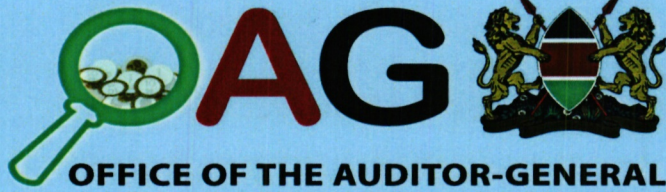


REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

**KERICHO COUNTY EXECUTIVE STAFF
MORTGAGE SCHEME FUND**

**FOR THE YEAR ENDED
30 JUNE, 2016**

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COUNTY GOVERNMENT OF KERICHO
FINANCIAL STATEMENTS FOR
KERICHO COUNTY EXECUTIVE STAFF MORTGAGE FUND
FOR THE PERIOD ENDED
30.06.2016

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



COUNTY GOVERNMENT OF KERICHO
Financial Statement
As at 30th Jun 2016

III. FOREWORD

This is the County Government of Kericho Financial Statement for the period ending 30th Jun, 2016 for the Staff Mortgage Fund. This report was prepared and presented as required by Section 168 of the *Public Financial Management (PFM) Act 2012*. The report expounds from national equitable share alongside the expenditure incurred by the county government in Emergency service provision.

The Constitution of Kenya Articles 2010 gives a constitutional right and requirement for the public to participate in budgetary process and prudent financial management of the public resources. According to the County Government Act, 2012 each county shall prepare a county integrated plan which shall be the basis for all budgeting and spending of public funds. The acts clearly states that "A county government shall plan for the county and no public funds shall be appropriated outside a planning framework developed by the County Executive Committee and approved by the County Assembly" The county integrated plan shall focus on economic, physical, social, environmental and spatial planning.

The guiding regulation is the Kericho County Executive Staff Mortgage regulations of 2015 in line with the Salary and Remunerations Commission. The Fund Administrator is CEC Finance and Economic Planning and its primary purpose is to advance loans for mortgage mortgages.

It is expected that this report will enable the county government to adequately monitor the challenges faced in budget implementation and use the lessons learnt in future economic forecasts. In addition, the report expounds on the actionable steps to be taken by all stakeholders in the subsequent reporting periods.

I. STATEMENT OF FINANCIAL ASSETS

	Note	2014-15	2013-14
FINANCIAL ASSETS		Kshs	Kshs
Cash and Cash Equivalents			
Bank Balances	4	11,870.00	0
TOTAL FINANCIAL ASSETS		11,870.00	0
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions			
NET FINANCIAL ASSETS			
REPRESENTED BY			
Fund balance b/fwd			
Surplus/Deficit for the quarter		11,870.00	0

1. KERICHO COUNTY ALCOHOLIC DRINKS FUND

STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2014-15	2013-14
		Kshs	Kshs
RECEIPTS			
Licensing Fee	1	6,212,750.00	0
Unspent funds		0	0
TOTAL RECEIPTS		6,212,750.00	0
PAYMENTS			
Use of goods and services	2	6,200,000.00	0
Acquisition of Assets			
Other Payments (Bank Charges)	3	880.00	0
TOTAL PAYMENTS		6,200,880.00	0
SURPLUS/DEFICIT		11,870.00	0


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

My responsibility is to conduct an audit of the financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is 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. I also consider internal control, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion on lawfulness and effectiveness in use of public resources, and on effectiveness of internal controls, risk management and governance.

I am independent of the Kericho County Alcoholic Drinks Control Fund 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

07 February, 2022

Consequently, the Fund's Management breached the law.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Conclusion Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Funds ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund 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 manner.

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective

- xi) Corporate governance statement
- xii) Corporate social responsibility statement/sustainability reporting
- xiii) Report of the Management
- xiv) Statement of Management's responsibilities
- xv) The annual reports and financial statements are paginated from number 6 to 9 excluding the statements of receipts and payments and statement of financial assets instead of number 1 to 5.

Consequently, the financial statements do not conform to the reporting requirements prescribed by the Public Sector Accounting Standards Board. In addition, the accuracy, validity and completeness of the financial statements could not be confirmed for the year ended 30 June, 2015.

2. Cash and Cash Equivalents

The Fund's statement of financial assets reflects a bank balance as at 30 June, 2015 of Kshs.11,870. However, cashbooks, bank reconciliation statements and bank confirmation certificates were not provided for audit verification.

Under the circumstances, the accuracy of the cash and cash equivalents balance of Kshs.11,870 as at 30 June, 2015 could not be confirmed.

3. Unsupported Licensing Fees

The statement of receipts and payments for the year ended 30 June, 2015 reflects licensing fees of Kshs.6,212,750 for the year under review. However, supporting documents including ledgers, schedules, invoices and receipts were not provided for audit verification.

Under the circumstances, the accuracy and completeness of licensing fees of Kshs.6,212,750 for the year ended 30 June, 2015 could not be confirmed.

4. Use of Goods and Services

The statement of receipts and payments for the year ended 30 June, 2015 reflects use of goods and services of Kshs.6,200,000 which relates to a transfer to the County Government Revenue Fund Account on 30 June, 2015. However, the transfer is indicated as use of goods and services instead of transfer to County Government Revenue Fund Account.

Consequently, the accuracy and validity of the use of goods and services balance of Kshs.6,200,000 for the year ended 30 June, 2015 could not be confirmed.

5. Late Submission of Financial Statements

The Fund's financial statements for the year ended 30 June, 2015 were submitted for audit on 03 March, 2020. This was contrary to Section 167(3) of the Public Finance Management Act, 2012 which requires that financial statements for a public county fund be submitted to the Auditor-General within three (3) months after the end of the fiscal year to which the accounts relate.

REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON KERICHO COUNTY ALCOHOLIC DRINKS CONTROL FUND FOR THE YEAR ENDED 30 JUNE, 2015

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Kericho County Alcoholic Drinks Control Fund set out on pages 4 to 5, which comprise the statement of financial assets as at 30 June, 2015, statement of receipts and payments for the year then ended, 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 do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Presentation and Inaccuracies of Financial Statements

A review of the financial statements for the year ended 30 June, 2015 revealed the following anomalies contrary to the International Public Sector Accounting Standards (IPSAS) No. 1 and prescribed format by the Public Sector Accounting Standard Board (PSASB): -

- 1.1. Financial statements were prepared on Cash Basis as opposed to Accrual Basis of accounting.
- 1.2. The following statements and reports were not prepared and included in the financial statements.
 - i) The statement of financial performance and statement of financial performance
 - ii) The statement of changes in net assets
 - iii) Statement cash flows
 - iv) Statement of comparison of budget and actual amounts
 - v) A summary of significant accounting policies
 - vi) Statement of performance against County entity's predetermined objectives
 - vii) The Management committee
 - viii) Key entity information and management
 - ix) Report of the Fund administrator
 - x) Board chairperson's report

STATEMENT OF MANAGEMENT RESPONSIBILITIES

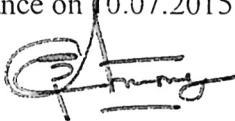
Section 166 of the PFM Act requires that an Accounting Officer for a County Government entity prepares a report for each quarter of the financial year in respect of the entity. The County Executive Committee (CEC) member for finance being the head of the County Treasury is responsible for the preparation and presentation of the County Government of Kericho financial statements, which give a true and fair view of the state of affairs of the County Government of Kericho for and as at the end of the quarter ended on 30.06.2015. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Government of Kericho; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Government; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The CEC member for finance accepts responsibility for the County Government of Kericho financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The CEC member for finance is of the opinion that this report gives a true and fair view of the state of the County Government's transactions during the quarter ended 30.06.2015, and of its financial position as at that date. The CEC member for finance further confirms the completeness of the accounting records maintained for the County Government which have been relied upon in the preparation of this report as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The County Government's financial statements were approved and signed by the CEC member for finance on 10.07.2015.



County Executive Committee member – Finance and Economic Planning

CHALLENGES, WAY FORWARD AND CONCLUSION**Key challenges**

The following key challenges were noted during the quarter.

- a) Lack of payments for liquor licensing
- b) Enforcement of collections by the security arm of the national government.

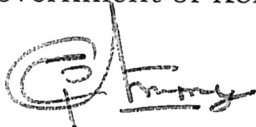
Way Forward

The County Treasury considers the following suggestions as a way forward for challenges faced to speed up liquor licensing process

- a) Timely collections and public participation to target groups
- b) Proper and timely training before implementation of Acts and related legislations.
- c) Consultative process in budget making process for timely conclusion of the budget cycle.

Conclusion

The collection of licences of the 2014-2015 Financial cycles will be greatly determined by the enforcement of the same by the security arm of the national government. The execution of the budget and the service delivery for citizens of the County Government will be achieved through collaboration of all the stakeholders in the national and county levels to bring out the potential of the County Government of Kericho.



Patrick Mutai

**County Executive Committee Member- Finance and Economic Planning and
Head of County Treasury**

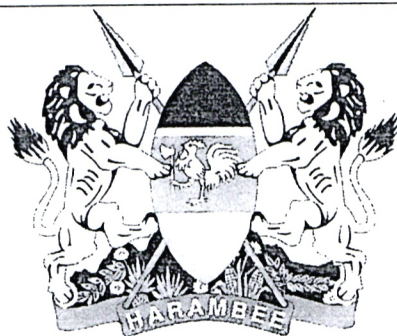
I. FOREWORD

This is the County Government of Kericho Quarterly Financial Report for the FY 2014-2015 Financial period ending 30th Jun, 2015 for the Kericho County Alcoholic Drinks Fund. This report was prepared and presented as required by Section 168 of the *Public Financial Management (PFM) Act 2012*. The report expounds on local collections and transfers in relation to liquor licensing.

The Constitution of Kenya Articles 2010 gives a constitutional right and requirement for the public to participate in budgetary process and prudent financial management of the public resources. According to the County Government Act, 2012 each county shall prepare a county integrated plan which shall be the basis for all budgeting and spending of public funds. The acts clearly states that “A county government shall plan for the county and no public funds shall be appropriated outside a planning framework developed by the County Executive Committee and approved by the County Assembly” The county integrated plan shall focus on economic, physical, social, environmental and spatial planning.

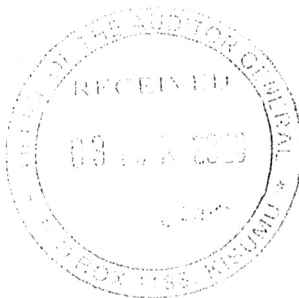
The guiding legislation is the Kericho County Alcoholic Drinks Fund, 2014 which was assented to on 29 April 2014 and commenced on 16th May, 2014. The Fund Administrator is CEC Finance and Economic Planning and its primary purpose is Meet capital and recurrent expenditure in carrying out operations of Alcoholic Drinks section under the department of trade.

It is expected that this report will enable the county government to adequately monitor the challenges faced in budget implementation and use the lessons learnt in future economic forecasts. In addition, the report expounds on the actionable steps to be taken by all stakeholders in the subsequent reporting periods.



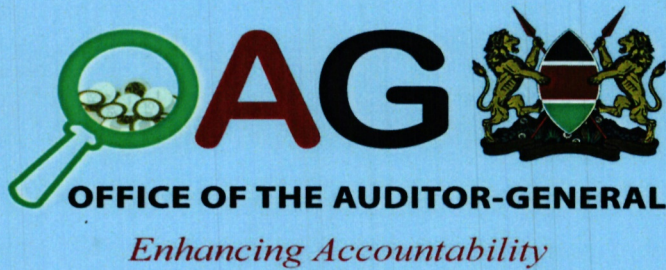
COUNTY GOVERNMENT OF KERICHO
FINANCIAL STATEMENTS FOR
KERICHO COUNTY ALCOHOLIC DRINKS FUND
FOR THE PERIOD ENDED
30.06.2015

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



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REPORT

OF

THE AUDITOR-GENERAL

ON

**KERICHO COUNTY ALCOHOLIC DRINKS
CONTROL FUND**

**FOR THE YEAR ENDED
30 JUNE, 2015**

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