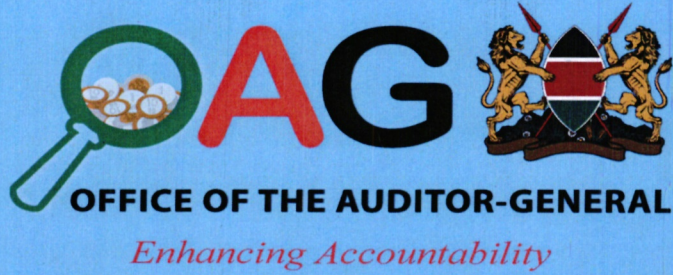


REPUBLIC OF KENYA



PAPERS LAID	
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CLERK AT THE TABLE	Mr Innocent MBAYA

REPORT

PARLIAMENT
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OF

THE AUDITOR-GENERAL

ON

**COUNTY ASSEMBLY OF
MANDERA**

**FOR THE YEAR ENDED
30 JUNE, 2022**



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**COUNTY ASSEMBLY OF MANDERA
(MANDERA COUNTY)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2022**

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

Mandera County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Mandera County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

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Mandera County Assembly
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1. Key Entity Information and Management

(a) Background information

The County Assembly of Mandera is constituted as per the constitution of Kenya is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The County Assembly constitutes Forty-Eight (48) 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 Mandera County Assembly's day-to-day management is under the following key organs:

No.	Designation	Name
1.	Speaker of the County Assembly	Hon. Mohamed Adan Khalif
2.	Clerk of the County Assembly	Mr. Ahmed Hassan Surow
3.	Head of Department - Finance	Mr. Mohamed Hussein Kahia
4.	Head of Department - clerks	Mr. Hassan Abdullahi Abdikadir

(c) Fiduciary Management

The key management personnel who held office during the year ended 30th June 2022 and who had direct fiduciary responsibility were:

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

Mandera County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Key Entity Information and Management (Continued)

(d) Fiduciary Oversight Arrangements

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

(e) Entity Headquarters

P.O. Box 408 - 70300

Mandera County Assembly

Mandera BP1 Road

MANDERA, KENYA

(f) Entity Contacts

Telephone: (254) 723 577 006

E-mail: manderaassembly.go.ke

Website: www.manderaassembly.go.ke

(g) Entity Bankers

1. Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

NAIROBI, KENYA

Mandera County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

2. Other Commercial Banks
Kenya Commercial Bank
P.O. Box 275 – 70300
Mandera Branch
Mandera, Kenya.

Equity Bank Kenya Limited
P.O Box
Mandera Branch
Mandera, Kenya

(h) Independent Auditor

Auditor General
Office of The Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
NAIROBI, KENYA

(i) Principal Legal Adviser

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

Mandera County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

2. Foreword by the Clerk of the Assembly

It is my pleasure to present the Financial Statement of the County Assembly of Mandera for the year ended 30th June 2022. The financial statement presents the financial performance of the County Assembly over the financial year under review.

2.1 Budget performance

The County Assembly of Mandera had an approved budget of Ksh 1,083,301,739. During the financial year 2021-2022, a total of ksh 849,173,172 was received as an exchequer transfer from County treasury to finance the County Assembly's budget. The exchequer releases comprises of both Recurrent and Development expenditure. Out of the exchequer released, ksh 807,194,892 was for recurrent expenditure against a budget of ksh 911,048,184 representing an absorption rate of 89 %. The remaining amount of ksh 41,978,280 was for Development expenditure against a budget of ksh 172,253,555. This represent an absorption rate of 24 %. The overall budget absorption rate for the county assembly is 78%.

2.2 Operational Performance

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

Three were on budget (The Mandera County Appropriation Bill 2021, Mandera County Supplementary Appropriations Bill 2022 and Mandera County Appropriations Bill 2022) and the three policies were also on Budget (Annual development Plan 2022-2023, County Budget review outlook paper 2021 and County Fiscal strategy paper 2022)

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

In addition, three other bills were also passed namely, The Mandera County Finance Bill, 2021, The Mandera County Flag and Symbols Bill, 2021, The Mandera County Resort Hotel Bill, 2021.

Mandera County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

The County Budget and the supplementary was passed on:

S/NO	BILL TITLE	COMMITTEE RESPONSIBLE	DATE PASSED
1.	The Mandera County Appropriation Bill 2021	Budget and appropriation committee	14/07/2021
2.	Mandera County Supplementary Appropriations Bill 2022	Budget and Appropriations Committee	16/02/2022
3.	Mandera County Appropriations Bill 2022	Budget and Appropriations Committee	15/06/2022

Names of Committees in Mandera County Assembly

- i. Committee on Appointments
- ii. Liaison Committee
- iii. County Assembly Procedure and Rules Committee
- iv. County Assembly Powers and Privilege Committee
- v. County Assembly Business Committee
- vi. Committee on Implementation
- vii. County Budget and Appropriations Committee
- viii. Committee on Selection
- ix. Committee on Delegated Legislation
- x. Justice and Legal Affairs Committee
- xi. County Assembly Peace and security Committee
- xii. Public Accounts and Investments Committee
- xiii. Health Services
- xiv. Transport and Public Works
- xv. Agriculture, Livestock and Fisheries
- xvi. Trade, Investment, Industrialization and Cooperative Development
- xvii. Lands and Physical Planning
- xviii. Gender and Social Services
- xix. Public Service, Conflict Management, Cohesion, Integration and Devolved Units
- xx. Education, Sports and Culture
- xxi. Finance and Economic Planning

Mandera County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

- xxii. Water, Energy, Environment and Natural Resources
- xxiii. Adhoc Committee on COVID-19

General Mandates of County Assembly Committees

- i. Oversight on the Executive
- ii. Initiating legislative proposals
- iii. Scrutiny of legislative proposals and Bills
- iv. Conducting investigations and reporting to the plenary for action
- v. Reviewing and approving the budget and expenditure
- vi. Housekeeping, including orderly management of the business of the House
- vii. Investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned departments
- viii. Study the programme and policy objectives of County Departments and the effectiveness of the implementation.
- ix. Study and review all County legislation referred to it.
- x. Study, assess and analyse the relative success of the County Departments as measured by the results obtained as compared with their stated objectives
- xi. Investigate and inquire into all matters relating to the assigned County Departments as they may deem necessary, and as may be referred to them by the Assembly
- xii. To vet and report on appointments where the Constitution or any law requires the Assembly to approve.
- xiii. Make reports and recommendations to the Assembly as often as possible, including recommendation of proposed management of Committees

Mandera County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Success of the Committee over the period

- i. Six Bills were enacted and published in Kenya Gazette
- ii. Three policy papers were processed
- iii. Fourteen reports on oversight were tabled by various committees and adopted by the County Assembly
- iv. Public participation was done in two levels in the County both for the general public and organized groups and civil society.
- v. The budget process encompassed all stakeholders including the general public, marginalized groups, civil society, organized groups and all interested parties.
- vi. Field project visits were done by various committee on projects undertaken by the County Executive
- vii. CECMs of County Departments invited to the County Assembly and properly engaged.
- viii. Members sought 37 statements from the County Executive which were responded to.
- ix. During the period 49 Motions were passed of which five were substantive

2.3 Performance of key development projects

During the Financial year 2021-2022, Mandera County Assembly undertook capital projects whose end result would impact on services delivery by the County Assembly to the residence of Mandera County and beyond.

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

2.4 Comment on value-for-money achievements

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

Mandera County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

2.5 Challenges and Recommended Way Forward

Some of the major challenges faced by the Mandera County Assembly during the Financial Year 2021-2022 includes but not limited to;

- Effects of COVID-19 as Assembly activities were partially paralysed due to effect of pandemic and restrictions.
- Delays in Exchequer releases thus hampering efficiency and effectiveness of activities work plan
- Unreliable internet connectivity to access IFMIS and Internet Banking

RECOMMENDATIONS

- Improved internet connectivity through reliable networks
- Early disbursement of resources to County Government and County Assemblies
- Economic uplift from effects of COVID-19



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Name: Ahmed Hassan Surow

Clerk of the County Assembly

**Mandera County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022**

3. Statement of Performance against County Assembly Predetermined Objectives

Guidance

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 entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the County Assembly's performance against predetermined objectives.

The key mandate of the County Assembly of Mandera is legislation, oversight, and representation. To achieve this, the Assembly's program was document in terms of objective, key performance indicators, and output. Below were the expected outputs of the Assembly in FY 2021/2022

Program 1	Objective	Outcome	Indicator	Performance
Legislation, oversight and representation	Enhanced capacity building of MCAs – Provide ongoing capacity building of MCAs	Increased ability of MCA in legislation	The County Assembly	In FY 2021/2022 MCA were trained on Legislation, oversight role and other necessary trainings.
	Enhanced capacity building of MCAs – Review standing orders	Review standing orders	increase in efficient Assembly operation	Various numbers of standing orders were reviewed and resulted to great achievement

4. Corporate Social Responsibility Statement/Sustainability Reporting

Mandera County Assembly exists to transform lives. This is our purpose: the driving force behind everything we do. It is what guides us to deliver our strategy, which is founded on Sustainable strategy, environmental performance, employee welfare, marketplace practices and community engagement pillars; putting the citizen first, delivering relevant services and improving operational excellence. Below is a brief highlight of our achievement in each pillar.

a) Sustainability strategy and profile -

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

- Legislative Services
- Committee Services
- Staff Management and development
- Physical infrastructure development
- Financial Resource Management
- Application of ICT's
- Strategic Partnerships to service delivery (including development partners)

b) Environmental performance

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

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

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

Mandera County Assembly

Annual Report and Financial Statements For the year ended 30th June 2022

c) Employee welfare

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

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

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

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

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

d) Market place practices-

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

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

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

e) Community Engagements-

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

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 of Mandera is responsible for the preparation and presentation of the Mandera 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, 2022. 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, 2022, 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

Mandera County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

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 28th September 2022.

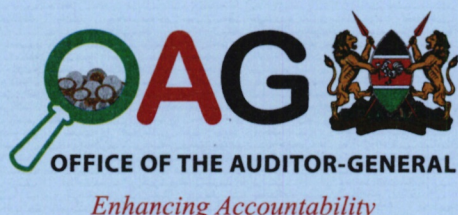


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Name: Ahmed Hassan Surow
Clerk of the County Assembly

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF MANDERA FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the County Assembly of Mandera set out on pages 1 to 31, which comprise the statement of financial assets and liabilities as at 30 June, 2022 and the statement of receipts and payments, statement of cash flows and

Report of the Auditor General on County Assembly of Mandera for the year ended 30 June, 2022

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

In my opinion, except for the 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 Mandera as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) and comply with the County Government Act, 2012 and Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Personal Allowance Paid as Part of Salary

The statement of receipts and payments reflects compensation of employees expenditure of Kshs.476,006,797, which as disclosed in Note 2 to the financial statements, includes personal allowances paid as part of salary amount of Kshs.279,379,360. Review of documents and records relating to the latter amount revealed the following audit issues:

1.1 Transfer to Mandera County Assembly Car Loan and Mortgage Scheme

The personal allowances paid as part of salary amount of Kshs.279,379,360 includes Kshs.100,000,000 transferred to Mandera County Assembly Car Loan and Mortgage Scheme on 31 August, 2021. However, the latter amount was not captured in the Scheme's financial statements.

In the circumstance, the completeness of the transfer of Kshs.100,000,000 to the Scheme could not be confirmed.

1.2 Car Grant to the County Assembly Speaker

The amount of Kshs.100,000,000 was subsequently paid to the Members of County Assembly (MCAs) and the Speaker of the County Assembly as car grants. However, examination of payment vouchers and bank payment schedule for car grants revealed that the Speaker was paid Kshs.4,000,000, contrary to the Directive of the Council of Governors Reference Number COG/6/1/1A Vol.2 (63) dated 10 February, 2021, which recommends a car grant of Kshs.2,000,000 for the speaker of a county assembly.

In the circumstances, the regularity, propriety and value for money of the overpayment of Kshs.2,000,000 could not be confirmed.

1.3 Payment of Interest and Penalties on Income Tax Remitted Late

The car grants of Kshs.100,000,000 were transferred to the beneficiaries without deducting income tax amounting to Kshs.30,000,000 through Pay As You Earn (PAYE) and remitting the same to the Kenya Revenue Authority (KRA) as required by Section 37(1) of the Income Tax Act. Thereafter, the Assembly entered into an agreement with the beneficiaries to deduct the taxes from their monthly emoluments during their remaining elective period. As a result, KRA charged the Assembly interests and penalties amounting to Kshs.3,371,940 due to late remittance of income tax.

In the circumstances, value for money of the expenditure of Kshs.3,371,940 could not be confirmed.

2.0 Use of Goods and Services

The statement of receipts and payments, and as disclosed in Note 3 to the financial statements, reflects use of goods and services expenditure of Kshs.290,105,150. However, audit of this amount revealed the following unsatisfactory matters:

2.1 Misclassification of Outstanding Imprests Issued for Foreign Travel

The use of goods and services expenditure of Kshs.290,105,150 includes foreign travel and subsistence amount of Kshs.22,000,000 out of which, Kshs.6,841,432 was paid as imprests to members of staff to cater for foreign travel costs while attending a training in Turkey. The training took place between 16 and 23 August, 2022. Subsequently, the imprests were surrendered in the financial year ending on 30 June, 2023. Therefore, the treatment of the outstanding imprests of Kshs.6,841,432 as expenditure for the year under review was contrary to the prescribed International Public Sector Accounting Standards (Cash Basis) financial reporting template provided by the Public Sector Accounting Standards Board, which requires imprests not yet surrendered or accounted for as at the close of the financial year to be reflected under financial assets in the statement of financial assets and liabilities.

In the circumstances, the accuracy and completeness of the foreign travel and subsistence amount of Kshs.22,000,000 and statement of financial assets and liabilities could not be confirmed.

2.2 Unsupported Security Allowances

The use of goods and services balance of Kshs.290,105,150 also includes domestic travel and subsistence amount of Kshs.64,889,045 out of which, Kshs.1,986,750 was in respect of security allowances paid to police officers guarding the County Assembly premises. However, the agreement between the National Police Service and the County Assembly providing the basis for the rates used for payment of the allowances was not provided for audit.

In the circumstances, the accuracy, completeness and validity of the expenditure of Kshs.1,986,750 could not be confirmed.

3.0 Inaccuracies and Omissions in the Statement of Comparison of Budget and Actual Amounts

Review of the statement of comparison of budget and actual amounts: recurrent and development revealed the following anomalies:

- i. The statement reflects % utilization difference amounts which are in fact % utilization amounts.
- ii. Further, no explanations were provided in the footnotes for the underutilizations of 22%, 15% and 71% against exchequer releases, compensation of employees and acquisition of assets respectively, contrary to the prescribed reporting template, which requires underutilizations of more than 10% to be explained.
- iii. Similarly, no explanations were provided for the changes between the original budget and final budget in respect of compensation of employees, use of goods and services, social security benefits and acquisition of assets as required by the template.

Therefore, Management contravened Section 164(1) of the Public Finance Management (County Governments) Regulations, 2022 which requires accounting officers of county government entities to prepare financial statements in formats that comply with the relevant accounting standards prescribed and published by the Accounting Standards Board.

In the circumstances, the accuracy and completeness of the statement of comparison of budget and actual amounts: recurrent and development could not be confirmed. Also, Management was in breach of the law.

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

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

1.0 Budgetary Control and Performance

The statement of comparison of budget and actual amounts: recurrent and development shows that the Assembly had budgeted to receive Kshs.1,083,301,739 but actually received

Kshs.849,173,172, resulting in underfunding of Kshs.234,128,567 (or 22% of budget). Similarly, the Assembly spent Kshs.849,171,848 against an approved budget of Kshs.1,083,301,739, resulting in under-expenditure of Kshs.234,129,891 (or 22% of the budget).

The underfunding and under-expenditure may affect and delay planned projects and activities, hence impacting negatively on performance of the Assembly.

2.0 Late Exchequer Releases

During the year under review, the Assembly received exchequer releases totalling to Kshs.849,173,172 from the County Treasury. However, included in this amount are late disbursements totalling to Kshs.229,993,078 received in the month of June, 2022 as detailed below:

Vote	Date	Reference	Amount (Kshs)
Recurrent	30 June, 2022	FT221819HY0C	7,488,280
Recurrent	30 June, 2022	FT22181N6PLT	49,951,610
Recurrent	30 June, 2022	FT22181GD0VN	130,574,908
Development	30 June, 2022	FT2218142P0V	41,978,280
Total			229,993,078

This implies that 27% of total receipts were received towards the end of the financial year, thus negatively affecting implementation of budgeted programs and activities to the detriment of the citizens of Mandera County.

3.0 Unresolved Prior Year Matters

In the audit report for the previous year, several issues were raised under report on the financial statements and report on Lawfulness and Effectiveness in Use of Public Resources. However, Management had not resolve the issues as at 30 June, 2022 and no satisfactory reasons were given for the delay in solving the prior year's matters.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

4.0 Illegal Expenditure on Subscriptions

The statement of receipts and payments reflects use of goods and services expenditure of Kshs.290,105,150 which, as disclosed in Note 3 to the financial statements, includes other operating expenses amount of Kshs.41,934,295 out of which, Kshs.5,200,000 was paid to the County Assembly Forum (CAF) and Society of Clerks At The Table in Kenya (SOCATT(K)) as subscription fees. However, the payments lacked legal backing or supporting policy guidelines.

In the circumstance, the legality, validity and value for money of the expenditure of Kshs.5,200,000 could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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 governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit

report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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


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

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

- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

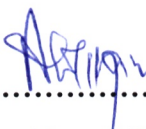
09 March, 2023

Mandera County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022


7. Statement of Receipts and Payments for the Year Ended 30th June 2022

		2021-2022	2020-2021
	Note	KShs	KShs
Receipts			
Exchequer releases	1	849,173,172	803,919,523
Total receipts		849,173,172	803,919,523
Payments			
Compensation of employees	2	476,006,797	449,895,719
Use of goods and services	3	290,105,150	206,584,246
Social security benefits	4	24,334,764	18,882,627
Acquisition of assets	5	58,720,587	128,208,190
Finance costs	6	4,550	3,794
Total payments		849,171,848	803,574,576
Surplus/deficit		1,324	344,947

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 28th September 2022 and signed by:



Name: Ahmed H. Surow
Clerk of the Assembly





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

**Mandera County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022**

8. Statement of Financial Assets and Liabilities as At 30th June 2022

		2021-2022	2020-2021
Financial assets	Note	Kshs	Kshs
Cash and cash equivalents			
Bank balances	7A	23,041,893	21,701,037
Total cash and cash equivalents		-	-
Total financial assets		23,041,893	21,701,037
Financial liabilities			
Third party deposits and retention	8	(23,040,569)	(21,356,090)
Net financial assets		1,324	344,947
Represented by			
Fund balance b/fwd	9	344,947	143,464
Prior year adjustment	10	(344,947)	(143,464)
Surplus/(deficit) for the year		1,324	344,947
Total Net Financial Assets and Liabilities		1,324	344,947

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 28th September 2022 and signed by:


.....  
Name: Ahmed H. Surow	Name: Mohamed H. Kahia
Clerk of the Assembly	Principal Finance Officer – County Assembly
	ICPAK Member Number: 20956

Mandera County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022


9. Statement of Cash Flows for the Period Ended 30th June 2022

		2021-2022	2020-2021
	Note	KShs	KShs
Cash flows from operating activities			
Receipts from operating income			
Exchequer releases	1	849,173,172	803,919,523
Payments for operating expenses			
Compensation of employees	2	(476,006,797)	(449,895,719)
Use of goods and services	3	(290,105,150)	(206,584,246)
Social security benefits	4	(24,334,764)	(18,882,627)
Finance costs	6	(4,550)	(3,794)
Adjusted for:			
Prior year adjustment	10	(344,947)	(143,464)
Increase/(decrease) in accounts payable:	11	1,684,479	10,172,691
Net cash flows from operating activities		60,061,443	138,582,364
Cashflow from investing activities			
Acquisition of assets	5	(58,720,587)	(128,208,190)
Net cash flows from investing activities		(58,720,587)	(128,208,190)
Net increase in cash and cash equivalents		1,340,856	10,374,174
Cash & cash equivalent at Start of the year	13	21,701,037	11,326,863
Cash & cash equivalent at end of the year	13	23,041,893	21,701,037

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 28th September 2022 and signed by:



Name: Ahmed H. Surow



Name: Mohamed H. Kahia

**Mandera County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022**



Clerk of the Assembly

**Principal Finance Officer – County
Assembly**

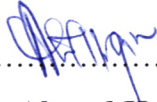
ICPAK Member Number: 20956

10. Statement of Comparison of Budget & Actual Amounts: Recurrent and Development

Receipt/expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization difference
	Kshs	Kshs	c=a+b	e=d-c	Kshs
Receipts					
Exchequer releases	1,083,301,739	-	1,083,301,739	849,173,172	78
Proceeds from sale of assets	-	-	-	-	-
Other receipts	-	-	-	-	-
Total	1,083,301,739	-	1,083,301,739	849,173,172	78
Payments					
Compensation of employees	573,084,773	(15,250,000)	557,834,773	476,006,797	85
Use of goods and services	277,005,000	21,250,000	298,255,000	290,105,150	97
Subsidies	-	-	-	-	-
Transfers to other government entities	-	-	-	-	-
Other grants and transfers	-	-	-	-	-
Social security benefits	20,647,046	5,000,000	25,647,046	24,334,764	95
Acquisition of assets	212,564,920	(11,000,000)	201,564,920	58,720,587	29
Finance costs	-	-	-	4,550	0
Other payments	-	-	-	-	-
Total	1,083,301,739	-	1,083,301,739	849,171,848	78
Surplus/ deficit	-	-	-	1,324	-

Mandera County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

The Mandera County Assembly financial statements were approved on 28th September 2022 and signed by:



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Name: Ahmed H. Surow

Clerk of the Assembly



.....
Name: Mohamed H. Kahia

Principal Finance Officer – County Assembly

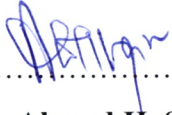
ICPAK Member Number: 20956

11. 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	
Receipts					
Exchequer releases	911,048,184	-	911,048,184	807,194,892	89
Proceeds from sale of assets	-	-	-	-	-
Other receipts	-	-	-	-	-
Total	911,048,184	-	911,048,184	807,194,892	89
Payments					
Compensation of employees	573,084,773	(15,250,000)	557,834,773	476,006,797	85
Use of goods and services	277,005,000	21,250,000	298,255,000	290,105,150	97
Subsidies	-	-	-	-	-
Transfers to other government entities	-	-	-	-	-
Other grants and transfers	-	-	-	-	-
Social security benefits	20,647,046	5,000,000	25,647,046	24,334,764	95
Acquisition of assets	40,311,365	(11,000,000)	29,311,365	16,742,307	57
Finance costs	-	-	-	4,550	0
Other payments	-	-	-	-	-
Total	911,048,184	-	911,048,184	807,193,568	89
Surplus/ deficit	-	-	-	1,324	-

Mandera County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

The Mandera County Assembly financial statements were approved on 28th September 2022 and signed by:



.....
Name: Ahmed H. Surow

Clerk of the Assembly



.....
Name: Mohamed H. Kahia

Principal Finance Officer – County Assembly


ICPAK Member Number: 20956

12. Statement of Comparison of Budget & Actual Amounts: Development

Receipt/expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization difference
	Kshs	Kshs	c=a+b	e=d-c	Kshs
Receipts					
Treasury/ exchequer releases	172,253,555	-	172,253,555	41,978,280	24
Proceeds from sale of assets	-	-	-	-	-
Other receipts	-	-	-	-	-
Total	172,253,555	-	172,253,555	41,978,280	24
Payments					
Compensation of employees	-	-	-	-	-
Use of goods and services	-	-	-	-	-
Subsidies	-	-	-	-	-
Transfers to other government entities	-	-	-	-	-
Other grants and transfers	-	-	-	-	-
Social security benefits	-	-	-	-	-
Acquisition of assets	172,253,555	-	172,253,555	41,978,280	24
Finance costs	-	-	-	-	-
Other payments	-	-	-	-	-
Total	172,253,555	-	172,253,555	41,978,280	24
Surplus/ deficit	-	-	-	-	-

Mandera County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

The Mandera County Assembly financial statements were approved on 28th September 2022 and signed by:



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



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

13. Budget Execution by Programmes and Sub-Programmes

Programme/Sub-Programme	Final Budget	Indicators	Outcomes	Actual on comparable basis	Budget utilization difference
	Kshs	%/ number	%/ number	Kshs	Kshs
0701003410 - Physical Infrastructure	172,253,555	-	-	41,978,280	130,275,275
0701013410 - County Assembly Administration offices	172,253,555	-	-	41,978,280	130,275,275
	-	-	-	-	-
0702003410 - Administration, planning and support services	911,048,184	-	-	807,193,568	103,854,616
0702033410 - Administration Services	911,048,184	-	-	807,193,568	103,854,616
Programme 2	-	-	-	-	-
Total	1,083,301,739	-	-	849,171,848	234,129,891

14. Significant Accounting Policies

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

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of accounting, as prescribed by the PSASB and set out in the accounting policy notes below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include 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 Mandera County Assembly, all values are rounded to the nearest Kenya Shilling.

The accounting policies adopted have been consistently applied to all the years presented.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

2. Reporting entity

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

3. Recognition of receipts and payments

a) Recognition of receipts

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

Significant Accounting Policies (Continued)

i) Transfers from the Exchequer/ County Treasury

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

ii) Other Receipts

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

b) Recognition of payments

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

i) Compensation of employees

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

ii) Use of goods and services

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

iii) Acquisition of fixed assets

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

Significant Accounting Policies (Continued)

4. In-kind contributions

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

5. Third Party Payments

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

6. Cash and cash equivalents

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

7. Restriction on cash

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

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits.

Significant Accounting Policies (Continued)

8. Imprests and Advances

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

9. Third party deposits and retention

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

10. Non-current assets

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

11. Pending bills

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

Significant Accounting Policies (Continued)

12. Contingent Liabilities

A contingent liability is:

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

Some of contingent liabilities may arise from: litigation in progress, guarantees, and indemnities. Letters of comfort/ support, insurance, Public Private Partnerships. The Assembly 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. There were no contingent liabilities in the year.

13. Contingent Assets

The Mandera County Assembly 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 Assembly in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

Significant Accounting Policies (Continued)

14. Budget

The budget is prepared on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The Mandera County Assembly's budget was approved as required by Law. The original budget was approved by the County Assembly on 14th July, 2021 for the period 1st July 2021 to 30 June 2022 as required by law. There was one number of supplementary budgets passed in the year. The supplementary budget was approved on 16/02/2022. A high-level assessment of the Mandera County 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.

15. Comparative figures

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

16. Subsequent events

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

17. Prior Period Adjustment

During the year, errors that have been corrected are disclosed under note 10 explaining the nature and amounts.

18. Related Party Transactions

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

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

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

Mandera County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

15. Notes to the Financial Statements

1. Exchequer Releases

	2021-2022	2020-2021
	Kshs	Kshs
Transfers from the county treasury for q1	157,557,808	0
Transfers from the county treasury for q2	251,782,723	278,067,221
Transfers from the county treasury for q3	109,815,357	130,569,553
Transfers from the county treasury for q4	330,017,284	395,282,749
Cumulative amount	849,173,172	803,919,523

Mandera County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Notes to the Financial Statements

2. Compensation Of Employees

	2021- 2022	2020- 2021
	Kshs	Kshs
Basic salaries of permanent employees	159,433,812	193,204,520
Basic wages of temporary employees	23,377,500	30,420,000
Personal allowances paid as part of salary	279,379,360	211,369,701
Personal allowances paid as reimbursements	2,580,000	3,604,000
Employer contribution to compulsory national social schemes	11,236,125	11,297,498
Total	476,006,797	449,895,719

Mandera County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Notes to the Financial Statements (Continued)

3. Use Of Goods And Services

	2021 - 2022	2020 - 2021
	Kshs	Kshs
Utilities, supplies and services	2,495,317	1,912,999
Communication, supplies and services	524,700	496,480
Domestic travel and subsistence	64,889,045	41,871,684
Foreign travel and subsistence	22,000,000	725,352
Printing, advertising and information supplies & services	12,355,352	9,365,744
Rentals of produced assets	21,075,000	14,115,000
Training expenses	25,146,699	20,183,454
Hospitality supplies and services	22,168,780	18,195,438
Insurance costs	51,620,155	39,620,155
Specialized materials and services	1,598,300	2,546,000
Office and general supplies and services	7,998,730	9,571,120
Fuel, oil and lubricants	4,699,000	3,400,000
Other operating expenses	41,934,295	37,473,550
Routine maintenance – vehicles and other transport equipment	4,499,988	3,998,190
Routine maintenance – other assets	7,099,789	3,109,080
Total	290,105,150	206,584,246

Mandera County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Notes to the Financial Statements (Continued)

4. Social Security Benefits

	2021 - 2022	2020-2021
	Kshs	Kshs
Government Pension and Retirement Benefits	24,334,764	18,882,627
Total	24,334,764	18,882,627

Mandera County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Notes to the Financial Statements (Continued)

5. Acquisition Of Assets

<u>Non- financial assets</u>	2021 - 2022	2020-2021
	Kshs	Kshs
Construction of buildings	0	104,482,512
Refurbishment of buildings	3,498,552	2,700,000
Construction and civil works	39,213,280	0
Purchase of office furniture and general equipment	7,333,755	9,353,289
Purchase of specialized plant, equipment and machinery	5,910,000	11,672,390
Purchase of certified seeds, breeding stock and live animals	2,765,000	0
Total acquisition of non- financial assets	58,720,587	128,208,190
Total acquisition of assets	58,720,587	128,208,190

Mandera County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Notes to the Financial Statements (Continued)

6. Finance Costs

	2021- 2022	2020 - 2021
	Kshs	Kshs
Bank charges	4,550	3,794
Total	4,550	3,794

This are bank charges from County Assembly Service Accounts at Kenya Commercial Bank.

Mandera County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022

Notes to the Financial Statements (Continued)

7. Cash and Bank Balances

7A. Bank Balances

Name Of Bank, Account Name & Currency	Account Number	Indicate whether Rec, Dev, Dep e.t.c	2021 - 2022	2020 - 2021
			Kshs	Kshs
Mandera County Assembly Development Account,Central bank of Kenya. 1000380508, ksh	1000380508	Development	0	0
Mandera County Assembly Reccurrent Account,Central bank of Kenya.1000240897, ksh	1000240897	Recurrent	1,324	311,097
Mandera county assembly Retention Account, Equity Bank Kenya Limited, 1000278516437. ksh	1000278516437	Deposit	23,040,569	21,356,090
Mandera county assembly service boad Account, Kenya Commercial Bank, Mandera Branch, 1143310691. ksh	1143310691	Commercial Bank	0	33,850
Total			23,041,893	21,701,037

Mandera County Assembly
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Notes to the Financial Statements (Continued)

8. Third Party Deposits and Advances

Description	2021 – 2022	2020 - 2021
	Kshs	Kshs
Retentions	23,040,569	21,356,090
Total	23,040,569	21,356,090

9. Fund Balance Brought Forward

Description	2021 - 2022	2020 - 2021
	Kshs	Kshs
Bank Accounts	21,701,037	11,326,863
Accounts Payables	(21,356,090)	(11,183,399)
Total	344,947	143,464

10. Prior Year Adjustments

Description	2021 - 2022	2020 - 2021
	Kshs	Kshs
Adjustments on Refund to CRF Account	1,324	344,947
Total	1,324	344,947

11. Changes in Third Party Deposits and Retention

Description	2021-2022	2020-2021
	Kshs	Kshs
Opening Accounts Payables As At 1 st July 2021	21,356,090	11,183,399
Closing Accounts Payables As At 30 th June 2022	23,040,569	21,356,090
Change In Accounts Payables	1,684,479	10,172,691

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Notes to the Financial Statements (Continued)

Other Disclosures

1. Pending Staff Payables (See Annex 1)

	Balance b/f FY 2020-2021	Additions for the period	Paid during the year	Balance c/f FY 2021-2022
Description	Kshs	Kshs	Kshs	Kshs
Others				
Compensation of employee		58,327,934		58,327,934
Members Mileage claims		30,051,711		30,051,711
Members Gratuity		1,283,183		1,283,183
Total		89,662,828		89,662,828

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2. Related Party Disclosures

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS.

The following comprise of related parties to the County Assembly:

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

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Related party transactions:

	2021- 2022	2020- 2021
	Kshs	Kshs
Compensation to Key Management		
Compensation to the Speaker, Deputy Speaker and the MCAs	180,993,994	188,762,256
Key Management Compensation (Clerk and Heads of departments)	61,133,993	40,835,636
Total Compensation to Key Management	242,127,987	229,597,892
<u>Transfers from related parties</u>		
Transfers from the County Executive- Exchequer	849,173,172	803,919,523
Total Transfers from related parties	849,173,172	803,919,523

**Mandera County Assembly
Annual Report and Financial Statements For the year ended 30th June 2022**

3. Progress on Follow on Prior Year Auditor’s Recommendations

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

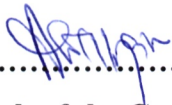
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
MDR/ASS/AUD/VOL.1/ II/ (2)	Late Exchequer Release	The County Assembly experiences delays in disbursement in-flows as you rightly observed. This is due to circumstances outside the controls of assembly and it’s the National treasury who advised that all funds committed in the system can be released up to mid July 2021.	Not Resolved	April 2023
	Irregular Payments of Mileage Allowances	<ul style="list-style-type: none"> The County Assembly of Mandera is in compliance with the ministry of public works guideline on claimable mileage for its members on the distance between the County Assembly and 	Not Resolved	April 2023

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>their respective wards and the ministry of public works file is hereby provided for the audit review.</p> <ul style="list-style-type: none"> Also the copies of logbooks and lease agreement for the vehicle used are hereby attached. 		
	<p>Unsupported Domestic Travel and Subsistence Allowances</p>	<ul style="list-style-type: none"> The payment schedules confirming receipt of the allowances by respective officers are hereby attached. The daily attendance registers confirming the number of days that each officer was paid is also attached for your review. Prior approval from the accounting officer to authorize the on official duty is also 	<p>Not Resolved</p>	<p>April 2023</p>

**Mandera County Assembly
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>attached for your audit review.</p> <ul style="list-style-type: none"> •The signed payment schedule to confirm receipt of the monies from the secretary to the audit committee members is hereby attached for your review. •Invitation for the 2 days sitting is attached. 		



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Clerk of the County Assembly

Date:28th September 2022

**Mandera County Assembly
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4. Annexes

Annex 1 – Analysis of Pending Staff Payables

Name of Staff	Job Group	Date Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance 2021-2022	Outstanding Balance 2020-2021	Comments
			a	b	c=a-b		
Others							
1.Compensation of employee			58,327,934		58,327,934		
2.Members Mileage claims			30,051,711		30,051,711		
3. Members Gratuity			1,283,183		1,283,183		
Sub-Total			89,691,927		89,691,927		
Grand Total			89,662,828		89,662,828		

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Annex 2 – Summary of Non-Current Asset Register

Asset class	Historical Cost b/f (KShs) 2020-2021	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out)	Historical Cost c/f (KShs) 2021-2022
Land					
Buildings and structures	296,041,812	45,476,832	0	0	341,518,644
Transport equipment	20,550,653	0	0	0	20,550,653
Office equipment, furniture and fittings	56,815,168	7,333,755	0	0	64,148,923
Ict equipment	18,654,025	0	0	0	18,654,025
Machinery and equipment	1,972,000	5,910,000	0	0	7,882,000
Intangible assets	3,615,000				3,615,000
Work in progress					
Total	397,648,658	58,720,587	0	0	456,369,244

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Annex 3 – Bank Reconciliation/FO 30 Report