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**REPORT**

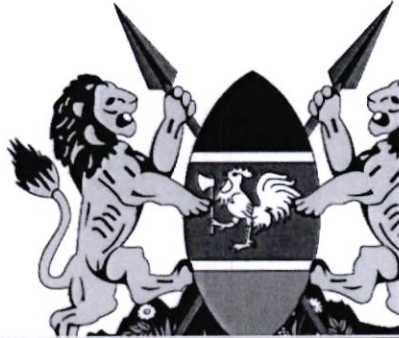
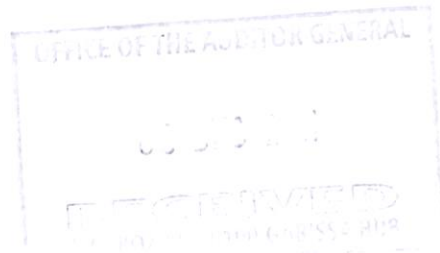
**OF**

**THE AUDITOR-GENERAL**

**ON**

**COUNTY ASSEMBLY OF TANA RIVER**

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



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**COUNTY ASSEMBLY OF TANA RIVER**

**REPORTS AND FINANCIAL STATEMENTS**

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

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

# COUNTY ASSEMBLY OF TANA RIVER

## *Reports and Financial Statements*

*For the year ended June 30, 2020*

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# COUNTY ASSEMBLY OF TANA RIVER

## *Reports and Financial Statements*

*For the year ended June 30, 2020*

### **1 KEY COUNTY ASSEMBLY OF TANA RIVER INFORMATION AND MANAGEMENT**

#### **(a) Background information**

The County is constituted as per the constitution of Kenya is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The County Assembly constitutes 23 Members of County Assembly (MCAs) elected to represent members of the public from their respective wards. The MCAs are responsible for making any laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

#### **(b) Key Management**

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

- County Assembly Service Board
- Senior Management

#### **(c) Fiduciary Management**

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

No.	Designation	Name
1	Accounting Officer	Abdullahi Dayib Hussein
2	Principal Accounts Controller	Alex Kibwage Ontumi
3	Accountant	Wehliye Ahmed Dakat
4	Finance Officer	Mercy Maodo

#### **(d) Fiduciary Oversight Arrangements**

The County Assembly has 9 sectorial committees each with specific mandates towards the County's sectors.

The committees are required by the assembly's standing orders to oversight and hold to account respective CECs for service delivery in their departments. The Assembly has managed this through committee work, and chamber business

#### **(e) County assembly of Tana River Headquarters**

County Assembly of Tana River  
P.O. Box 113 - 70101  
HOLA, KENYA

**COUNTY ASSEMBLY OF TANA RIVER**

***Reports and Financial Statements***

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

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**(f) County assembly of Tana River Contacts**

Telephone: (254) 0708005459  
E-mail: [info@tanariverassembly.go.ke](mailto:info@tanariverassembly.go.ke)  
Website: [www.tanariverassembly.go.ke](http://www.tanariverassembly.go.ke)

**(g) County assembly of Tana River Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
  
2. Kenya Commercial Bank  
P.O Box 100-70101,  
HOLA

**(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

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

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

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.

The key mandate of the County Assembly of Tana River is legislation, oversight, and representation. To achieve this, the assembly's program was document in terms of objective, key performance indicators, and output.

Below were the expected outputs of the assembly in FY 19/20

<b>Program 1</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Legislation, oversight and representation	Enhanced professional development of MCAs – Provide ongoing professional development of MCAs	Increased ability of MCA in legislation	6 bills passed in the County Assembly	In FY 19/20 MCA were trained on legislation, oversight and representation.
	Enhanced professional development of MCAs – Review standing orders	Review standing orders	70% increase in efficient Assembly operation	2 standing orders were reviewed and resulted to better management chamber business

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**3 CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

*County assembly of Tana River exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on three 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 top management of County assembly of Tana River is committed to the entity sustainability in the foreseeable future. The top management ensures that there is proper implementation of the strategic policy of the entity and by so doing will result better sustainability of the county assembly.*

**2. Employee welfare**

*County assembly of Tana River has Human Resource policy that clearly give direction on hiring process and take into account gender balancing at the work place. County assembly of Tana River also consider reward for most performing employee.*

**3. Community Engagements-**

*County assembly Tana River involves community in public participation in various ward in the three sub counties*

**COUNTY ASSEMBLY OF TANA RIVER**

***Reports and Financial Statements***

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

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**4 FORWARD BY THE CLERK OF THE ASSEMBLY**

During the FY 2019/2020 the County Assembly had a budget of Kshs. 646,497,243 out of which Kshs 160,000,000 was allocated towards development and Kshs. 486,497,243 allocated towards recurrent activities. (Including the balances brought forward as a result of supplementary budget). The County Assembly during the financial year under consideration received an amount of Kshs 618,016,515 for both recurrent and development allocations from the County treasury. The total actual expenditure comprising of Kshs. 472,544,385 for recurrent and Kshs. 113,334,387 for development activities, representing absorption rate of 97 percent and 70 percent respectively.

During the reporting period the County Assembly was able to accomplish the following projects among others; (i) Renovation of the Speakers office, (ii) Proposed Construction of Fountain at the County Assembly (iii) Renovation of Administration block.

Implementation of the above mentioned projects had the following impacts; (i) Renovation of Speakers office has improved working environment for the Speaker (ii) Beatification of assembly compound (iii) Renovation of administration block has improved working conditions for honorable members.

Notwithstanding the above milestones, the County Assembly has faced a number of challenges that include among others; (i) Inability to access the development fund directly from the National treasury (ii) Delayed disbursement of funds that hampered the legislative process (iii) Vastness of the County posed great challenge to members while undertaking public participation.



2/12/2020

.....  
**Sign**  
**Clerk of the County Assembly**

## COUNTY ASSEMBLY OF TANA RIVER

### *Reports and Financial Statements*

*For the year ended June 30, 2020*

#### **5 STATEMENT OF MANAGEMENT RESPONSIBILITIES**

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


The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended on 30<sup>th</sup> June 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 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 30<sup>th</sup> June 2020, and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the County Assembly which have been relied upon in the preparation of the its financial statements as well as the adequacy of the systems of internal financial control.

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

#### **Approval of the financial statements**

The County Government's financial statements were approved and signed by the Clerk of the County Assembly on 2/12/ 2020.

  
\_\_\_\_\_  
Clerk of the County Assembly

# REPUBLIC OF KENYA

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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 TANA RIVER FOR THE YEAR ENDED 30 JUNE, 2020

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### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Tana River set out on pages 1 to 18, which comprise the statement of financial assets and liabilities as at 30 June, 2020 and the statement of receipts and payments, statement of cash flows, statement of comparison between the budget and Actual amounts: Recurrent, Development and 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 matters 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 Tana River as at 30 June, 2020 and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the County Governments Act, 2012 and the Public Finance Management Act, 2012.

#### Basis for Qualified Opinion

##### 1. Unsupported Expenditure - Use of Goods and Services

As disclosed in Note 3 to the financial statements, the statement of receipts and payments reflects an amount of Kshs.245,815,464 in respect of use of goods and services. Examination of payment records and other supporting documents revealed the following unsatisfactory matters: -

##### 1.1 Domestic Travel and Subsistence

The balance includes an amount of Kshs.156,813,980 under domestic travel and subsistence expenditure. Examination of payment records and other supporting documents revealed that expenditure amounting to Kshs.17,682,700 paid to Members of County Assembly and staff as subsistence allowance while on official duties outside their duty station was not supported with relevant documents such as travel documents, duly approved invitation for meetings or trainings. There was no report prepared by the officers after returning back to the office from the training attended.

## **1.2 Expenditure on Foreign Travel**

The balance also includes an amount of Kshs.5,434,230 incurred on foreign travel and subsistence. However, examination of payment records and other supporting documents revealed that expenditure amounting to Kshs.926,182 incurred on training of Members of County Assembly in Singapore was not supported with relevant documents including passport, boarding passes, workshop program and a report on the training to the County Assembly.

## **1.3 Training Expenses**

Included in the use of goods and services balance of Kshs.245,815,464 is Kshs.3,991,048 incurred on training expenses. However, examination of payment vouchers and other supporting documents revealed that payments amounting to Kshs.1,218,848 were not supported with training needs assessment report, travel documents and attendance register.

## **1.4 Routine Maintenance - Vehicles and Other Transport Equipment**

Included in use of goods and services is an amount of Kshs.2,604,930 incurred on maintenance of vehicles and other transport equipment. However, examination of payments records and other supporting documents revealed that expenditure amounting to Kshs.2,581,550 was not supported with motor vehicle work tickets, reports on defects and pre- and post-inspection certificates.

## **1.5 Unconfirmed Office and General Supplies**

Included in the use of goods and services balance of Kshs.245,815,464 is a balance of Kshs.16,001,200 incurred on office and general supplies. Audit review of the expenditure records revealed that an expenditure of Kshs.1,260,000 was not supported by procurement and payment documents.

In the circumstances, the propriety on the expenditure amounting to Kshs.23,669,280 included in the use of goods and services for the year ended 30 June, 2020 could not be confirmed.

## **2. Unsupported Acquisition of Assets Expenditure**

As disclosed in Note 3 to the financial statements, the statement of receipts and payments reflects an amount of Kshs.113,334,387 in respect of acquisition of assets which was paid for construction and civil works. However, examination of payment records revealed that expenditure amounting to Kshs.7,176,142 was not supported with the relevant documents such as Bill of Quantities, tender documents and other stores records.

Consequently, the propriety of the expenditure of Kshs.7,176,142 on acquisition of assets 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 County Assembly of Tana River Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical

responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There are no other key audit matters to report in 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.160,000,000 and Kshs.139,898,676 respectively, resulting to an under-funding of Kshs.20,101,324 or 12.5% of the budget. Similarly, the County Assembly expended Kshs.116,380,545 against an approved budget of Kshs.160,000,000 resulting to an under-expenditure of Kshs.43,619,455 or 27% of the budget.

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 the 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. Failure to Adhere to the Commission on Revenue Allocation Guidelines**

A review of the payroll system for the County Assembly revealed that there were eighty-one (81) employees as at 30 June, 2020. This is against the provision of the Commission

on Revenue Allocation circular No. CRA/FA/01 VOL 11 (22) which had set the limit of the County Assembly employees to sixty-five (65) and therefore exceeding the required number by sixteen (16) employees.

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

## **2. Non-Compliance with the County Assembly's Human Resource Manual, 2015**

During the year under review, six (6) employees of the County Assembly were paid salary advances amounting to Kshs.1,320,000. It was observed that the salary advances were more than the respective officers' one month's basic salary contrary to Section F (11) of the Tana River County Assembly Human Resource Manual 2015. Further, thirteen (13) Members of County Assembly were paid salary advances amounting to Kshs.5,525,000. However, there are no regulations governing issuance of advances to Members of County Assembly and therefore the salary advances were paid irregularly.

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

## **3. Failure to Use IFMIS in E-procurement**

Review on the utilization of the e-procurement module in Integrated Financial Management Information System established that all procurement plans were developed in Integrated Financial Management Information System. However, it was established that only tendering and sourcing activities was done through e-procurement. The County Assembly therefore failed to adhere and implement the Executive Order No. 2 of 2018 Part IV (B) which required that with effect from 1 January, 2019, all public procuring entities undertake all their procurement through the e-procurement module.

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

## **4. Contributions to County Assemblies Forum**

The balance of Kshs.245,815,464 under use of goods and services also includes a balance is Kshs.27,012,666 on other operating expenses. Examination of payment records and other documents revealed that the County Assembly made payment of Kshs.1,200,000 to the County Assemblies' Forum. However, there were no legal authority supporting the expenditure.

In the circumstances, Management is in breach of the law and the money paid to the forum may not have been spent for the purpose it was appropriated for.

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

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

## **Conclusion**

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

## **Basis for Conclusion**

### **1. Weak Internal Controls on Cash & Bank and Expenditure**

Scrutiny of the payment vouchers and other supporting documents for the year under review revealed that payments amounting to Kshs.3,989,132 were made without passing through examination section. The vote book certificates for the same were not signed hence the internal controls for processing of payments were not working properly. The County Assembly prepared its bank reconciliation statement manually and not in IFMIS as required.

In the circumstances, the existence of an effective internal controls to ensure proper management of public resources.

### **2. Lack of Functional Internal Audit Unit**

During the year under review, the County Assembly did not have a functional Internal Audit Department. The County Assembly did not appoint an internal auditor and does not have an appropriate arrangement for conducting internal audit according to the guidelines issued by the Public Sector Accounting Standards Board.

Further, the Management has not established an Audit Committee to monitor the governance processes, accountability processes and control systems, offer objective advice on issues concerning risk control and governance and associated assurance and also follow up on the implementation of the recommendations of internal and external auditors.

In the circumstances, it was not possible to confirm existence of effective overall governance measures in the County Assembly.

### **3. Lack of Updated Fixed Assets Register**

Annex 2 - summary of fixed assets to the financial statements reflects a balance of Kshs.339,514,341 as at 30 June, 2020 in relation to non-current assets. A review of the fixed assets register in comparison with the balances disclosed in the financial statements revealed that the fixed assets register provided excludes assets inherited from defunct local authority and only captured office tools and equipment from various departments whose acquisition period and value could not be ascertained. There was no documented policies and procedures on management of assets and no valuation reports to indicate

whether the fixed assets were valued and inspected from time to time to establish their condition and security.

In view of the omissions, the internal control over the non-current assets was weak and the assets were not managed in an effective manner.

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 statement in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statement 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 misstatement and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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


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

uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the County Assembly to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the County Assembly to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

08 December, 2021

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

**6 FINANCIAL STATEMENTS**

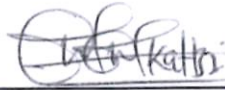
**6.1 STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2019/2020 Kshs.	2018/2019 Kshs
<b>RECEIPTS</b>			
Transfers from the County Treasury/Exchequer Releases	1	618,016,515	578,819,158
<b>TOTAL RECEIPTS</b>		<b>618,016,515</b>	<b>578,819,158</b>
<b>PAYMENTS</b>			
Compensation of Employees	2	226,728,921	193,258,023
Use of goods and services	3	245,815,464	263,541,350
Transfers to Other Government Entities	4	3,046,158	43,200,000
Acquisition of Assets	5	113,334,387	54,510,042
<b>TOTAL PAYMENTS</b>		<b>588,924,930</b>	<b>554,509,415</b>
<b>SURPLUS/(DEFICIT )</b>		<b>29,091,585</b>	<b>24,309,743</b>


The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 2/12/ 2020 and signed by:



Clerk of the Assembly  
**Name: Abdullahi Dayib Hussein**



Senior Accountant  
**Name: Wehliye Ahmed Dakat**  
 ICPAK Member Number: 17115



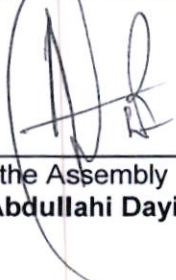
Principal Accounts controller  
**Name: Alex Kibwage**


**COUNTY ASSEMBLY OF TANA RIVER  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2020**


**6.2 STATEMENT OF FINANCIAL ASSETS AND LIABILITIES**

FINANCIAL ASSETS	Note	2019/2020 Kshs	2018/2019 Kshs
<b>Cash and Cash Equivalents</b>			
Bank Balances	6	66,562,535	40,080,496
<b>Total Cash and cash equivalents</b>		<b>66,562,535</b>	<b>40,080,496</b>
Accounts receivables – Outstanding Imprests	7	7,288,860	4,664,700
<b>TOTAL FINANCIAL ASSETS</b>		<b>73,851,395</b>	<b>44,745,196</b>
<b>NET FINANCIAL ASSETS</b>		<b>73,851,395</b>	<b>44,745,196</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd.	8	44,745,196	20,435,453
Prior Year Adjustment	9	14,614	-
Surplus/(Deficit) for the year		29,091,585	24,309,743
<b>NET FINANCIAL POSITION</b>		<b>73,851,395</b>	<b>44,745,196</b>

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 2/12/ 2020 and signed by:

  
Clerk of the Assembly  
Name: **Abdullahi Dayib Hussein**

  
Senior Accountant  
Name: **Wehliye Ahmed**  
ICPAK Member Number: 17115

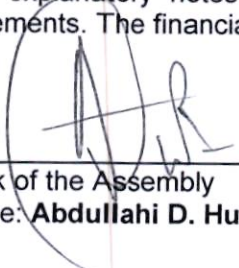
  
Principal accounts controller  
Name: **Alex Kibwage**

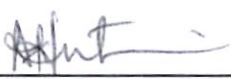
**COUNTY ASSEMBLY OF TANA RIVER**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**


**6.3 STATEMENT OF CASH FLOWS**

	Note	2019/2020 Kshs.	2018/2019 Kshs.
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts from operating income</b>			
Transfers from the County Treasury/Exchequer Releases	1	618,016,515	578,819,158
<b>Payments for operating expenses</b>			
Compensation of Employees	2	226,728,921	193,258,023
Use of goods and services	3	245,815,464	263,541,350
Transfers to other Fund account-Car Loan	4	3,046,158	43,200,000
<b>Adjusted for:</b>			
Adjustments during the year		-2,609,546	-4,664,700
<b>Net cash flows from operating activities</b>		<b>139,816,426</b>	<b>74,155,085</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	5	113,334,387	-54,510,042
<b>Net cash flows from investing activities</b>		<b>113,334,387</b>	<b>54,510,042</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalent at BEGINNING of the year	8	40,080,496	20,435,453
Cash and cash equivalent at END of the year		<b>66,562,535</b>	<b>40,080,496</b>

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 2/12/ 2020 and signed by:

  
 Clerk of the Assembly  
 Name: **Abdullahi D. Hussein**

  
 Principal Accounts Controller  
 Name: **Alex K. Ontumi**

  
 Senior Accountant  
 Name: **Wehliye Ahmed**  
 ICPAK Member Number: 17115

**COUNTY ASSEMBLY OF TANA RIVER**  
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**6.4 STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT AND DEVELOPMENT COMBINED**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	utilization difference to final budget
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>RECEIPTS</b>					
Transfers from the County Treasury/Exchequer Releases	646,497,243		646,497,243	618,016,515	28,480,728
Proceeds from Sale of Assets					
Other Receipts					
<b>TOTAL</b>	<b>646,497,243</b>	<b>-</b>	<b>646,497,243</b>	<b>618,016,515</b>	<b>28,480,728</b>
<b>PAYMENTS</b>					
Compensation of Employees	261,754,735		243,721,946	226,728,921	16,993,025
Use of goods and services	224,742,508		242,775,297	245,815,464	(3,040,167)
Subsidies					
Transfers to CRF Account	-		-	3,046,158	(3,046,158)
Other grants and transfers					
Social Security Benefits					
Acquisition of Assets	160,000,000		160,000,000	113,334,387	46,665,613
Surplus/Deficit					
<b>TOTAL</b>	<b>646,497,243</b>	<b>-</b>	<b>646,497,243</b>	<b>588,924,930</b>	<b>57,572,313</b>

**COUNTY ASSEMBLY OF TANA RIVER**  
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**6.5 STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	utilization difference to final budget
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>RECEIPTS</b>					
Transfers from the County Treasury/Exchequer Releases	486,497,243		486,497,243	478,117,839	8,379,404
Proceeds from Sale of Assets					
Other Receipts					
<b>TOTAL</b>	<b>486,497,243</b>	<b>-</b>	<b>486,497,243</b>	<b>478,117,839</b>	<b>8,379,404</b>
<b>PAYMENTS</b>					
Compensation of Employees	243,721,946		243,721,946	226,728,921	16,993,025
Use of goods and services	242,775,297		242,775,297	245,815,464	(3,040,167)
Subsidies					
Transfers to Other Government Entities					
Other grants and transfers					
Social Security Benefits					
Acquisition of Assets					
Finance Costs					
Surplus/Defecit					
<b>TOTAL</b>	<b>486,497,243</b>	<b>-</b>	<b>486,497,243</b>	<b>472,544,385</b>	<b>13,952,858</b>

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

**6.6 STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: DEVELOPMENT**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of utilization difference to final budget
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>RECEIPTS</b>					
Transfers from the County Treasury/Exchequer Releases	160,000,000	-	160,000,000	139,898,676	20,101,324
Proceeds from Sale of Assets					
Other Receipts					
<b>TOTAL</b>	<b>160,000,000</b>	<b>-</b>	<b>160,000,000</b>	<b>139,898,676</b>	<b>20,101,324</b>
<b>PAYMENTS</b>					
Compensation of Employees					
Use of goods and services					
Subsidies					
Transfers to CRF Account				3,046,158	(3,046,158)
Other grants and transfers					
Social Security Benefits					
Acquisition of Assets	160,000,000		160,000,000	113,334,387	46,665,613
Finance Costs					
Surplus					
<b>TOTAL</b>	<b>160,000,000</b>	<b>-</b>	<b>160,000,000</b>	<b>116,380,545</b>	<b>43,619,455</b>

During the year under consideration County assembly received 139,898,676 out of a budget of 160,000,000 and the actual expenditure for the year is 113,334,387 representing an absorption rate of 70%

**COUNTY ASSEMBLY OF TANA RIVER**  
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**6.7 BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES**

<b>Programme/Sub-programme</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual on comparable basis</b>	<b>Budget utilization difference</b>
	<b>2019/2020</b>		<b>2019/2020</b>	<b>Date, 2019/2020</b>	
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
P.1- Legislation and Representation	243,721,946		243,721,946	226,728,921	
SP.1.1. Legislation and Representation					
P.2- Legislative Oversight	242,775,297	-	242,775,297	245,815,464	
P.- General Administration and Planning	160,000,000	-	160,000,000	113,334,387	
<b>Total</b>	<b>646,497,243</b>		<b>646,497,243</b>	<b>585,878,772</b>	

**COUNTY ASSEMBLY OF TANA RIVER  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2020**

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**6.8 SIGNIFICANT ACCOUNTING POLICIES**

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

**1. Statement of compliance and basis of preparation**

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

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the County assembly of Tana River 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 COUNTY ASSEMBLY OF TANA RIVER. The financial statements encompass the reporting County assembly of Tana River as specified in section 164 of PFM Act 2012.

**3. Recognition of receipts and payments**

**a) Recognition of receipts**

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

**Tax receipts**

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

**Transfers from the Exchequer/ County Treasury**

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

**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.

## COUNTY ASSEMBLY OF TANA RIVER

### *Reports and Financial Statements*

*For the year ended June 30, 2020*

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#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **b) Recognition of payments**

The County assembly of Tana River recognises all expenses when the event occurs and the related cash has actually been paid out by the County assembly of Tana River.

##### **Compensation of employees**

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

##### **Use of goods and services**

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

##### **Acquisition of fixed assets**

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

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

#### **4. In-kind contributions**

In-kind contributions are donations that are made to the *County assembly of Tana River* 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 Tana River* includes such value in the statement of receipts and payments both as receipts and as 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.

## COUNTY ASSEMBLY OF TANA RIVER

### *Reports and Financial Statements*

*For the year ended June 30, 2020*

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#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **7. Accounts Receivable**

For the purposes of these financial statements, Imprest 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.

##### **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 County assembly of Tana River 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 assembly of Tana River* 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 recognized 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,

## COUNTY ASSEMBLY OF TANA RIVER

### *Reports and Financial Statements*

*For the year ended June 30, 2020*

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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

### **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 prepared on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *County assembly of Tana River's* budget was approved as required by Law. The original budget was approved by the County Assembly on 30<sup>th</sup> June 2019 for the period 1<sup>st</sup> July 2019 to 30 June 2020 as required by law. There were one supplementary budgets passed in the year. A high-level assessment of the *County assembly of Tana River's* actual performance against the comparable budget for the financial year under review has been included in the Statement of Comparison between actual and budgeted amounts included in these financial statements.

**COUNTY ASSEMBLY OF TANA RIVER**

***Reports and Financial Statements***

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

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**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 County Treasury and other stakeholders with a significant impact on the financial statements may be adjusted with the concurrence of the County 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 the National Government, National Government entities and County Government entities. Specific information with regards to related party transactions is included in the disclosure notes.

**COUNTY ASSEMBLY OF TANA RIVER****Reports and Financial Statements****For the year ended June 30, 2020****6.9 NOTES TO THE FINANCIAL STATEMENTS****1 TRANSFERS FROM THE COUNTY TREASURY/EXCHEQUER RELEASES**

	<b>2019/2020</b>	<b>2018/2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Transfers from the County Treasury for Q1	88,000,000	-
Transfers from the County Treasury for Q2	204,000,000	236,000,000
Transfers from the County Treasury for Q3	167,196,515	162,265,750
Transfers from the County Treasury for Q4	158,820,000	180,553,408
<b>Cumulative Amount</b>	<b>618,016,515</b>	<b>578,819,158</b>

**2. COMPENSATION OF EMPLOYEES**

	<b>2019/2020</b>	<b>2018/2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Basic salaries of permanent employees	226,728,921	193,258,023
<b>Total</b>	<b>226,728,921</b>	<b>193,258,023</b>

**3. USE OF GOODS AND SERVICES**

	<b>2019/2020</b>	<b>2018/2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Utilities, supplies and services	1,610,464	1,252,727
Domestic travel and subsistence	156,813,980	170,951,077
Foreign travel and subsistence	5,434,230	6,921,873
Printing, advertising and information supplies & services	5,039,832	5,365,836
Rentals of produced assets	3,390,000	4,986,410
Training expenses	3,991,048	5,712,366
Hospitality supplies and services	9,181,410	13,687,627
Insurance costs	14,454,000	4,000,000
Specialized materials and services	281,704	1,865,854
Office and general supplies and services	16,001,200	12,876,668
Other operating expenses	27,012,666	17,935,662
Routine maintenance – vehicles and other transport equipment	2,604,930	17,985,250
<b>Total</b>	<b>245,815,464</b>	<b>263,541,350</b>

**COUNTY ASSEMBLY OF TANA RIVER****Reports and Financial Statements****For the year ended June 30, 2020****4. TRANSFERS TO OTHER GOVERNMENT ENTITIES**

<b>Description</b>	<b>2019/2020</b>	<b>2018/2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Transfers to other fund account-Car loan	-	43,200,000
Transfer to CRF Account	3,046,158	
<b>TOTAL</b>	<b>3,046,158</b>	<b>43,200,000</b>

**5. ACQUISITION OF ASSETS**

<b>Non-Financial Assets</b>	<b>2019/2020</b>	<b>2018/2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Refurbishment of Buildings	-	13,875,821
Construction and Civil Works	113,334,387	33,712,574
Purchase of ICT Equipment, Software and Other ICT Assets	-	1,494,435
Purchase of Specialized Plant, Equipment and Machinery	-	5,427,212
<b>Total</b>	<b>113,334,387</b>	<b>54,510,042</b>

**6. BANK ACCOUNTS**

		<b>2019/2020</b>	<b>2018/2019</b>
		<b>Ksh</b>	<b>Ksh</b>
KCB Account Number 1143877578	Recurrent	160,579	105,896
Central Bank, 1000247077	Recurrent	21,321,629	23,626,300
Central Bank 1000282282	Development	45,065,713	16,348,300
KCB Account Number 1169962343	Gratuity	14,614	-
<b>Total</b>		<b>66,562,535</b>	<b>40,080,496</b>

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

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

**7. ACCOUNTS RECEIVABLE**

	<b>2019/2020</b>	<b>2018/2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Government Imprests	4,813,860	4,192,900
Staff Advances	2,475,000	471,800
Other Advances		
<b>Total</b>	<b>7,288,860</b>	<b>4,664,700</b>

**8. FUND BALANCE BROUGHT FORWARD**

	<b>2019/2020</b>	<b>2018/2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts	40,080,496	20,435,453
Accounts Receivables	4,664,700	-
<b>Total</b>	<b>44,745,196</b>	<b>20,435,453</b>

**9. PRIOR YEAR ADJUSTMENT**

<b>Description of the adjustment</b>	<b>2019/2020</b>	<b>2018/2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Adjustments on banks accounts not previously recognized	14,614	-
<b>Total</b>	<b>14,614</b>	<b>-</b>

Prior year adjustment relates to Gratuity Bank account not previously recognized.

**COUNTY ASSEMBLY OF TANA RIVER**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2020**

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**6.10 OTHER DISCLOSURE**

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

	<b>2019/2020</b>	<b>2018/2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Supply of goods and Services	43,743,206	14,339,557
<b>Total</b>	<b>43,743,206</b>	<b>14,339,557</b>

**2. RELATED PARTY DISCLOSURES**

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

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

**COUNTY ASSEMBLY OF TANA RIVER***Reports and Financial Statements**For the year ended June 30, 2020***OTHER DISCLOSURES (CONTINUED)****Related party transactions:**

	<b>2019- 2020</b>	<b>2018- 2019</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Compensation to Key Management</b>		
Compensation to the Speaker, Deputy Speaker and the MCAs	226,728,921	-
Key Management Compensation(Clerk and Heads of departments)	245,815,464	-
<b>Total Compensation to Key Management</b>	<b>472,544,385</b>	<b>-</b>
<b>Transfers to related parties</b>		
Transfers to CRF Account	3,046,158	-
<b>Total Transfers to related parties</b>	<b>3,046,158</b>	<b>-</b>
<b>Transfers from related parties</b>		
Transfers from the County Executive- Exchequer	618,016,515	-
<b>Total Transfers from related parties</b>	<b>618,016,515</b>	<b>-</b>

**COUNTY ASSEMBLY OF TANA RIVER**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2020**

**7 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Unsupported Expenditure Domestic Travel and Subsistence	Position remains the same	PFO	Not resolved	30 June 2021
2.0	Irregular Procurement of Car Hire Services	Position remains the same	Procurement Officer	Not resolved	30 June 2021
3.0	Unsupported Payments on Acquisition of Assets	Position remains the same	PFO	Not resolved	30 June 2021
4.0	Ownership of Motor Vehicle KBY 968C	Position remains the same	Clerk to the Assembly	Not resolved	30 June 2021
5.0	Budget Control and Performance	Position remains the same	Clerk to the Assembly	Not resolved	30 June 2021
6.0	Pending Bills	Position remains the same	Clerk to the Assembly	Not resolved	30 June 2021
7.0	Staff Numbers Beyond the Approved Limit	Position remains the same	Clerk to the Assembly	Not resolved	30 June 2021
8.0	Weaknesses in Internal Controls	Position remains the same	PFO	Not resolved	30 June 2021
9.0	Lack of Functional Internal Audit Unit	Position remains the same	Clerk to the Assembly	Not resolved	30 June 2021
10.0	Failure to Establish an Audit Committee	Position remains the same	Clerk to the Assembly	Not resolved	30 June 2021

**COUNTY ASSEMBLY OF TANA RIVER**

***Reports and Financial Statements***

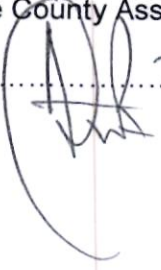
***For the year ended June 30, 2020***

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**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 County assembly of Tana River responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Clerk of the County Assembly

Sign..... 2/12/2020

**COUNTY ASSEMBLY OF TANA RIVER**

*Reports and Financial Statements*

*For the year ended June 30, 2020*

**ANNEXES**

**ANNEX 1 – ANALYSIS OF PENDING ACCOUNTS PAYABLE**

SUPPLY OF GOODS AND SERVICES	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance	CLEARED/ NOT CLEARED	Comment
				2019	YES/NO	
1.Hazina Sacco	5,150	30/6/2020	-	5,150	NO	Sacco contributor
2.Hazina Sacco	5,150	30/6/2020	-	5,150	NO	Sacco contributor
3.Cannon Assurance	5,500	30/6/2020	-	5,500	NO	Premium payment
4.Cannon Assurance	5,500	30/6/2020	-	5,500	NO	Premium payment
5.Pioneer Assurance	5,500	30/6/2020	-	5,500	NO	Contributio for insuran premium
6.Pioneer Assurance	5,500	30/6/2019	-	5,500	NO	Contributio for insuran premium
7.Amani National Congress	10,000	29/5/2020	-	10,000	NO	Contributio for Amani party
8.Amani National Congress	10,000	30/6/2020	-	10,000	NO	Contributio for Amani party
9.Wiper democratic Movement	10,000	25/6/2020	-	10,000	NO	Party contributor
10.Wiper democratic Movement	10,000	30/6/2020	-	10,000	NO	Party contributor
11.Wiper democratic movement	10,000	30/6/2020	-	10,000	NO	Party contributor
13..Tanariver county goverment	11,600	20/6/2020	-	11,600	NO	Rent Deduction
14.Tana river county goverment	11,600	25/6/2020	-	11,600	NO	Rent Deduction
15.Taqwa mosque	16,500	20/5/2020	-	16,500	NO	Contributio for mosque
16.TaqwaMosque	16,500	15/5/2020	-	16,500	NO	Contributio for mosque
17..Nssf	17,400	20/3/2020	-	17,400	NO	Nhif Contributio
18.Helb	16,488	21/06/2020	-	16,488	NO	Loan Recovery

**COUNTY ASSEMBLY OF TANA RIVER**

*Reports and Financial Statements*

*For the year ended June 30, 2020*

19. Jubilee Party	21,000	21/6/2020	-	21,000	NO	Party contribution
20. Select Management services	21,850	25/6/2020		21,850	NO	Loan Recovery
21. Kenya police cooperative	27,516	30/6/2020	-	27,516	NO	Loan Recovery
22. Kenya African Union	40,000	25/6/2020	-	40,000	NO	Party contribution
23. Nhif	74,500	26/6/2020	-	74,500	NO	Nhif contribution
24. Kenya school of Government	97,440	30/6/2020	-	97,440	NO	Training fee
25. Tana River county government	150,750	30/6/2020	-	150,750	NO	Payment house rent
26. Tana river county government	151,000	20/6/2020	-	151,000	NO	Payment house rent
27. Tana river county government	151,750	25/6/2020	-	151,750	NO	Payment house rent
28. Harambee Sacco	156,925	30/6/2020	-	156,925	NO	Payment harambee sacco
29. National Hospital Insurance fund	165,450	20/6/2020	-	165,450	NO	Nhif contribution fund
30. British American Insurance	275,911	15/6/2020		275,911	NO	Insurance contribution
31. British American Insurance	275,911	25/4/2020		275,911	NO	Insurance contribution
32. British American Insurance	275,911	25/5/2020		275,911	NO	Insurance contribution
33. British American Insurance	275,911	27/6/2020		275,911	NO	Insurance contribution
34. Kcb	389,572	25/6/2020		389,572	NO	Loan deduction
35. Laptrust pension trust	471,828	28/3/2020		471,828	NO	Pension contribution
36. Laptrust pension trust	471,828	28/4/2020		471,828	NO	Pension contribution
37. Laptrust pension trust	471,828	30/5/2020		471,828	NO	Pension contribution
38. Laptrust pension trust	471,828	30/6/2020		471,828	NO	Pension contribution
39. Lapfund	1,086,853	30/3/2020		1,086,853	NO	Pension contribution
40. Lapfund	1,087,083	28/4/2020		1,087,083	NO	Pension contribution

**COUNTY ASSEMBLY OF TANA RIVER**

*Reports and Financial Statements*

*For the year ended June 30, 2020*

41.Lapfund	1,087,649	29/5/2020		1,087,649	NO	Pension contribution
42.Lapfund	1,088,679	30/6/2020		1,088,679	NO	Pension contribution
43.County Assembly mortgage and car	945,814	30/6/2020		945,814	NO	Loan recovery
44.County Assembly mortgage and car	1,175,984	30/6/2020		1,175,984	NO	Loan recovery
45.County Assembly mortgage and car	1,175,984	30/6/2020		1,175,984	NO	Loan recovery
46.County Assembly mortgage and car	1,187,317	30/6/2020		1,187,317	NO	Loan recovery
47.County Assembly mortgage and car	1,187,317	30/6/2020		1,187,317	NO	Loan recovery
48.County Assembly mortgage and car	1,213,902	30/6/2020		1,213,902	NO	Loan recovery
49.County Assembly mortgage and car	1,236,169	30/6/2020		1,236,169	NO	Loan recovery
50.County Assembly mortgage and car	1,237,840	30/6/2020		1,237,840	NO	Loan recovery
51.County Assembly mortgage and car	1,237,840	30/6/2020		1,237,840	NO	Loan recovery
52.County Assembly mortgage and car	1,237,840	30/6/2020		1,237,840	NO	Loan recovery
53.County Assembly mortgage and car	1,266,883	30/6/2020		1,266,883	NO	Loan recovery
54.County Assembly mortgage and car	1,266,883	30/6/2020		1,266,883	NO	Loan recovery
55.County Assembly mortgage and car	1,266,883	22/6/2020		1,266,883	NO	Loan recovery
56.County Assembly mortgage and car	1,266,883	22/6/2020		1,266,883	NO	Loan recovery
57.County Assembly mortgage and car	1,296,705	22/6/2020		1,296,705	NO	Loan recovery
58.County Assembly mortgage and car	1,296,705	22/6/2020		1,296,705	NO	Loan recovery
59.County Assembly mortgage and car	1,296,705	30/6/2020		1,296,705	NO	Loan recovery
60.County Assembly mortgage and car	1,302,823	30/6/2020		1,302,823	NO	Loan recovery
61.County Assembly mortgage and car	1,302,823	30/6/2020		1,302,823	NO	Loan recovery
62.County Assembly mortgage and car	1,302,823	30/6/2020		1,302,823	NO	Loan recovery
63.County Assembly mortgage and car	1,575,000	30/6/2020		1,575,000	NO	Loan recovery
64.County Assembly	2,504,722	30/6/2020		2,504,722	NO	Loan

**COUNTY ASSEMBLY OF TANA RIVER**

*Reports and Financial Statements*

*For the year ended June 30, 2020*

mortgage and car						recovery
65.County Assembly mortgage and car	3,000,000	30/6/2020		3,000,000	NO	Loan recovery
66.County Assembly mortgage and car	3,000,000	30/6/2020		3,000,000	NO	Loan recovery
<b>TOTALS</b>	<b>43,743,206</b>			<b>43,743,206</b>		

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

**ANNEX 2 – 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>Historical Cost c/f (Kshs) 2019/2020</b>
Buildings and structures	117,098,182	113,334,387	-	230,432,569
Transport equipment	77,083,925	-	-	77,083,925
Office equipment, furniture and fittings	18,186,735	-	-	18,186,735
ICT Equipment, Software and Other ICT Assets	13,811,112	-	-	13,811,112
<b>Total</b>	<b>226,179,954</b>	<b>113,334,387</b>	<b>-</b>	<b>339,514,341</b>

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

**ANNEX 3 – ANALYSIS OF OUTSTANDING IMPREST**

Name of the officer/Institution	DATE IMPREST TAKEN	AMOUNT TAKEN	AMOUNT SURRENDED	OUTSTANDING BALANCES AS AT 30TH JUNE 2020
Ruth Mkabulya	30-Aug	25,000.00	-	25,000.00
Ruth Mkabulya	17-Sep	30,000.00	-	30,000.00
Ruth Mkabulya	9-Feb	25,000.00	-	25,000.00
Yahya Hussein	29-Aug	90,000.00	-	90,000.00
Yahya Hussein	29-Aug	80,000.00	-	80,000.00
Yahya Hussein	1-Apr	100,000.00	-	100,000.00
Ali Guracho	29-Aug	50,000.00	-	50,000.00
Ali Guracho	23-Aug	50,000.00	-	50,000.00
Gababo Hussein	29-Aug	80,000.00	-	80,000.00
Gababo Hussein	23-Sep	30,000.00	-	30,000.00
Gababo Hussein	18-Feb	100,000.00	-	100,000.00
Satima Salat	29-Aug	314,000.00	-	314,000.00
Satima Salat	8-Oct	100,000.00	-	100,000.00
Adaan Gabo	30-Aug	50,000.00	-	50,000.00
Adaan Gabo	16-Apr	80,000.00	-	80,000.00
Aden Haraf	30-Aug	30,000.00	-	30,000.00
Dominic Kaindi	3-Sep	89,860.00	-	89,860.00
John Nkubfa	18-Feb	50,000.00	-	50,000.00
Bakari Ali Wario	17-Sep	40,000.00	-	40,000.00
Bakari Ali Wario	19-May	60,000.00	-	60,000.00

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

Abubakar Jomo	22-Aug	30,000.00	-	30,000.00
Abubakar Jomo	22-Aug	30,000.00	-	30,000.00
Abubakar Jomo	22-Aug	10,000.00	-	10,000.00
Grace Alfayo	22-Aug	30,000.00	-	30,000.00
Grace Alfayo	9-Oct	60,000.00	-	60,000.00
Mariam Abdi	17-Sep	40,000.00	-	40,000.00
Anthony Gololi	18-Aug	50,000.00	-	50,000.00
Anthony Gololi	11-Mar	150,000.00	-	150,000.00
Anthony Gololi	12-Jun	300,000.00	-	300,000.00
Adhan Muhumed Bare	12-Nov	120,000.00	-	120,000.00
Galgalo Gola	28-Jan	200,000.00	-	200,000.00
Jaffar Rashid	3-Mar	145,000.00	-	145,000.00
Ismail Siyad Alkano	16-Apr	20,000.00	-	20,000.00
Ismail Siyad Alkano	29-Apr	30,000.00	-	30,000.00
Ismail Siyad Alkano	19-May	20,000.00	-	20,000.00
Shafat Mohamed	28-Apr	60,000.00	-	60,000.00
Isack Gabo Salat	18-Sep	90,000.00	-	90,000.00
Athman Dviro Shero	23-Sep	30,000.00	-	30,000.00
Esha Mkyandera	13-Feb	50,000.00	-	50,000.00
Clarina Malibe	17-Mar	30,000.00	-	30,000.00
Idd Omar	3-Mar	90,000.00	-	90,000.00
Adhan Maulid Gabho	16-Apr	100,000.00	-	100,000.00

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

Mahat Soman	29-Apr	30,000.00	-	30,000.00
Abubakar Abaruba	29-May	50,000.00	-	50,000.00
Hero Bute Bwanamaka	25-Nov	30,000.00	-	30,000.00
Hero Bute Bwanamaka	25-Nov	20,000.00	-	20,000.00
Jamla Abashore	16-Oct	30,000.00	-	30,000.00
Samuel Kenga	30-Jun	500,000.00	-	500,000.00
Suleiman Golicha	16-Jun	80,000.00	-	80,000.00
Suleiman Gutta	31-Mar	100,000.00	-	100,000.00
Polycarp Matara	10-Dec	330,000.00	-	330,000.00
Habiba Ibrahim	17-Jun	50,000.00	-	50,000.00
Bakari Ali Wario	19-May	60,000.00	-	60,000.00
Rone Musa	11-May	45,000.00	-	45,000.00
Gafo Hiribane	17-Jun	140,000.00	-	140,000.00
Idris Dende	8-Jul	110,000.00	-	110,000.00
Hussein	4-Dec	80,000.00	-	80,000.00
<b>TOTAL</b>		<b>4,813,860.00</b>	<b>-</b>	<b>4,813,860.00</b>

**COUNTY ASSEMBLY OF TANA RIVER****Reports and Financial Statements****For the year ended June 30, 2020****ANNEX 4- ANALYSIS OF SALARY ADVANCE.**

	<b>Name</b>	<b>Position/Title</b>	<b>Balance as at 30<sup>th</sup> June 2020</b>
<b>S/No.</b>			<b>Kshs</b>
1	MOHAMUD AHMED GABHO	MCA	300,000
2	MUSA WARIO SHURA	MCA	50,000
3	MUSA RONE NUR	HANSAND EDITOR	95,000
4	HON IBRAHIM SALAH	MCA	600,000
5	HON DELA MASHA BORU	MCA	300,000
6.	JAMILA MAIMUNA	STAFF	200,000
7.	DUMAL HAJI OSMAN	MCA	500,000
8.	SIRAD MOHAMUD DERE	STAFF	40,000
9.	IBRAHIM DIDO	STAFF	50,000
10.	HON ABDI ERGAMSO	MCA	250,000
11.	RUTH MKYADULLA	STAFF	90,000
	<b>Total</b>		<b>2,475,000</b>

**COUNTY ASSEMBLY OF TANA RIVER**

*Reports and Financial Statements*

*For the year ended June 30, 2020*

**ANNEX 5. BANK RECONCILIATION /FO 30 REPORT  
TANA RIVER COUNTY ASSEMBLY RECURRENT ACCOUNT  
ACCOUNT NUMBER 1000247077**

BALANCES AS PER THE UPDATED CASHBOOK			21,321,629
<b>ADD</b>			
PAYMENT IN CASHBOOK NOT RECORDED IN BANK STATEMENT			
<b>Unpresented Cheques</b>			
<b>LESS</b>			
PAYMENT IN BANK STATEMENT NOT RECORDED IN THE CASHBOOK			
BALANCE AS PER THE BANK STATEMENT			21,321,629
I certify that I have verified bank balance in the cash book with the bank statement and that the above reconciliation is correct.			

PREPARED BY ..... *Wenhige Ahmed* .....

SIGNATURE ..... *[Signature]* .....

VERIFIED BY ..... *Alex Onturmi* .....

SIGNATURE ..... *[Signature]* .....

**COUNTY ASSEMBLY OF TANA RIVER**

*Reports and Financial Statements*

*For the year ended June 30, 2020*

**TANA RIVER COUNTY ASSEMBLY DEVELOPMENT ACCOUNT  
ACCOUNT NUMBER 1000282282**

BALANCES AS PER THE UPDATED CASHBOOK		45,065,713		
<b>ADD</b>				
PAYMENT IN CASHBOOK NOT RECORDED IN BANK STATEMENT				
<b>DATE</b>	<b>CHQ NO</b>			
<b>LESS</b>				
PAYMENT IN BANK STATEMENT NOT RECORDED IN THE CASHBOOK				
BALANCE AS PER THE BANK STATEMENT		45,065,713		
I certify that I have verified bank balance in the cash book with the bank statement and that the above reconciliation is correct.				

PREPARED BY ..... *Wehlye Ahmed* .....

SIGNATURE ..... *[Signature]* .....

VERIFIED BY ..... *Alex Ontomi* .....

SIGNATURE ..... *[Signature]* .....

**COUNTY ASSEMBLY OF TANA RIVER**

*Reports and Financial Statements*

*For the year ended June 30, 2020*

**TANA RIVER COUNTY ASSEMBLY KCB ACCOUNT**

**ACCOUNT NUMBER 1143877578**

BALANCES AS PER THE UPDATED CASHBOOK							160,579
<b>ADD</b>							
PAYMENT IN CASHBOOK NOT RECORDED IN BANK STATEMENT							
<b>DATE</b>	<b>CHQ NO</b>						
<b>LESS</b>							
PAYMENT IN BANK STATEMENT NOT RECORDED IN THE CASHBOOK							
							-
BALANCE AS PER THE BANK STATEMENT							160,579
I certify that I have verified the bank balance in the cashbook with the bank statement and that the above reconciliation is correct							

PREPARED BY ..... *Wehlyo Ahmed* .....

SIGNATURE ..... *[Signature]* .....

VERIFIED BY ..... *Alex Otuomi* .....

SIGNATURE ..... *[Signature]* .....