,303 was paid to the contractor as final payment. Physical inspection conducted on 10 November, 2023 revealed that the project was complete but not in use.

In the circumstances, the value for money on the expenditure of Kshs.55,811,842 incurred on the construction of the Speaker's residence could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Report of the Auditor-General on the County Assembly of Mandera for the year ended 30 June, 2023

Basis for Conclusion

Lack of Disaster Recovery Plan

During the year under review, the County Assembly did not have an approved Disaster Recovery Plan. Further, Management did not carry out a risk assessment and did not develop risk management strategies, systems of risk management and internal controls that build robust business operations.

In the circumstances, the existence of an effective disaster recovery plan to sustain continuity of the operations could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal controls 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 controls, risk management and governance.

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

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

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

Those charged with governance are responsible for overseeing the County Assembly's financial reporting process, reviewing the effectiveness of how the Management 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 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 controls 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 controls would not necessarily disclose all matters in the internal controls 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 controls 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County Assembly's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the County Assembly to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the County Assembly to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

02 February, 2024

Report of the Auditor-General on the County Assembly of Mandera for the year ended 30 June, 2023

County Government of Mandera
 County Assembly of Mandera
 Annual Report and Financial Statements For the year ended 30th June 2023

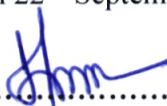
9. Statement of Receipts and Payments for The Year Ended 30th June 2023

		2022-2023	2021-2022
	Note	KShs	KShs
Receipts			
Transfers from the CRF	1	927,322,403	849,173,172
Total receipts		927,322,403	849,173,172
Payments			
Compensation of employees	2	540,350,189	476,006,797
Use of goods and services	3	279,413,929	290,105,150
Social security benefits	4	33,410,696	24,334,764
Acquisition of assets	5	74,145,215	58,720,587
Finance costs	6	-	4,550
Total payments		927,320,029	849,171,848
Surplus/deficit		2,374	1,324

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 22nd September 2023 and signed by:



.....
Name: Ahmed H. Surow
Clerk of the Assembly



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

10. Statement Of Financial Assets and Liabilities As At 30th June 2023

		2022-2023	2021-2022
Financial assets	Note	KShs	KShs
Cash and cash equivalents			
Bank balances	7A	22,414,922	23,041,893
Total cash and cash equivalents		22,414,922	23,041,893
Total financial assets		22,414,922	23,041,893
Financial liabilities			
Third party deposits and retention	8	(22,412,547)	(23,040,569)
Net financial assets		2,374	1,324
Represented by			
Fund balance b/fwd	9	1,324	344,947
Prior year adjustment	10	(1,324)	(344,947)
Surplus/(deficit) for the year		2,374	1,324
Net Financial Position		2,374	1,324

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 22nd September 2023 and signed by:



Name: Ahmed H. Surow
Clerk of the Assembly



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

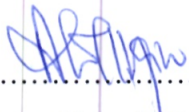
County Government of Mandera
County Assembly of Mandera
Annual Report and Financial Statements For the year ended 30th June 2023

11. Statement Of Cash Flows for The Period Ended 30th June 2023

		2022-2023	2021-2022
	Note	KShs	KShs
Cash flows from operating activities			
Receipts from operating income			
Transfers from the CRF	1	927,322,403	849,173,172
Total receipts from operating income		927,322,403	849,173,172
Payments for operating expenses			
Compensation of employees	2	(540,350,189)	(476,006,797)
Use of goods and services	3	(279,413,929)	(290,105,150)
Social security benefits	4	(33,410,696)	(24,334,764)
Total payments for operating expenses		(853,174,814)	(790,446,711)
Finance costs	6	-	(4,550)
Net receipts/(payments) from operating activities		(853,174,814)	(790,451,261)
Adjusted for:			
Prior year adjustment	10	(1,324)	(344,947)
Increase/(decrease) in accounts payable:	11	(628,021)	1,684,479
Net cash flows from operating activities		73,518,244	60,061,443
Cashflow from investing activities			
Acquisition of assets	5	(74,145,215)	(58,720,587)
Net cash flows from investing activities		(74,145,215)	(58,720,587)
Net increase in cash and cash equivalents		(626,971)	1,340,856
Cash & cash equivalent at Start of the year		23,041,893	21,701,037
Cash & cash equivalent at end of the year	7A	22,414,922	23,041,893

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 22nd September 2023 and signed by:

County Government of Mandera
County Assembly of Mandera
Annual Report and Financial Statements For the year ended 30th June 2023



.....
Name: Ahmed H. Surow
Clerk of the Assembly



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

12. Statement Of Comparison of Budget & Actual Amounts: Recurrent and Development for year ended 30th June 2023

Receipt/expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts						
Transfers from the CRF	1,186,343,708	(24,000,000)	1,162,343,708	927,322,403	235,021,305	80
Total	1,186,343,708	(24,000,000)	1,162,343,708	927,322,403	235,021,305	80
Payments						
Compensation of employees	452,020,034	110,265,410	562,285,444	540,350,189	21,935,255	96
Use of goods and services	339,525,672	(23,560,000)	315,965,672	279,413,929	36,551,743	88
Social security benefits	18,444,446	15,000,000	33,444,446	33,410,696	33,750	100
Acquisition of assets	376,353,556	(125,705,410)	250,648,146	74,145,215	176,502,931	30
Total	1,186,343,708	(24,000,000)	1,162,343,708	927,320,029	235,023,679	80
Surplus/ deficit	-	-	-	2,374	-	-

The entity financial statements were approved on 22nd September 2023 and signed by:



.....
 Name: Ahmed H. Surow
 Clerk of the Assembly




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

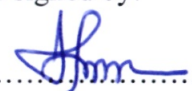
12A Statement of Comparison Of Budget & Actual Amounts: Recurrent for the year ended 30th June 2023

Receipt/expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts						
Transfers from the CRF	864,090,152	79,705,410	943,795,562	885,154,789	58,640,773	94
Total	864,090,152	79,705,410	943,795,562	885,154,789	58,640,773	94
Payments						
Compensation of employees	452,020,034	110,265,410	562,285,444	540,350,189	21,935,255	96
Use of goods and services	339,525,672	(23,560,000)	315,965,672	279,413,929	36,551,743	88
Social security benefits	18,444,446	15,000,000	33,444,446	33,410,696	33,750	100
Acquisition of assets	54,100,000	(22,000,000)	32,100,000	31,979,975	120,025	100
Total	864,090,152	79,705,410	943,795,562	885,154,789	58,640,773	94
Surplus/ deficit	-	-	-	2,374	-	-

The entity financial statements were approved on 22nd September 2023 and signed by:



Name: Ahmed H. Surow
Clerk of the Assembly



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


12B Statement Of Comparison of Budget & Actual Amounts: Development for the year ended 30th June 2023

Receipt/expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts						
Transfers from the CRF	322,253,556	(103,705,410)	218,548,146	42,165,240	176,382,906	19
Total	42,165,240	(103,705,410)	218,548,146	42,165,240	176,382,906	19
Payments						
Acquisition of assets	322,253,556	(103,705,410)	218,548,146	42,165,240	176,382,906	19
Total	322,253,556	(103,705,410)	218,548,146	42,165,240	176,382,906	19
Surplus/ deficit	-	-	-	-	-	-

The entity financial statements were approved on 22nd September 2023 and signed by:



Name: Ahmed H. Surow
 Clerk of the Assembly



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

13. Budget Execution By Programmes And Sub-Programmes

Programme/Sub-Programme	Original			Actual on	% Budget
	Budget	Adjustments	Final Budget	comparable	utilization
	2023	2023	2023	basis	2023
	Kshs	Kshs	Kshs	2023	Kshs
0701003410 - Physical Infrastructure	322,253,556	(103,705,410)	218,548,146	42,165,240	19
0701013410 - County Assembly Administration offices	322,253,556	(103,705,410)	218,548,146	42,165,240	19
0702003410 - Administration, planning and support services	864,090,152	79,705,410	943,795,562	885,154,789	94
0702033410 - Administration Services	864,090,152	79,705,410	943,795,562	885,154,789	94
Total	1,186,343,708	(24,000,000)	1,162,343,708	927,320,029	80

14. Significant Accounting Policies

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

1. Statement of compliance and basis of preparation

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

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 Mandera County Assembly. The financial statements encompass the reporting entity as specified in section 164 of PFM Act 2012.

3. Recognition of receipts and payments

a) Recognition of receipts

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

Significant Accounting Policies (Continued)

i) Transfers from the Exchequer/ County Treasury

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

ii) Other Receipts

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

b) Recognition of payments

The County Assembly of Mandera recognises all expenses when the event occurs, and the related cash has actually been paid out by the County Assembly of Mandera.

i) Compensation of employees

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

ii) 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.

iii) Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment. A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

Significant Accounting Policies (Continued)

4. In-kind contributions

In-kind contributions are donations that are made to the County Assembly of Mandera in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the County Assembly of Mandera includes such value in the statement of receipts and payments both as receipts and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

5. 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.

7. 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 2023, this amounted to KShs 22,412,547 compared to KShs 23,040,569 in prior period as indicated on note 8. There were no other restrictions on cash during the year.

Significant Accounting Policies (Continued)

8. Imprests and Advances

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.

9. Third party deposits and retention

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.

10. 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 County Assembly of Mandera fixed asset register a summary of which is provided as a memorandum to these financial statements.

11. Pending bills

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

Significant Accounting Policies (Continued)

12. 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, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships. The County Assembly of Mandera 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.

13. Contingent Assets

The County Assembly of Mandera 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 County Assembly of Mandera 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.

Significant Accounting Policies (Continued)

14. 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's budget was approved as required by Law and as detailed in the County Revenue Allocation Act. The original budget was approved by the County Assembly on 14th June 2023 for the period 1st July 2022 to 30 June 2023 as required by law. There was 2 number of supplementary budgets passed in the year. A high-level assessment of the County Executive's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

15. Comparative figures

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

16. Subsequent events

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

17. Prior Period Adjustment

During the year, errors that have been corrected are disclosed *under note 26* explaining the nature and amounts.

18. Related Party Transactions

Related party means parties are related if one party has the ability to:

- a) Control the other party or
- b) Exercise significant influence over the other party in making financial and operational decisions, or if the related party entity and another entity are subject to common control.

Related party transaction is a transfer of resources or obligations between related parties regardless of whether a price is charged.

15. Notes to the Financial Statements

1. Transfer From CRF

	2022-2023	2021-2022
	Kshs	Kshs
Transfers from the county treasury for Q1	129,978,597	157,557,808
Transfers from the county treasury for Q2	130,254,508	251,782,723
Transfers from the county treasury for Q3	225,091,307	109,815,357
Transfers from the county treasury for Q4	441,997,991	330,017,284
Cumulative amount	927,322,403	849,173,172

2. Compensation Of Employees

	2022-2023	2021-2022
	Kshs	Kshs
Basic salaries of permanent employees	195,184,734	159,433,812
Basic wages of temporary employees	29,333,500	23,377,500
Personal allowances paid as part of salary	296,052,362	279,379,360
Personal allowances paid as reimbursements	3,359,934	2,580,000
Employer contribution to compulsory national social schemes	16,419,659	11,236,125
Total	540,350,189	476,006,797

Notes To The Financial Statements (Continued)

3. Use Of Goods And Services

	2022-2023	2021-2022
	Kshs	Kshs
Utilities, supplies and services	3,099,783	2,495,317
Communication, supplies and services	1,535,900	524,700
Domestic travel and subsistence	70,071,133	64,889,045
Foreign travel and subsistence	16,045,646	22,000,000
Printing, advertising and information supplies & services	15,583,210	12,355,352
Rentals of produced assets	10,625,000	21,075,000
Training expenses	22,160,663	25,146,699
Hospitality supplies and services	26,103,211	22,168,780
Insurance costs	48,917,333	51,620,155
Specialized materials and services	2,999,690	1,598,300
Office and general supplies and services	8,470,180	7,998,730
Fuel, oil and lubricants	4,699,500	4,699,000
Other operating expenses (<i>Include Bank charges</i>)	41,137,171	41,934,295
Routine maintenance – vehicles and other transport equipment	4,051,940	4,499,988
Routine maintenance – other assets	3,913,570	7,099,789
Total	279,413,929	290,105,150

Notes To The Financial Statements (Continued)

4. Social Security Benefits

	2022-2023	2021-2022
	Kshs	Kshs
Government Pension and Retirement Benefits	33,410,696	24,334,764
Total	33,410,696	24,334,764

Notes To The Financial Statements (Continued)

5. Acquisition Of Assets

Non- financial assets	2022-2023	2021-2022
	Kshs	Kshs
Construction of buildings	28,105,260	-
Refurbishment of buildings	4,995,080	3,498,552
Construction and civil works	14,059,980	39,213,280
Purchase of office furniture and general equipment	13,793,957	7,333,755
Purchase of specialized plant, equipment and machinery	13,190,938	5,910,000
Purchase of certified seeds, breeding stock and live animals	-	2,765,000
Total acquisition of non- financial assets	74,145,215	58,720,587
Total acquisition of assets	74,145,215	58,720,587

6. Finance Costs

	2022-2023	2021-2022
	Kshs	Kshs
Finance Costs	-	4,550
Total	-	4,550

County Government of Mandera
County Assembly of Mandera
Annual Report and Financial Statements For the year ended 30th June 2023

Notes To The Financial Statements (Continued)

7. Cash And Bank Balances

7A. Bank Balances

Name Of Bank, Account Name & Currency	Account Number	Indicate whether Rec, Dev, Dep e.t.c	2022-2023	2021-2022
			Kshs	Kshs
Central bank of Kenya, Mandera County Assembly Development Account, kshs.	1000380508	Development	0	0
Central bank of Kenya, Mandera County Assembly Recurrent Account, kshs.	1000240897	Recurrent	2,374	1,324
Equity Bank Kenya Limited, Mandera county assembly Retention Account, kshs.	1000278516437	Deposit	22,412,547	23,040,569
Kenya Commercial Bank, Mandera Branch, Mandera County Assembly Service board Account. Kshs.	1143310691	Commercial Bank	0	0
Total			22,414,922	23,041,893

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Notes To The Financial Statements (Continued)

8. Third Party Deposits and Advances

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Retentions	22,412,547		23,040,569	
Total	22,412,547		23,040,569	
Ageing analysis (third party deposits and advances)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	1,608,828	7	3,921,328	17
1-2 years	11,592,975	52	14,369,579	62
2-3 years	9,210,744	41	4,749,662	19
Over 3 years	-	-	-	-
Total (tie to above total)	22,412,547		23,040,569	

9. Fund Balance Brought Forward

Description	2021-2022		2020-2021	
	Kshs		Kshs	
Bank Accounts	23,041,893		21,701,037	
Third party deposits and retentions	(23,040,569)		(21,356,090)	
Total	1,324		344,947	

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10. Prior Year Adjustments

	Balance b/f from Comparative FY as per audited financial statements	Adjustments during the year relating to prior periods	Adjusted ** Balance b/f For Comparative FY
Description Of The Error	Kshs	Kshs	Kshs
Others (<i>Adjustments on Refund to CRF Account</i>)	1,324	(1,324)	0
	1,324	(1,324)	0

11. Changes In Third Party Deposits and Retentions

Description	2022-2023	2021-2022
	Kshs	Kshs
Opening Third Party Deposits and Retention As At 1 st July 2022	23,040,569	21,356,090
Closing Third Party Deposits and Retention As At 30 th June 2023	22,412,547	23,040,569
Change In Third Party Deposits and Retention	(628,022)	1,684,479

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Notes To The Financial Statements (Continued)

1. Related Party Disclosures

Related party transactions:

	2022-2023	2021-2022
	Kshs	Kshs
Compensation to Key Management		
Compensation to the Speaker, Deputy Speaker and the MCAs	180,993,994	180,993,994
Key Management Compensation (Clerk and Heads of departments)	61,133,993	61,133,993
Total Compensation to Key Management	242,127,987	242,127,987
<u>Transfers from related parties</u>		
Transfers from the CRF	927,322,403	849,173,172
Total Transfers from related parties	927,322,403	849,173,172

16. Progress On Follow 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	Status:	Timeframe:
1.0	Personal Allowance Paid as Part of Salary			
1.1	Transfer to Mandera County Assembly Car Loan and Mortgage Scheme	County Assembly of Mandera had a car loan and mortgage account held at national bank of Kenya which was never funded and not operationalized. When Salaries and Remuneration Commission provided a circular converting car loan to car grant, the County Assembly was able to fund ksh 100,000,000 for payment of car grant. The money was duly credited into car loan and mortgage account and promptly disbursed to the members. This was one off transaction and it wasn't found necessary to constitute an operational and car loan scheme as the money was paid using car grant regulation	Not Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
1.2	Car Grant to the County Assembly Speaker	In regard to benefits of state officers, Salaries and Remuneration Commission (SRC) circulars override any other directives including the Council of Governors circular reference COG/6/1/1A Vol.2 (63) dated 10 February, 2021. We were guided by the SRC circular no. SRC/TS/COG/3/61/48VOL.11 (113) which provided for the conversion of the car loan to a car grant to be undertaken within the available car loan facility guidelines on payment. The car loan benefits of the Speaker's and MCA's is Kshs. 4,000,000 and 2,000,000 respectively and in this case no public money was lost. Salaries and Remuneration Commission circular is hereby availed for your attention and review.	Not Resolved	
1.3	Payment of Interest and Penalties on Income Tax Remitted Late	The payment of taxes was not clear at the time of conversion of car loans to grants. However, the management of the Mandera	Not Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		County Assembly had a debt payment plan in which it was agreed with Kenya Revenue Authority where we were required to pay only the principal amount. The payment plan has been honored by both the parties. Attached is the payment plan duly signed and executed.		
2.0	Use of Goods and Services			
2.1	Misclassification of Outstanding Imprests Issued for Foreign Travel	The expenditure has been incurred within the same financial year and the same has been accounted for during year under review. This is due to the fact that the election has interrupted the travelling dates.	Not resolved	
2.2	Unsupported Security Allowances	The money was paid to the National Police officers who were attached to the assembly premises to provide security services. It's the mandates of National police services to provide the security to Government institutions and in this case, we have police officers guarding assembly on 24 hours on rotational basis. This been a government institution there was no need of a contract between the two government bodies.	Not Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
3.0	Inaccuracies and Omissions in the Statement of Comparison of Budget and Actual Amounts			
REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE				
1.0.	Budgetary Control and Performance	The county assembly makes fund requisition through County treasury. However, the County Treasury was not able to fully fund our approved budget. This resulted to underfunding of the Assembly which led to under absorption of the budget.	Not resolved	
2.0	Late Exchequer Releases Unresolved Prior Year Matters	The County Assembly of Mandera has no control over the exchequer releases and the Assembly normally consumes on credit based on the approved budget. However, we are conscious to spending expenditure due to late release of funds.	Not Resolved	
3.0	Unresolved Prior Year Matters	We were able to attend to some of the issues that were previously in the auditor's report and we are endeavoring to clear outstanding issues.	Not Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES				
1.0	Nugatory Expenditure	CAF and SOCATT are umbrella bodies responsible for standardization of policies, procedures and practices across all the 47 County Assemblies. This are the paid amounts across all the County Assemblies. The constitution guiding both CAF and SOCATT is hereby availed for your attention.	Not Resolved	



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Clerk of the County Assembly

22nd September 2023

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17. Annexes

Annex 1 – Summary Of Non-Current Asset Register

Asset class	Historical Cost b/f (Kshs) Previous Year	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year (Kshs)	Historical Cost c/f (Kshs) 2023
Buildings and structures	341,518,644	47,160,320	0	0	388,678,964
Transport equipment	20,550,653		0	0	20,550,653
Office equipment, furniture and fittings	64,148,923	13,793,957	0	0	77,942,880
ICT equipment	18,654,025		0	0	18,654,025
Machinery and equipment	7,882,000	13,190,938	0	0	21,072,938
Intangible assets	3,615,000		0	0	3,615,000
Total	456,369,244	74,145,215	0	0	530,514,459

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