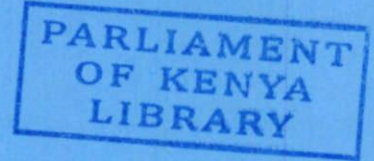


REPUBLIC OF KENYA

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*Enhancing Accountability*



**REPORT**

**OF**

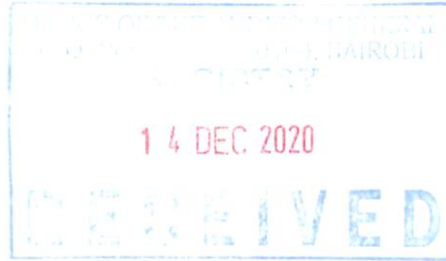
**THE AUDITOR-GENERAL**

**ON**

**COUNTY ASSEMBLY OF KITUI**

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

PAPERS LAID	
DATE	17/02/2022
TABLED BY	SML
COMMITTEE	—
CLERK AT THE TABLE	GETRUDE



Revised copy



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**COUNTY ASSEMBLY OF KITUI**

**REPORTS AND FINANCIAL STATEMENTS**

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

---

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

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

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## **1. KEY ENTITY INFORMATION AND MANAGEMENT**

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

The County Assembly is constituted as per the constitution of Kenya and is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The County Assembly constitutes 40 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:

- |    |                       |                                |
|----|-----------------------|--------------------------------|
| 1. | Hon. George Ndotto    | Speaker- Chairman of the Board |
| 2. | Hon. Nicholas Mwalali | V/Chair of the Board           |
| 3. | Hon. Antony Ndooh     | Member                         |
| 4. | Simon Mundu           | Member                         |
| 5. | Dr. Jane Mutua        | Member                         |
| 6. | Elijah Mutambuki      | Secretary to the Board         |

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

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

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Clerk of Assembly	<b>Elijah Mutambuki</b>
2.	Deputy Clerk	<b>Lucy Waema</b>
3.	Finance Officer	<b>Augustus Kyenze</b>

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

- *Kitui County Assembly Public Investment and Accounts Committee*
- *Kitui County Assembly Budget and Appropriation Committee*
- *Kitui County Assembly Finance Committee*
- *Controller of Budget*
- *National Treasury*

### **(e) Kitui County Assembly Offices**

**Mutomo-Kibwezi Road**  
**P.O BOX 694-90200**  
**Kitui, Kenya**

**(f) County Assembly Contacts**

Telephone: 044-22914  
E-mail: [Kituiassembly@gmail.com](mailto:Kituiassembly@gmail.com)  
Website: [www.Kituicountyassembly.org](http://www.Kituicountyassembly.org)

**(g) County Assembly 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 683-90200  
Kitui, Kenya

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

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

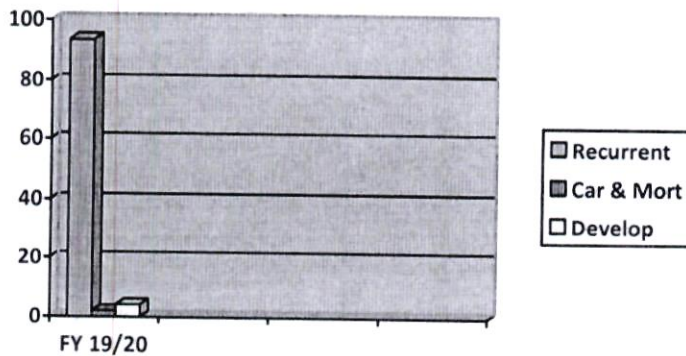
**COUNTY ASSEMBLY OF KITUI**  
**Reports and Financial Statements**  
**For the year ended 30 June 2020**

**2. FORWARD BY THE CLERK OF THE ASSEMBLY**

**Budget performance**

The County Assembly of Kitui had an approved budget of Kshs 949,239,760 for the FY 2019/20 comprising of Kshs 889,239,760 for recurrent expenditure, Kshs 20,000,000 for Car and Mortgage loans and Kshs 40,000,000 for development as shown below.

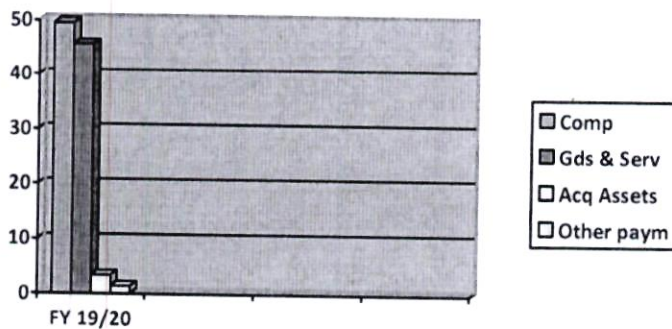
Budget for FY 2019/20



Source: County Assembly Budget FY 2019/20

The Assembly received Kshs 876,406,892 as transfers from County Treasury/Exchequer release. The total expenditure for FY 19/20 amounts to Kshs 876,386,561, which was 92.3% of the total budget. The County Assembly spent Kshs 434,877,918 (49.6%) on employee's compensation, Kshs 400,164,031 (45.6%) on use of goods and services, Kshs 29,534,662 (3.4%) on acquisition of assets and Kshs 11,809,950 (1.4%) on other payments as presented below.

Expenditure FY 2018/19



Source: County Assembly Financial statements FY 2019/20

**Operational Performance**

**COUNTY ASSEMBLY OF KITUI**  
**Reports and Financial Statements**  
**For the year ended 30 June 2020**

In exercise of Assembly's legislative powers enshrined in Article 185 of the Constitution (2010), the Assembly has performed as follows with regards to Bills, Motions, Statutory Reports, Statements, Messages and Petitions;

S/No	Document Name	Number considered
1.	Bills	27
2.	Motions	215
3.	Statutory reports	48
4.	Statements	21
5.	Messages	2
6.	Petitions	2
7.	Communications from the chair	14
8.	Regulations	13

Laws and policies passed by members of assembly provided clear guidelines in operations at Assembly and County Government as a whole.

The establishment and approval of Community level infrastructure development programme (CLIDP) by the assembly for instance was to promote equitable development across the county's 40 wards and 247 villages and thus play a significant part in the realization of the county's stated vision of "*Being a prosperous county with vibrant rural and urban economies whose people enjoy a high quality of life.*" This was in line with the objects and principles of devolution enshrined in Article 174 (d) and (f) of the Constitution which roots for "recognition of the right of communities to manage their own affairs and to further their development" and "promotion of social and economic development and provision of proximate, easily accessible services throughout Kenya" respectively.

The Assembly also approved for the investment of KES 440 million in the Pro Poor Support Programme in order to support scholarship activities in between FY2013/2014 and FY2016/2017. This program was established as a flagship initiative to ensure increased schools retention rate, and ultimately enhance education performance in the county. It was aimed at increasing the rate of access, transition and retention of learners from financially disadvantaged backgrounds and improving the education sector by supporting the provision of teaching and learning materials, equipment and facilities.

**The Assembly Committees**

In achieving its mandate, the County Assembly undertakes her business through the plenary and committee sittings as contained in the County Assembly Annual Calendar and a Schedule of Committee Sittings as adopted by the Assembly.

There are two accepted types of Committees of County Assembly: Committees of the Whole County Assembly and Select Committees which comprises of Standing, Ad hoc and Sectoral Committees. The Sectoral Committees conduct an oversight role over the County Executive Ministries while the Select Committees perform the role of housekeeping of the Assembly.

The First County Assembly of Kitui initially had seventeen (17) committees; *10 Sectoral Committees and 7 Standing Committees*. On 21<sup>st</sup> July 2015 four committees were additionally constituted (*3 Sectoral and 1 Standing Committee*) and thus forming at total of (twenty one) 21 committees

**COUNTY ASSEMBLY OF KITUI**  
**Reports and Financial Statements**  
**For the year ended 30 June 2020**

comprising of nine (9) Select and twelve (12) Sectoral Committees.

The committee on Health and Sanitation has carried out an assessment exercise on service delivery at the county Health facilities and compiled a report, which is used in monitoring and evaluating the success of devolution on matters of Health.

The committee on Public investments and Accounts has interrogated financial reports for FY 15/16-18/19. The reports produced will help in identifying and improving weak areas of operations in Assembly.

The Committee on Procedure and rules has successfully reviewed the county Assembly interim standing orders and were customised as the County Assembly of Kitui Standing Orders.

### **Performance of key development projects**

#### **Infrastructural Renovations**

1. The renovation of Assembly Offices which was partly complete when the Assembly began in 2013.
2. The renovation of the existing chamber which began in May 2015 to be able to accommodate eighty (80) members of county assembly and equip it with modern equipment to better facilitate its key role of legislation.
3. The laying of cabro blocks in the Assembly car park.
4. Erecting a main gate at the entrance into the Assembly.

#### **Internet Connectivity**

The county assembly is served with fibre optic link for fast and effective use of IFMIS and internet banking (IB). There is a reliable and operational Wi-Fi internet for easy access and internet connection. The network bandwidth has been increased from 2mbps to 4 mbps thus enabling a very efficient connectivity. The network technology has also been upgraded from WIMAX to microwave network technology for reliable, secure and stable connectivity.

#### **ICT Equipment**

A number of ICT tools of engagement such as PCs, laptops, smartphones and iPads for both members of county assembly and staff members has enhanced performance.

#### **MINOR CIVIL WORKS**

The Assembly has undertaken some important civil works continuously since inception which included;

- a) Construction of a walkway heading to the chambers and toilets.
- b) Completion of construction of the new toilet block
- c) Renovation of the sentry house to beef up security

- d) Installation of an elevated tank for sufficient supply of water to the compound
- e) Installation of air-conditioning facilities/systems.
- f) Upgrading electricity to three phase power load.

**PURCHASE OF OFFICE VEHICLES**

For proper coordination of work, quite a number of vehicles that has enhanced service delivery to the members have been purchased, most notably the ten (10) seater Nissan Urvan and twenty six (26) seater Toyota Coaster Bus that can traverse the terrain within Kitui County during public participation engagements and other official events.

**Comment on value-for-money achievements**

***Renovation of Debating Chamber***

*This will offer Members a conducive environment in carrying out their main work which is, to scrutinize the county government policies and proposed legislations of the county government, consider committee reports and to monitor their implementation, representing the citizenry of Kitui and ensuring that they get the best quality that our county could offer equitably.*

***Purchase of Vehicles***

Vehicles purchased have enhanced service delivery to the members. Most notably the ten (10) seater Nissan Urvan and twenty six (26) seater Toyota Coaster Bus that can traverse the terrain within Kitui County during public participation engagements and other official events.

**Challenges and Recommended Way Forward**

**ASSEMBLY COMMITTEES TRAINING**

Committees within an Assembly are very critical in processing of Assembly work. Each County Assembly committee has its role specified within the Standing Orders. In order to enable the Assembly undertake its legislative agenda the mandate of the committees should be adhered to. Lack of adequate training for the members of the Assembly to fully understand their legislative, representation and oversight as articulated in the Constitution and other laws hampers this. It is coupled by inadequate committee exposure and benchmarking from other assemblies.

**BUDGETARY CONSTRAINTS**

In order to effectively conduct its role of legislation, oversight and representation, the Assembly needs quite a substantive amount of budgetary allocation per fiscal year. Budget constraints to adequate to facilitate all County Assembly Committee operations as proposed by committee operation budgets hampered the same.

**STAFFING CAPACITY IN THE ASSEMBLY SERVICE**

The staffing levels especially in key departments within the Assembly Service leads to low levels of productivity, fatigue, stress and depression given the huge workload an Assembly has. There is need to enhance the same.

**INFRASTRUCTURAL ISSUES**

The Assembly's infrastructure lacks the capacity to handle the voluminous personnel for both the

members and the staff. It lacks sufficient committee rooms that are well equipped with state of the art equipment for audio recording. The members also require offices; especially the Assembly leadership that is furnished with necessary equipment to enhance their legislative roles. The Assembly also lacks enough and designated parking space for the leadership of the Assembly MCA's and staff.

#### **ASSEMBLY LIBRARY AND RESEARCH SERVICES**

The Assembly does not have library services that can be used by members for their own review of periodicals and other issues. There are also low levels of awareness on the availability of Research Service to the members of parliament. This is compounded by the slow pace in setting up Research Services Section.

#### **CONSTITUTIONAL OFFICES INTERFERENCE**

The issue of fiscal ceilings that were fixed by the Commission on Revenue Allocation resulted to gross underfunding and the ensuing court case affected the operations of the Assembly in the Financial Year 2014/15 since the budget could not be implemented as was approved and had to be reviewed to comply with the ceilings. This delayed the implementation of the budget.

#### **RECOMMENDATIONS**

##### **ASSEMBLY BROADCASTING OF PROCEEDINGS**

Access to information and public communication should be integrated in all development activities. One of the objectives of county communications according to the County Governments Act is to create awareness on devolution and good governance. Section 95 of the CGA provides that a county government shall establish mechanisms to facilitate public communication and access to information in the form of media with the widest public outreach. This read along with the First Schedule of the Standing Order necessitates the establishment of an Assembly Broadcasting Unit to broadcast the proceedings and provide access to assembly information.

##### **BIOMETRIC MEMBERS REGISTRATION**

It is imperative to introduce use of biometric controls for the members of county assembly during plenary sessions and during the committee sittings to alleviate the hiccup of quorum, reduce the paperwork done through manual signing of registers and deal with legitimacy issues in terms of record keeping.

##### **ASSEMBLY SURVEILLANCE SYSTEMS**

There is a need to improve on the security surveillance of the institution by installing CCTV monitors and other systems as this is a key institution within the county and may be prone to insecurity issues relating to crime. This has been an emerging issue to many commonwealth assemblies including Canada and the House of Commons following recent security breaches within the assemblies.

##### **PARLIAMENTARY RESEARCH SERVICES**

Parliamentarians need to have access to accurate, up-to-date, and well-researched information in order to be able to assess legislation and policies in an efficient and effective manner. To achieve this objective, the Assembly needs a fully-fledged Research Section. This shall assist in providing Members with readily processed and factual information to enable them carry out their duties effectively, especially that they are too busy to do their own research given their numerous functions.

**STAFF MEMBERS LEGISLATIVE CAPACITY BUILDING**

In order to attain the best standards within the commonwealth parliamentary system there is need for frequent capacity building within the Assembly Service as there is no formal degree/diploma on parliamentary practice. Much of the training has been on the job and on need basis. With this in mind there is need to frequently collaborate with institutions, consultants and other bodies which offer such trainings so as to enable the members of staff bring out the required output and assist the assembly achieve its mandate within the committees and the plenary.

**ASSEMBLY TEAM BUILDING EXERCISES**

Poor interpersonal relations lead to low performance and mistrust. Trainings should be conducted with the sole aim of boosting this. Team building sessions for all members of staff should be held occasionally to boost the morale, improve on interpersonal skills and realize the potentials hidden within.

Sign   
Clerk of the County Assembly

**COUNTY ASSEMBLY OF KITUI**  
**Reports and Financial Statements**  
**For the year ended 30 June 2020**

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

**Introduction**

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government entity 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 Kitui is legislation, oversight, and representation. To achieve this, the assembly's program was documented 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 and to approve policies and enact progressive and relevant laws.	Increased ability of MCA in legislation	No of bills passed in the County Assembly	In FY 19/20 MCA were trained on how to enhance public participation in legislation, promote quality debate in the assembly and how to ensure adherence to good governance practices.
	Enhanced professional development of MCAs – Review standing orders	Review standing orders	% increase in efficient Assembly operation	The process of reviewing standing orders is ongoing
<b>Program 2</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>

**COUNTY ASSEMBLY OF KITUI**  
**Reports and Financial Statements**  
**For the year ended 30 June 2020**

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Institutional Capacity	To develop competent and motivated human capital, to put in place appropriate infrastructure and equipment	Improved productivity	Provision of Quality reports	Employees were trained in their specific areas of professionalism
------------------------	--	-----------------------	------------------------------	---

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

County Assembly of Kitui 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 County Assembly has developed a Strategic Plan, which is a product of a comprehensive process of consultation and deliberations within the political and administrative arms of the Assembly. It also includes a substantial input from key stakeholders. As much as possible, the process involved many players in pursuit of transparency and representative democracy. The document demonstrates the Assembly's focus on its course to strengthen Representation, Legislation and Oversight and brings out appropriate Institutional Capacity.

It is worth noting that since the inception of the Assembly, significant achievements have been made. These include establishment of the County Assembly Service Board (CASB), capacity building of Members of the County Assembly (MCAs) and staff, establishment of a working organizational structure, employment of additional staff, renovation of offices, improvement of infrastructure and acquisition of working equipment amongst others.

The Assembly will dedicate all efforts and resources in its jurisdiction to its achievement by using this broad implementation framework to develop realistic annual work plans as whole as well as specific annual departmental work plans, while closely monitoring performance in its implementation as a core management responsibility. To support this, performance benchmarks will be directly linked to the Strategic Plan and performance of all staff evaluated accordingly.

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

The Assembly is in the process of developing sustainable agribusiness related policies, introduce appropriate mitigation measures, provide serene environment, develop sound and sustainable environmental policies and develop appropriate disaster management policies. The above policies if enacted and implemented will address the issues of food insecurity, unsustainable development, noise and dust pollution, Health hazards, depletion of water towers and threat to livelihood.

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

The County Assembly analyse Institutional capacity and resource mobilization to determine the organizational structure and staffing levels. The County Assembly service board has an approved establishment, which dictates the number of employees to recruit. During recruitment gender and regional balance is put into consideration. Afterwards staff appraisal is carried out to assess the training needs of every employee. Training is done on rotation basis to improve skills and manage employee's careers.

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

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**4. Market place practices-**

The assembly has established a corruption reporting channels, It is also in the process of establishing a corruption reporting link in the website and constitute an audit corruption committee. The Assembly has dedicated members of staff who handles our suppliers with respect and due diligence.

Assembly has also build trust with our customers, suppliers and other stakeholders through transparency.

**5. Community Engagements-**

During this period of covid-19, the Members of county assembly engaged the community through supplying masks and hand sanitizers. They also carried out a sensitization programme to make the public aware of the existence of the pandemic and how to keep safe.

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

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**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.

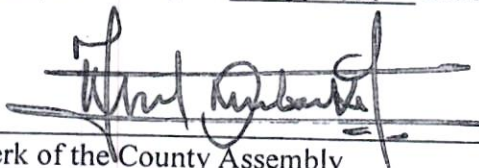
The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Assembly; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Assembly; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Clerk accepts responsibility for the County Assembly's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Clerk is of the opinion that the County Assembly's financial statements give a true and fair view of the state of the County Assembly's transactions for the year ended June 30, 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 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.

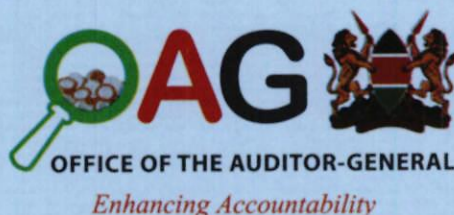
**Approval of the financial statements**

The County Government's financial statements were approved and signed by the Clerk of the County Assembly on 11.12. 2020.

  
Clerk of the County Assembly

# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF KITUI 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 Kitui set out on pages 1 to 30, which comprise of the statement of financial assets and liabilities as at 30 June, 2020, statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts-recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect 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 Kitui as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the County Governments Act, 2012 and the Public Finance Management Act, 2012.

#### Basis for Qualified Opinion

##### 1. Variances Between Financial Statements and IFMIS Balances

The following balances reflected in the financial statements for the year ended 30 June, 2020 were at variance with Integrated Financial Management Information System (IFMIS) trial balance as summarized below:

Item Description	Financial Statements Balance (Kshs.)	IFMIS Trial Balance (Kshs.)	Variance (Kshs.)
Exchequer Releases	876,406,892	2,288,126,893	(1,411,720,001)
Communication, Supplies and Services	7,932,616	7,739,666	192,950
Domestic Travel and Subsistence	108,838,926	104,411,726	4,427,200

Item Description	Financial Statements Balance (Kshs.)	IFMIS Trial Balance (Kshs.)	Variance (Kshs.)
Printing, Advertising and Information Supplies & Services	14,395,615	13,662,043	733,572
Training Expenses	10,046,675	9,911,675	135,000
Hospitality Supplies and Services	85,964,587	80,667,621	5,296,966
Office and General Supplies & Services	11,103,380	10,642,026	461,354
Fuel, Oils & Lubricants	3,013,431	2,570,339	443,092
Routine Maintenance – Vehicles & Other Transport Equipment.	2,497,956	2,228,342	269,614
Routine Maintenance – Other Assets	786,933	719,193	67,740
Construction of Buildings	0	10,654,275	(10,654,275)
Refurbishment of Buildings	20,405,199	0	20,405,199
Finance Costs	17,493	0	17,493
Other Payments	4,118,418	0	4,118,418
Recurrent Account	11,250	(44,675,277)	44,686,527
Development Account	5,092	11,454,607	(11,449,515)
Cash in Hand	2021	3,502,702,196	(3,502,700,175)
Accounts Receivables-Outstanding Imprest	0	310,000	(310,000)
Accounts Payable-Deposits & Retentions	0	227,203	(227,203)
Withholding Tax	0	(77,261)	77,261
System Required Liabilities	0	(432,987,483)	432,987,483
Cash Clearing Account	0	(4,208,822,238)	4,208,822,238
Fund Balance B/F	1,916	2,599,626,895	(2,599,624,979)

In the circumstances, the accuracy, validity and completeness of the balances as reflected in the financial statements could not be confirmed.

## 2. Unsupported Remuneration of Ward Offices Staff

The statement of receipts and payments reflects an expenditure of Kshs.434,877,918 under compensation to employees which, as disclosed in Note 4 to the financial statements, includes an amount of Kshs.47,215,307 relating to basic wages of temporary employees. The expenditure of Kshs.47,215,307 was incurred on salaries and allowances for staff employed in the forty (40) Ward Offices across the County. However, supporting documents indicating how the officers were recruited and their terms of service determined, were not provided for audit review.

Under the circumstances, the accuracy, completeness and validity of the expenditure of Kshs.47,215,307 incurred on ward offices employees could not be confirmed.

### **3. Unsupported Payments for Communication Services**

The statement of receipts and payments reflects an expenditure of Kshs.400,164,031 under use of goods and services which, as disclosed in Note 5 to the financial statements, includes an amount of Kshs.7,932,616 relating to communication, supplies and services. The latter balance includes an amount of Kshs.817,368 paid to a service provider for internet connectivity. However, a formal contract agreement stipulating the terms and conditions of services was not provided for audit review. This is contrary to Section135(1) of the Public Procurement and Asset Disposal Act, 2015 which states that the existence of a contract shall be confirmed through the signing of a contract document incorporating all agreements between the parties.

Under the circumstances, the accuracy, completeness and validity of the expenditure of Kshs.817,368 incurred on internet connectivity services could not be confirmed.

### **4. Ward Operational Expenses**

The expenditure of Kshs.400,164,031 under use of goods and services also includes an amount of Kshs.67,995,712 in respect of other operating expenses which in turn includes Kshs.50,497,600 for wards' operational expenses. The expenditure was incurred through imprests issued to forty (40) legislative wards of the County Assembly. Further, an amount of Kshs.100,000 was paid monthly to each of the forty (40) wards to cater for costs of assembling County residents and for general ward offices expenses. However, supporting documents for the Kshs.100,000 monthly allocation were not provided for audit review.

Under the circumstances, the accuracy and validity of the expenditure of Kshs.50,497,600 incurred on wards' operational expenses 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 Kitui 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 were no key audit matters to report in the year under review.

## **Other Matter**

### **Unresolved Prior Year Matters**

Various prior year audit issues remained unresolved as at 30 June, 2020. Management has indicated that the issues have been responded to. However, the matters have remained unresolved as the Senate has not met to deliberate on the same.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Irregular Payment of Penalties and Interest**

The statement of receipts and payments reflects an expenditure of Kshs.4,118,418 under other payments which, as disclosed in Note 12 to the financial statements, relates to penalties and interest due to late remittance of Pay-As-You-Earn (PAYE) deductions to the Kenya Revenue Authority (KRA). No explanation was provided for failure to remit the PAYE deductions to the Kenya Revenue Authority as required by Section 130 of the Income Tax Act which states Pay As You Earn deducted from employees' earnings should be remitted by the tenth day of the month following the deduction.

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

#### **2. Irregular Payment to County Assemblies Forum**

During the year under review, an amount of Kshs.4,488,800 was paid to the County Assemblies Forum (CAF) to cater for County Assemblies sports and cultural bonanza and the annual legislative summit. However, CAF is not an establishment under the law and therefore the basis for making the payment could not be ascertained.

Under the circumstances, the propriety and validity of the expenditure of Kshs.4,488,800 could not be confirmed.

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

During the year under review, thirteen (13) officers of the County Assembly were paid net salaries that were less than one third (1/3) of their basic salaries. This is contrary to Section 19(3) of the Employment Act, 2007 which states that the total deductions made by an employer from the wages of their employees at any one time should not exceed two thirds of such wages.

Management was in breach of the law, to this extent.

### **4. Staff Ethnic Composition**

A review of the County Assembly's staff establishment for the year under review revealed that, of one hundred and thirty-one (131) or 95% of the employees were from the dominant local community in the County. This is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which stipulates that no public establishment shall have more than one third of its staff from one ethnic community.

Management was in breach of the law, to this extent.

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. Inactive Audit Committee**

The County Assembly appointed an Audit Committee of three (3) members on 4 January, 2017. However, minutes of the Audit Committee meetings to show that the committee was robust and active were not provided for audit review. This is contrary to 172(1) of Public Finance Management (County Governments) Regulations, 2015 which requires the Audit Committee to meet at least once in every three months.

In the circumstances, the Audit Committee was dormant and the expected assurance on risks management and internal controls was not realized.

## **2. Internal Audit Function**

The internal audit function reports functionally to the Clerk who is the Accounting Officer of the County Assembly thereby impairing its independent. This is contrary to Regulation 155(1) of the Public Finance Management (County Governments) Regulations, 2015 that stipulates that the Head of Internal Audit shall report functionally to the Audit Committee and administratively to the Accounting Officer to ensure operational independence.

In the circumstances, the independence of the internal audit function and its ability to provide effective oversight over the operations of the County Assembly is in doubt.

## **3. Lack of Risk Management Policy and Disaster Recovery Plan**

The County Assembly did not have a Risk Management Policy, and Disaster Recovery and Business Continuity Plan in place during the year under review. This is contrary to Section 158(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires each County Government entity to develop risk management strategies to enable the County to identify and manage risks in order to improve on effective and efficient management of public resources.

In the circumstances, County Assembly may be exposed to risk of loss of critical information assets in an event of a disaster.

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

## **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal 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 its services, disclosing as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to dissolve the County Assembly or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015. In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in- compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County Assembly's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the County Assembly to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the County Assembly to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



**Nancy Gathungu**  
**AUDITOR-GENERAL**

**Nairobi**

**01 October, 2021**

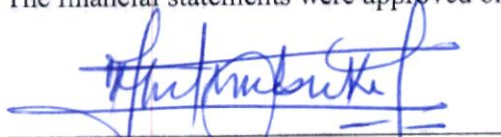
**COUNTY ASSEMBLY OF KITUI**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

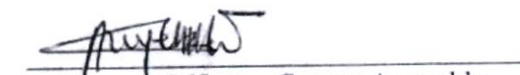
**7. FINANCIAL STATEMENTS**

**7.1. STATEMENT OF RECEIPTS AND PAYMENTS**

		2019/20	2018/19
	Note	KShs	KShs
<b>RECEIPTS</b>			
Transfers from the County Treasury/Exchequer Releases	1	876,406,892	806,554,690
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	4,020,000
<b>TOTAL RECEIPTS</b>		<b>876,406,892</b>	<b>810,574,690</b>
<b>PAYMENTS</b>			
Compensation of Employees	4	434,877,918	344,616,070
Use of goods and services	5	400,164,031	385,835,814
Subsidies	6	-	-
Transfers to Other Government Entities	7	-	-
Other grants and transfers	8	5,000,000	50,000,000
Social Security Benefits	9	2,674,039	1,550,203
Acquisition of Assets	10	29,534,662	28,553,140
Finance Costs	11	17,493	17,547
Other Payments	12	4,118,418	-
<b>TOTAL PAYMENTS</b>		<b>876,386,561</b>	<b>810,572,774</b>
<b>SURPLUS/DEFICIT</b>		<b>20,331</b>	<b>1,916</b>

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 11.12.2020 2020 and signed by:

  
 Clerk of the Assembly  
 Name: Elijah Mutambuki

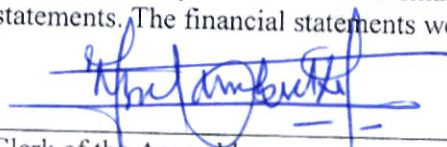
  
 A.g Finance Officer – County Assembly  
 Name: Augustus Kyenze  
 ICPAK Member Number: 9667

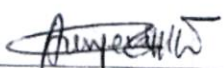
COUNTY ASSEMBLY OF KITUI  
 Reports and Financial Statements  
 For the year ended June 30, 2020

7.2. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

FINANCIAL ASSETS	Note	2019/20 KShs	2018/19 KShs
<b>Cash and Cash Equivalents</b>			
Bank Balances	13A	18,310	926
Cash Balances	13B	2,021	990
<b>Total Cash and cash equivalents</b>		<b>20,331</b>	<b>1,916</b>
Accounts receivables – Outstanding Imprests	14	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>-</b>	<b>-</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payables – Deposits and retentions	15	-	-
<b>NET FINANCIAL ASSETS</b>		<b>20,331</b>	<b>1,916</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	16	1,916	910,368
Surplus/Deficit for the year		20,331	1,916
Prior year Adjustments	17	(1,916)	(910,368)
<b>NET FINANCIAL POSITION</b>		<b>20,331</b>	<b>1,916</b>

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 11.12.2020 and signed by:

  
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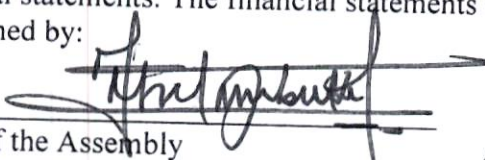
  
 A.g Finance Officer – County Assembly  
 Name: Augustus Kyenze  
 ICPAK Member Number: 9667

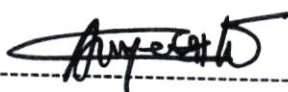
**COUNTY ASSEMBLY OF KITUI**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**7.3. STATEMENT OF CASH FLOWS**

	Note	2019/20 KShs	2018/19 KShs
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts from operating income</b>			
Transfers from the County Treasury/Exchequer Releases	1	876,406,892	806,554,690
Other Receipts	3	-	4,020,000
<b>Payments for operating expenses</b>			
Compensation of Employees	4	-434,877,918	-344,616,070
Use of goods and services	5	-400,164,031	-385,835,814
Subsidies	6	-	-
Transfers to Other Government Entities	7	-	-
Other grants and transfers	8	- 5,000,000	-50,000,000
Social Security Benefits	9	-2,674,039	-1,550,203
Finance Costs	11	-17,493	-17,547
Other Payments	12	-4,118,418	-
<b>Adjusted for:</b>			
Prior year adjustment-Funds unspent and remitted to CRF Account.	17	-1,916	-910,368
Decrease/(Increase) in Accounts receivable: (outst. Impre)	18	-	-
Increase/(Decrease) in Accounts Payable: (dep and reten)	19	-	-
<b>Net cash flows from operating activities</b>		<b>29,553,077</b>	<b>27,644,688</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	- 29,534,662	-28,553,140
<b>Net cash flows from investing activities</b>		<b>-29,534,662</b>	<b>-28,553,140</b>
<b>NET INCREASE IN CASH AND CASH EQUIVAL</b>			
<b>Cash and cash equivalent at BEGINNING of the year</b>	13	<b>1,916</b>	<b>910,368</b>
<b>Cash and cash equivalent at END of the year</b>		<b>20,331</b>	<b>1,916</b>

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 11-12-2020 and signed by:

  
 Clerk of the Assembly  
 Name: Elijah Mutambuki

  
 A.g Finance Officer – County Assembly  
 Name: Augustus Kyenze  
 ICPAK Member Number: 9667

COUNTY ASSEMBLY OF KITUI  
 Reports and Financial Statements  
 For the year ended June 30, 2020

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

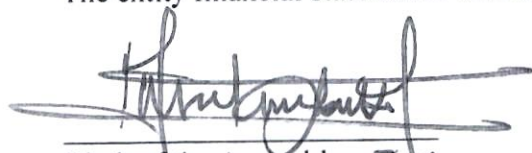
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization difference
	KShs	KShs	c=a+b	e=d-c	KShs
<b>RECEIPTS</b>					
Transfers from the County Treasury/Exchequer Releases	959,239,760	(10,000,000)	949,239,760	876,406,892	7.67%
Proceeds from Sale of Asset	-	-	-	-	-
Other Receipts	-	-	-	-	-
<b>TOTAL</b>	<b>959,239,760</b>	<b>(10,000,000)</b>	<b>949,239,760</b>	<b>876,406,892</b>	<b>7.67%</b>
<b>PAYMENTS</b>					
Compensation of Employee	466,163,518	(21,729,000)	444,434,518	434,877,918	2.15%
Use of goods and services	393,843,442	35,529,000	429,372,442	400,164,031	6.9%
Subsidies	-	-	-	-	-
Transfers to Other Govt Enti	-	-	-	-	-
Other grants and transfers	20,000,000	-	20,000,000	5,000,000	75%
Social Security Benefits	2,516,800	180,000	2,696,800	2,674,039	0.8%
Acquisition of Assets	76,316,000	(23,680,000)	52,636,000	29,534,662	43.89%
Finance Costs	100,000	-	100,000	17,493	82.5%
Other Payments	300,000	(300,000)	-	4,118,418	-
<b>TOTAL</b>	<b>959,239,760</b>	<b>(10,000,000)</b>	<b>949,239,760</b>	<b>876,386,561</b>	<b>7.67%</b>
<b>SURPLUS/ DEFICIT</b>				<b>20,331</b>	

(a) Other grants and transfers-This relates to Car and Mortgage loans advanced to Members of Assembly. Members who applied and considered for the loans in the year under review were few resulting to underutilization of this vote head.


(b) Finance costs- This relates to bank operational cost. During the year under review, the bank operational costs were low resulting to underutilization of the vote head.

The changes between the original and final budget are as a result of reallocations within the budget.

The entity financial statements were approved on 11.12. 2020 and signed by:



Clerk of the Assembly  
 Name: Elijah Mutambuki



A.g Finance Officer – County Assembly  
 Name: Augustus Kyenze  
 ICPAK Member Number: 9667

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

**7.5. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS:  
 RECURRENT**

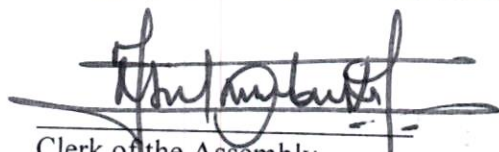
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilisation difference
	a	b	c=a+b	e=d-c	
<b>RECEIPTS</b>					
Transfers from the County Treasury/ Exchequer Releases	909,239,760	-	909,239,760	855,996,601	5.8%
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	-	-
<b>TOTAL</b>	<b>909,239,760</b>	<b>-</b>	<b>909,239,760</b>	<b>855,996,601</b>	<b>5.8%</b>
<b>PAYMENTS</b>					
Compensation of Employees	466,163,518	(21,729,000)	444,434,518	434,877,918	2.15%
Use of goods and services	393,843,442	35,529,000	429,372,442	400,164,031	6.9%
Subsidies	-	-	-	-	-
Transfers to Other Govt Enti	-	-	-	-	-
Other grants and transfers	20,000,000	-	20,000,000	5,000,000	75%
Social Security Benefits	2,516,800	180,000	2,696,800	2,674,039	0.8%
Acquisition of Assets	26,316,000	(13,680,000)	12,636,000	9,129,463	27.75%
Finance Costs	100,000	-	100,000	17,493	82.5%
Other Payments	300,000	(300,000)	-	4,118,418	-
<b>TOTAL</b>	<b>909,239,760</b>	<b>-</b>	<b>909,239,760</b>	<b>855,981,362</b>	<b>5.86%</b>
<b>Surplus/ Deficit</b>				<b>15,239</b>	

a) Other grants and transfers-This relates to Car and Mortgage loans advanced to Members of Assembly. Members who applied and considered for the loans in the year under review were few resulting to underutilization of this vote head.

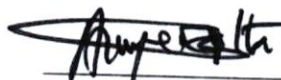
b) Finance costs- This relates to bank operational cost. During the year under review, the bank operational costs were low resulting to underutilization of the vote head.

The changes between the original and final budget are as a result of reallocations within the budget

The entity financial statements were approved on 11.12. 2020 and signed by:



Clerk of the Assembly  
 Name: Elijah Mutambuki



A.g Finance Officer – County Assembly  
 Name: Augustus kyenze  
 ICPAK Member Number: 9667

**COUNTY ASSEMBLY OF KITUI**  
**Reports and Financial Statements**  
**For the year ended 30 June 2020**

**7.6. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS:**  
**DEVELOPMENT**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization on difference
	KShs	KShs	c=a+b	e=d-c	KShs
<b>RECEIPTS</b>					
Transfers from the County Treasury/ Exchequer Release	50,000,000	(10,000,000)	40,000,000	20,410,291	48.97%
Proceeds from Sale of Asset	-	-	-	-	-
Other Receipts	-	-	-	-	-
<b>TOTAL</b>	<b>50,000,000</b>	<b>(10,000,000)</b>	<b>40,000,000</b>	<b>20,410,291</b>	<b>48.97%</b>
<b>PAYMENTS</b>					
Compensation of Employee	-	-	-	-	-
Use of goods and services	-	-	-	-	-
Subsidies	-	-	-	-	-
Transfers to Other Govt Enti	-	-	-	-	-
Other grants and transfers	-	-	-	-	-
Social Security Benefits	-	-	-	-	-
Acquisition of Assets	50,000,000	(10,000,000)	40,000,000	20,405,199	48.98%
Finance Costs	-	-	-	-	-
Other Payments	-	-	-	-	-
<b>TOTAL</b>	<b>50,000,000</b>	<b>(10,000,000)</b>	<b>40,000,000</b>	<b>20,405,199</b>	<b>48.98%</b>
<b>SURPLUS/ DEFICIT</b>				<b>5,092</b>	

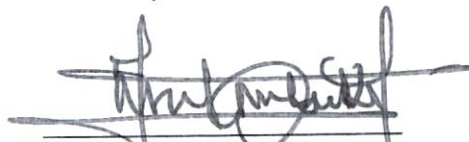
Reasons for Underutilization

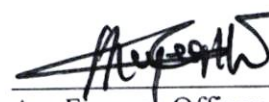
(a) *Speaker's residence- The Assembly is still in the process of identifying a suitable government land to build Speaker's residence.*

(b) *Installation of lift in the Chamber- The Assembly provided a budget for installation of a lift in the chamber. The assembly sought an advisory from the Ministry of works and this process did not materialise by the closure of the financial year 19/20.*

The changes between the original and final budget are as a result of reallocations within the budget.

The entity financial statements were approved on 11.12.2020 and signed by:

  
 Clerk of the Assembly  
 Name: Elijah Mutambuki

  
 A.g Finance Officer – County Assembly  
 Name: Augustus Kyenze  
 ICPAK Member Number: 9667

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**7.7. 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>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
Programme 1	318,868,872	(22,299,000)	296,569,872	273,808,432	22,761,440
Programme 2	640,370,888	12,299,000	652,669,888	602,578,129	50,091,759
<b>Grand Total</b>	<b>959,239,760</b>	<b>(10,000,000)</b>	<b>949,239,760</b>	<b>876,386,561</b>	<b>72,853,199</b>

## **7.8. SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the entity 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 Kitui County Assembly. The financial statements encompass the reporting entity as specified in section 164 of PFM Act 2012.

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

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

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

#### **Transfers from the Exchequer/ County Treasury**

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

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Other Receipts**

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

**b) Recognition of payments**

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

**Compensation of employees**

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

**Use of goods and services**

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

**Acquisition of fixed assets**

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

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

**4. In-kind contributions**

In-kind contributions are donations that are made to the *entity* 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 *entity* includes such value in the statement of receipts and payments both as receipts and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**5. Third Party Payments**

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

**6. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

**Restriction on cash**

Restricted cash represents amounts that are limited /restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation.

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30<sup>th</sup> June 2020, this amounted to KShs 0 compared to KShs 0 in prior period as indicated on note *There were no other restrictions on cash during the year.*

**7. Accounts Receivable**

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

**8. Accounts Payable**

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

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**9. Non-current assets**

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

**10. Pending bills**

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

**11. Contingent Liabilities**

A contingent liability is:

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

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

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

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

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**12. Contingent Assets**

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

**13. Budget**

The budget is prepared on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *Assembly's* budget was approved as required by Law. The original budget was approved by the County Assembly on 14<sup>th</sup> November 2019 for the period 1<sup>st</sup> July 2019 to 30 June 2020 as required by law. There was two number of supplementary budgets passed in the year. The supplementary budgets were approved on 25/03/2020 and 28/05/2020. A high-level assessment of the *Assembly's* actual performance against the comparable budget for the financial year under review has been included in the Statement of Comparison between actual and budgeted amounts included in these financial statements.

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

**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.

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**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.

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**7.9. NOTES TO THE FINANCIAL STATEMENTS**

**1. Transfers from the County Treasury/Exchequer Releases**

	2019/20	2018/19
	KShs	KShs
Transfers from the County Treasury for Q1	197,232,337	149,078,066
Transfers from the County Treasury for Q2	187,884,792	134,832,887
Transfers from the County Treasury for Q3	253,087,271	188,925,675
Transfers from the County Treasury for Q4	238,202,492	333,718,062
<b>Cumulative Amount</b>	<b>876,406,892</b>	<b>806,554,690</b>

**2. PROCEEDS FROM SALE OF ASSETS**

	2019/20	2018/19
	KShs	KShs
Receipts from the Sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Receipts from Sale of Certified Seeds and Breeding Stock	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
Receipts from the Sale of Inventories, Stocks and Commodities	-	-
Disposal and Sales of Non-Produced Assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**3. OTHER RECEIPTS**

	2019/20	2018/19
	KShs	KShs
Tender fees received	-	-
Other Receipts II Motor vehicle Compensation	-	4,020,000
Other Receipts III	-	-
Other Receipts IV	-	-
<b>Total</b>	<b>-</b>	<b>4,020,000</b>

*(Other receipts of Kshs 4,020,000 relates to Compensation from Geminia Insurance Company limited for an Assembly vehicle involved in an accident)*

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

**4. COMPENSATION OF EMPLOYEES**

	2019/20	2018/19
	KShs	KShs
Basic salaries of permanent employees	275,186,257	237,102,299
Basic wages of temporary employees	47,215,307	34,366,318
Personal allowances paid as part of salary	88,216,097	55,648,129
Personal allowances paid as reimbursements	-	-
Personal allowances provided in kind	-	-
Pension and other social security contributions	24,260,257	17,499,324
Compulsory national social security schemes	-	-
Compulsory national health insurance schemes	-	-
Social benefit schemes outside government	-	-
Other personnel payments	-	-
<b>Total</b>	<b>434,877,918</b>	<b>344,616,070</b>

*(During the year under review, the County Assembly of Kitui had a total of Fifty four Members of Assembly, Speaker and Eighty-six members of staff).*

*There was no recruitment hence no new employees and there were no resignations during the year under review.*

**5. USE OF GOODS AND SERVICES**

	2019/20	2018/19
	KShs	KShs
Utilities, supplies and services	1,094,709	1,296,251
Communication, supplies and services	7,932,616	6,575,365
Domestic travel and subsistence	108,838,926	106,768,252
Foreign travel and subsistence	48,247,235	62,326,269
Printing, advertising and information supplies & services	14,395,615	7,161,561
Training expenses	10,046,675	9,476,111
Hospitality supplies and services	85,964,587	72,752,338
Insurance costs	35,527,916	36,542,046
Specialized materials and services	2,718,340	1,605,757
Office and general supplies and services	11,103,380	10,015,866
Fuel Oil and Lubricants	3,013,431	3,865,795
Other operating expenses	67,995,712	62,854,287
Routine maintenance – vehicles and other transport equi	2,497,956	3,191,696
Routine maintenance – other assets	786,933	1,404,220
<b>Total</b>	<b>400,164,031</b>	<b>385,835,814</b>

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

**6. SUBSIDIES**

Description	2019/20	2018/19
	KShs	KShs
Subsidies to County Corporations		
<i>See list attached</i>	-	-
(insert name)	-	-
Subsidies to Private Enterprises		
<i>See list attached</i>	-	-
(insert name)	-	-
<b>TOTAL</b>	-	-

**7. TRANSFERS TO OTHER GOVERNMENT ENTITIES**

Description	2019/20	2018/19
	KShs	KShs
Transfers to National Government entities	-	-
Transfers to other County Assembly entities	-	-
(insert name of budget agency)	-	-
<b>TOTAL</b>	-	-

**8. OTHER GRANTS AND TRANSFERS**

	2019/20	2018/19
	KShs	KShs
Car and Mortgage Schemes	5,000,000	50,000,000
Membership Fees and Dues and Subscriptions to Organizations	-	-
Emergency relief and refugee assistance	-	-
Subsidies to small businesses, cooperatives, and self employed	-	-
<b>Total</b>	<b>5,000,000</b>	<b>50,000,000</b>

(Other transfers relates to Car and Mortgage loans advanced to Members of Assembly)

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

**9. SOCIAL SECURITY BENEFITS**

	2019/20	2018/19
	KShs	KShs
Government pension and retirement benefits	-	-
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	2,674,039	1,550,203
<b>Total</b>	<b>2,674,039</b>	<b>1,550,203</b>

*(Employer social benefits relates to fringe benefit tax borne by the employer as a result of car and mortgage loans advanced to members of assembly and staff)*

**10. ACQUISITION OF ASSETS**

<b>Non- Financial Assets</b>	2019/20	2018/19
	KShs	KShs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	20,405,199	-
Construction of Roads	-	-
Construction and Civil Works	-	-
Overhaul and Refurbishment of Construction and Civil Works	-	-
Purchase of Vehicles and Other Transport Equipment	-	22,989,000
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and Equipment	5,673,010	152,000
Purchase of Specialized Plant, Equipment and Machinery	1,282,253	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Purchase of Certified Seeds, Breeding Stock and Live Animals	-	-
Research, Studies, Project Preparation, Design & Supervision	-	-
Rehabilitation of Civil Works	-	-
Purchase of ICT Equipment	2,174,200	5,412,141
Acquisition of Other Inventories	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
<b>Total purchase of non-financial assets</b>	<b>29,534,662</b>	<b>28,553,140</b>
<b>Financial Assets</b>		
Domestic Public Non-Financial Enterprises	-	-
Domestic Public Financial Institutions	-	-
<b>Total purchase of financial assets</b>		
<b>Total</b>	<b>29,534,662</b>	<b>28,553,140</b>

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

**11. FINANCE COSTS**

	2019/20	2018/19
	KShs	KShs
Bank Charges	17,493	17,547
Exchange Rate Losses	-	-
Other Finance costs	-	-
Interest on borrowings	-	-
<b>Total</b>	<b>17,493</b>	<b>17,547</b>

(Finance costs relates to Bank operational charges).

**12. OTHER PAYMENTS**

	2019/20	2018/19
	KShs	KShs
Penalties and Interest of taxes due recovered by KRA	4,118,418	-
Civil Contingency Reserves	-	-
Capital Transfers to Non-Financial Public Enterprises	-	-
Capital Transfers to Private Non-Financial Enterprises	-	-
<b>Total</b>	<b>4,118,418</b>	<b>-</b>

(Other payments relates to penalties and interest of taxes due recovered by KRA)

**13. CASH AND BANK BALANCES**

**13A. BANK BALANCES**

Name of Bank, Account No. & Currency	Indicated whether recurrent or development	2019/20	2018/19
		KShs	KShs
Central Bank of Kenya, Kitui County Assembly Development Account.No.1000197919	Development Account	5,092	-
Central Bank of Kenya, Kitui County Assembly Recurrent Account.No.1000197927	Recurrent Account	11,250	326
Central Bank of Kenya, Kitui County Assembly Deposit Account.No.1000363711	Deposits Account	-	-
Kenya Commercial Bank, Kitui County Assembly Operations Account.No.1143459695	Recurrent Account	1,968	600
<b>Total</b>		<b>18,310</b>	<b>926</b>

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

**13B. CASH IN HAND**

	2019/20	2018/19
	KShs	KShs
Cash in Hand – Held in domestic currency	2,021	990
<b>Total</b>	<b>2,021</b>	<b>990</b>

Cash in hand should be analysed as follows:

Description	2019/20	2018/19
	KShs	KShs
Location 1 Cash Office	2,021	990
<b>Total</b>	<b>2,021</b>	<b>990</b>

**14. ACCOUNTS RECEIVABLE**

Description	2019/20	2018/19
	KShs	KShs
Government Imprests	-	-
Clearance Accounts	-	-
Staff Advances	-	-
Other Advances	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**15. ACCOUNTS PAYABLE**

Description	2019/20	2018/19
	KShs	KShs
Deposits	-	-
Retentions	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**16. FUND BALANCE BROUGHT FORWARD**

Description	2019/20	2018/19
	KShs	KShs
Bank accounts	926	907,652
Cash in hand	990	2,716
Accounts Receivables	-	-
Accounts Payables	-	-
<b>Total</b>	<b>1,916</b>	<b>910,368</b>

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

**17. PRIOR YEAR ADJUSTMENTS** a prior period adjustment really applies to the correction of an error in the financial statements of a prior period

	Balance b/f FY 2018/2019 as per Financial statements	Adjustments	Adjusted Balance b/f FY 2018/2019
Description of the error:	Kshs	Kshs	Kshs
Bank account Balances	926	-	926
Cash in hand	990	-	990
Accounts Payables	-	-	-
Receivables	-	-	-
Others ( <i>specify</i> )	-	-	-
<b>Total</b>	<b>1,916</b>	<b>-</b>	<b>1,916</b>

**18. CHANGES IN RECEIVABLE**

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Outstanding Imprest as at 1 <sup>st</sup> July 2019 (A)	-	-
Imprest issued during the year (B)	-	-
Imprest surrendered during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-

**19. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS**

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Deposit and Retentions as at 1 <sup>st</sup> July 2019 (A)	-	-
Deposit and Retentions held during the year (B)	-	-
Deposit and Retentions paid during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-

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**7.10. OTHER DISCLOSURES**

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

Description	Balance b/f FY 2018/2019 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2019/2020 Kshs
Construction of buildings	8,701,268	-	(-)	8,701,268
Construction of civil works	-	-	(-)	-
Supply of goods	4,727,010	3,645,500	(4,727,010)	3,645,500
Supply of services	-	-	(-)	-
<b>Total</b>	<b>13,428,278</b>	<b>3,645,500</b>	<b>(4,727,010)</b>	<b>12,346,768</b>

**2. PENDING STAFF PAYABLES (See Annex 2)**

Description	Balance b/f FY 2018/2019 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2019/2020 Kshs
Senior management	-	-	(-)	-
Middle management	-	-	(-)	-
Unionisable employees	-	-	(-)	-
Others	-	-	(-)	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(-)</b>	<b>-</b>

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

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

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**4. External Assistance**

	<b>FY 2019/2020</b>	<b>FY 2018/2019</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
External assistance received in cash	-	-
External assistance received as loans and grants	-	-
External assistance received in kind- as payment by third parties	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

*a) External assistance relating loans and grants*

	<b>FY 2019/2020</b>	<b>FY 2018/2019</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
External assistance received as loans	-	-
External assistance received as grants	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

*b) Undrawn external assistance*

	<b>Purpose for which the undrawn external assistance may be used</b>	<b>FY 2019/2020</b>	<b>FY 2018/2019</b>
<b>Description</b>		<b>Kshs</b>	<b>Kshs</b>
Undrawn external assistance - loans		-	-
Undrawn external assistance - grants		-	-
<b>Total</b>		<b>-</b>	<b>-</b>

*c. Classes of providers of external assistance*

	<b>FY 2019/2020</b>	<b>FY 2018/2019</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

*Provide details of the reasons for external assistance e.g.*  
*Economic development or welfare objective*  
*Emergency relief*  
*Trading activities*

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*d. Non-monetary external assistance*

Description	FY 2019/2020	FY 2018/2019
	Kshs	Kshs
Goods	-	-
Services	-	-
<b>Total</b>	-	-

*This may occur when goods such as vehicles, computers, medical equipment, food aid etc are contributed to a county by donors, NGO etc*

*N/B : Disclose the basis on which the value of goods and services were determined ( This may be by : depreciated historical cost of physical assets, price attached on the goods, an assessment of value by the management of transferor, recipient on Third Party, Fair value measurement.*

*e. Purpose and use of external assistance*

PAYMENTS MADE BY THIRD PARTIES		
Description	FY 2019/2020	FY 2018/2019
	Kshs	Kshs
Compensation of Employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to Other Government Units	-	-
Other grants and transfers	-	-
Social Security Benefits	-	-
Acquisition of Assets	-	-
Finance Costs, including Loan Interest	-	-
Repayment of principal on Domestic and Foreign borrowing	-	-
Other Payments	-	-
<b>TOTAL</b>	-	-

*N/B The above sub-classification will be adopted based on the purpose of the external assistance and how the external assistance was used.*

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*f. External Assistance paid by Third Parties on behalf of the Entity by Source*

*This relates to external assistance paid directly by third parties to settle obligations on behalf of the entity*

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
National government	-	-
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
<b>Total</b>	-	-

**5. PAYMENTS BY THIRD PARTY ON BEHALF OF THE COUNTY**

*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.*

*Classification by Source*

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
National government	-	-
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
<b>Total</b>	-	-

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*Classification of payments made by Third Parties by Nature of expenses*

<b>PAYMENTS MADE BY THIRD PARTIES</b>	<b>FY 2019/2020</b>	<b>FY 2018/2019</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Compensation of Employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to Other Government Units	-	-
Other grants and transfers	-	-
Social Security Benefits	-	-
Acquisition of Assets	-	-
Finance Costs, including Loan Interest	-	-
Other Payments	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

**6. 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.

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**Related party transactions:**

	2018- 2019	2019- 2020
	Kshs	Kshs
<b>Compensation to Key Management</b>		
Compensation to the Speaker, Deputy Speaker and the MCAs	-	-
Key Management Compensation (Clerk and Heads of departments)	-	-
<b>Total Compensation to Key Management</b>	-	-
<b>Transfers to related parties</b>		
Transfers to other County Government Entities such as car and mortgage schemes	-	-
Transfers to County Corporations	-	-
Transfers to non reporting entities e.g ECD centres, welfare centres etc	-	-
<b>Total Transfers to related parties</b>	-	-
<b>Transfers from related parties</b>		
Transfers from the County Executive- Exchequer	-	-
Payments made on behalf of the County Assembly by other Government Agencies	-	-
(Insert any other transfers received)	-	-
<b>Total Transfers from related parties</b>	-	-

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**8. PROGRESS ON FOLLOW ON PRIOR YEAR AUDITOR'S RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	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	Unexplained variance in the statements of receipts and payments, Expenditure controlled outside IFMIS	There are payments that could not be paid through IFMIS because payees are not mapped and hence the system could not recognise them. e.g landlords/landladies who are owners of ward offices.	County Assembly Service Board	Resolved	FY 20/21
1.1	Unexplained increase in budgetary allocation	Under the program based budgets, current year allocations are not dependent on previous allocations but on programs and activities earmarked for implementation.	Charles Nyaga-Senior Fiscal Analyst	Resolved	

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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)
1.2	Budgeted programmes totalling kshs 164,311,980 were not implemented	The assembly made requisitions for funds from the county treasury including the unremitted amounts with an intention to implement all the budgeted programmes. This was curtailed down due to under funding by the County Treasury.	Senior Accountant	Resolved	
2.0	County Assembly had not passed a regulation to be applied in the management of ward operation fund.	County Assembly is in the process of passing a regulation which is to be applied in the management of the ward operations fund.	County Assembly Service Board	Resolved	
6.2	The purpose of recruiting messengers for nominated members of County Assembly and yet they do not have offices.	The County Assembly has terminated the contract of messengers for nominated members of assembly.	County Assembly Service Board	Resolved	
3.0	Management did not explain why the County Assembly delayed payments to the contractor resulting to the interest charges	The interests due to delayed payment was as a result of the stoppage of construction on 17 <sup>th</sup> june, 2015 through a court order and the Assembly could not pay since the case had not been determined.	County Assembly Service Board	Resolved	

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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)
	and the reason for the stoppage of work that resulted to the claim on related losses.				
4.0	The propriety of the accommodation and transport allowances cannot be confirmed	The imprest warrants were issued to support the transport payments and have duly been surrendered. On accommodation, attendance registers and back to office report have been provided for verification	Senior Accountant	Resolved	
5.0	Unsupported payments to the County Assembly Forum	The acknowledgement receipt to proof payment is available for verification	Senior Accountant	Resolved	
6.1	Assembly did not have an approved staff establishment that would show the positions of employment in the Assembly.	An approved staff establishment is now available.	County Assembly Service Board	Resolved	

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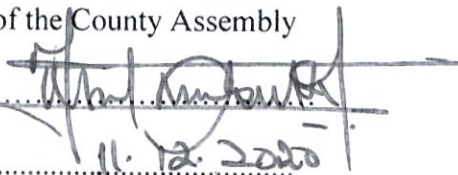
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*Guidance Notes:*

- (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 entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

Clerk of the County Assembly

Sign.....



Date.....

11.12.2020

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**ANNEXES**

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

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Cor en
	A	b	c	d=a-c		
<b>Construction of buildings</b>						
1. Centurion Builders & const. ltd					8,001,159	
2. Tectonics International					700,109	
3.						
<b>Sub-Total</b>					<b>8,701,268</b>	
<b>Construction of civil works</b>						
4.						
5.						
6.						
<b>Sub-Total</b>						
<b>Supply of goods</b>						
7. New Tonner Carriage	1,200,000	25.06.2020	0	1,200,000		
8. Kicotec	9,205,000	8.06.2020	7,595,000	1,610,000		
9. Mulleys supermarket	835,500	17.06.2020	0	835,500		
<b>Sub-Total</b>	<b>11,240,500</b>		<b>7,595,000</b>	<b>3,645,500</b>		
<b>Supply of services</b>						
10.						
11.						
12.						
<b>Sub-Total</b>						
<b>Grand Total</b>	<b>11,240,500</b>		<b>7,595,000</b>	<b>3,645,500</b>	<b>8,701,268</b>	

**ANNEX 2 – ANALYSIS OF PENDING STAFF PAYABLES**

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Comments
		A	b	c	d=a-c		
1.							
2.							
3.							
4.							
5.							
6.							

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<b>Name of Staff</b>	<b>Job Group</b>	<b>Original Amount</b>	<b>Date Payable Contracted</b>	<b>Amount Paid To-Date</b>	<b>Outstanding Balance 2019/20</b>	<b>Outstanding Balance 2018/19</b>	<b>Comments</b>
7.							
8.							
9.							
10.							
11.							
12.							
<b>Sub-Total</b>							
<b>Grand Total</b>							

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**ANNEX 3 – ANALYSIS OF OTHER PENDING PAYABLES**

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Comments
		a	b	c	d=a-c		
<b>Amounts due to National Govt Entities</b>							
1.							
2.							
3.							
<b>Sub-Total</b>							
<b>Amounts due to County Govt Entities</b>							
4.							
5.							
6.							
<b>Sub-Total</b>							
<b>Amounts due to Third Parties</b>							
7.							
8.							
9.							
<b>Sub-Total</b>							
<b>Others (specify)</b>							
10.							
<b>Sub-Total</b>							
<b>Grand Total</b>							

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**ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER**

<b>Asset class</b>	<b>Historical Cost b/f (KShs) 2018/19</b>	<b>Additions during the year (KShs)</b>	<b>Disposals during the year (KShs)</b>	<b>Transfers in/(out)</b>	<b>Historical Cost c/f (KShs) 2019/20</b>
Land	-	-	-	-	-
Buildings and structures	505,705,737	20,405,199	-	-	526,110,936
Transport equipment	32,386,889	-	-	-	32,386,889
Office equipment, furniture and fittings	20,262,596	5,673,010	-	-	25,935,606
ICT Equipment	14,687,202	2,174,200	-	-	16,861,402
Machinery and Equipment	2,854,251	1,282,253	-	-	4,136,504
Biological assets	-	-	-	-	
Infrastructure Assets	-	-	-	-	
Heritage and cultural assets	-	-	-	-	
Intangible assets	-	-	-	-	
Work In Progress	-	-	-	-	
<b>Total</b>	<b>575,896,675</b>	<b>29,534,662</b>	<b>-</b>	<b>-</b>	<b>605,431,337</b>

*NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the County Assembly since its inception. Additions during the year should tie to note 10 on acquisition of assets during the year and subsequently the statement of receipts and payments*

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**Imprest Register**

	Staff name	Staff Personal number	Department	Imprest warrant No.	Date of issue	Expected date of surrender	Actual date of surrender	Number of days outstanding	Currency	Imprest Amount Kshs	Amount surrendered Kshs	Balance Kshs	Remarks
1													
2													
3													
4													
5													
6													
7													
8													
9													
10													
11													
12													

Prepared by

\_\_\_\_\_  
*Name*                      *Designation*                      *Date*

Checked by:

\_\_\_\_\_  
*Name*                      *Designation*                      *Date*

**COUNTY ASSEMBLY OF KITUI**  
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**ANNEX 5 – ANALYSIS OF OUTSTANDING IMPRESTS**

*Government Imprest Holders*

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>KShs</i>	<i>KShs</i>	<i>KShs</i>
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<b>Total</b>				-

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ANNEX 6 - CONTINGENT LIABILITIES REGISTER

	Nature of contingent liability	Payable to	Currency	Estimated Amount Kshs	Expected date of payment	Remarks
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						

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**ANNEX 7 – BANK RECONCILIATION/FO 30 REPORT**

*(Attach FO 30 Reports from IFMIS)*