

REPUBLIC OF KENYA



*Enhancing Accountability*

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**REPORT**

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**OF**

**THE AUDITOR-GENERAL**

**ON**

**COUNCIL OF GOVERNORS**

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





OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
**REGISTRY**

- 6 MAY 2021

**RECEIVED**

**COUNCIL OF GOVERNORS**

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**COUNCIL OF GOVERNORS**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING**

**30 JUNE 2020**

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

**Council of Governors**  
**Annual Reports and Financial Statements**  
**For the year ended 30 June 2020**

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## **KEY ENTITY INFORMATION AND MANAGEMENT**

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

The Council of Governors was established under section 19 of the Intergovernmental Relations Act (2012) with the mandate to provide a mechanism for consultation amongst county governments, share information on performance of the counties in execution of their functions, facilitate capacity building for governors and consider reports from other intergovernmental forums on national and county interests amongst other functions. The Council of Governors has a governing body as provided for under Section 19 of the Intergovernmental Act consisting of the Chairman, Deputy Chairman, co-opted the position of whip and Eighteen Committees.

### **(b) Principal Activities**

The Council provides a forum for;

- i) Consultation amongst County Governments;
- ii) Sharing of information on the performance of the counties in the execution of their functions with the objective of learning and promotion of best practices and where necessary, initiating preventive or corrective action;
- iii) Considering matters of common interest to County Governments;
- iv) Dispute resolution between counties within the framework provided under this Act
- v) Facilitating capacity building for governors;
- vi) Receiving reports and monitoring the implementation of inter-county agreements on inter-county projects; 12. Council of Governors Strategic Plan 2017-2022 13. Council of Governors Strategic Plan 2017-2022
- vii) Consideration of matters referred to the Council by members of the public;
- viii) Consideration of reports from other intergovernmental forums on matters affecting National and County interests or relating to the performance of counties; and
- ix) Performing any other function as may be conferred on it by this Act or any other Legislation or that it may consider necessary or appropriate.

### **(c) Key Management**

The entity's day-to-day management is under the Accounting Officer who is the Chief Executive Officer.

### **(d) Fiduciary Management**

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

**KEY ENTITY INFORMATION AND MANAGEMENT (Continued)**

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Chief Executive Officer	<b>Jacqueline Mogeni, MBS</b>
2.	Head of Finance	<b>Joyce Chepkoech</b>
3.	Head of Procurement	<b>James Kamau</b>
4.	Head of Legal	<b>Rosemary Njaramba</b>
5.	Head of Human Resource	<b>Caroline Odandi</b>

**(e) Fiduciary Oversight Arrangements**

**Audit and finance committee activities**

During the period under review, the Committee comprised of the following members;

- i. Ms. Catherine Omasete
- ii. Mr. Peter Saigilu
- iii. Ms. Tabitha Mwangi
- iv. Mr. Daniel Rucha
- v. Mr. Patrick Owiti

Their terms of reference include;

**1) Financial Statements:**

Review the Council's interim and annual financial statements.

**2) Variances:**

Obtain explanations from management for significant variances between comparative reporting periods and question management regarding any significant financial reporting issues raised during the fiscal period and the method of resolution.

**3) Internal Controls:**

Inquire as to the adequacy of the organisation's system of internal controls and review periodic reports from management regarding internal controls, which should include an assessment of risk with respect to financial reporting.

**4) Auditor:**

Non-audit Services: Approve all audit and non-audit services to be provided to the Council by the independent auditor. The Chair of the Committee may pre-approve such services on behalf of the Committee provided that such approvals are presented at the Committee meeting following such pre-approval. In order to obtain pre-approval, management should detail the work to be performed by the independent auditor and obtain the assurance from the independent auditor that the proposed work will not impair their independence.

**KEY ENTITY INFORMATION AND MANAGEMENT (Continued)**

**(f) Entity Headquarters**

P.O. Box 4040-00100  
Delta House - Westlands  
Waiyaki way  
Nairobi, KENYA

**(g) Entity Contacts**

Telephone: (254) 20 221 4359  
E-mail: info@cog.go.ke  
Website: www.cog.go.ke

**(h) Entity Bankers**

Co-operative Bank of Kenya  
Parliament Road  
P.O. Box 5772-00200  
City Square 00200  
**Nairobi, Kenya**

Kenya Commercial Bank Ltd  
Sarit Centre Branch  
P.O. Box 48400-00100  
**Nairobi, Kenya**





National Bank of Kenya  
Westlands Branch  
P.O. Box 1613-00606  
**Nairobi, Kenya**

Housing Finance Corporation  
P.O Box 73340-00200  
Gill House Branch  
**Nairobi, Kenya.**





**(i) Independent Auditor**

Auditor-General  
Anniversary Towers, University Way  
P.O. Box 30084-00100  
**Nairobi, Kenya**

**EXECUTIVE COUNCIL OF GOVERNORS MEMBERS**

 <p><b>H. E Hon. Dr. FCPA Wycliffe Ambetsa</b> <b>Oparanya, EGH, CGJ</b></p>	<p>Chairman Council of Governors, Governor Kakamega County</p>
 <p><b>H.E Mwangi Wa Iria</b></p>	<p>Vice Chairman Council of Governors, Governor, Muranga County.</p>
 <p><b>H.E Prof. Kivutha Kibwana, EGH</b></p>	<p>Whip Council of Governors, Governor, Makueni County.</p>
 <p><b>Jacqueline Mogeni, MBS</b></p>	<p>Chief Executive Officer</p>

**MANAGEMENT TEAM**

 <p>Jacqueline Mogeni, MBS</p>	<p>The Chief Executive Officer (CEO) is responsible for the day-to-day management of the Council of Governors affairs in accordance with the law, implementation of Council's resolutions and promote the public sector values to directors and employees.</p>
 <p>Rosemary Njaramba</p>	<p>The Head of Legal advice the executives and employees on changes to the laws affecting the Council, ensure law compliance of staff member and oversee lawsuits affecting the Council.</p>
 <p>Joyce Chepkoech</p>	<p>Prepare Annual financial statements, Quarterly and monthly Financial Positions and Management Accounts to the Management and the Council alongside with analysis, interpretations and suggestions for decision-making.</p>
 <p>Caroline Odandi</p>	<p>The Head of Human Resource oversees all aspects of human resource planning, organizing and management in line with industrial relations policies, practices and operations for the Council.</p>



James Kamau

The Head of Procurement oversee procurement system and data strategy of the Council and ensure the institution achieve value for money

## CHAIRMAN STATEMENT



This report has been prepared in compliance with statutory obligations of the Intergovernmental Relations (IGRA) Act 2012, which establishes the Council of Governors. The mandate of the Council of Governors is anchored in section 20 of the Act. I would like to congratulate my peers for their continuous efforts in driving the agenda of devolution forward and relentlessly fighting to ensure devolution to work. In the period under review, we have achieved a number of successes in the various devolved functions. However, we are cognizant of the fact that the COVID-19 pandemic has brought a lot of challenges that have hampered the implementation of County Governments' planned projects and programmes in the last two quarters of the 2019/20 financial.

The financial year 2019/2020 marks the third year of implementation since the election of the second generation of County Governors. The Council has continued to achieve its mandate despite the challenges. Among the key achievements of the year 2019/2020 are;

- ❖ The Council of Governors established a COVID-19 Secretariat to support Counties coordinate COVID-19 emergency response and management initiatives; document and share emerging knowledge and best practices. I would like to thank all the Development Partners who deployed staff to the COVID 19 secretariat and without following any order of preference I would like to mention, UNDP, World Bank, Thinkwell, USAID-WASH-FIN, UN Women, UNFPA, WHO, UNICEF, WFP and the County Government of Kisii.
- ❖ In agriculture, the sector experienced a modest increase in production of rice, wheat and significantly improved production of drought resistant crops such as sorghum and millet as illustrated in the Economic Survey 2020 amidst the drought experienced during the first half of the year, followed by heavy rainfall in the second half of the year which led to reduced production of certain crops and increase in prices of key food crops as a result of short rains. Further, County Governments have continuously put in place measures and initiatives that have significantly contributed to the success experienced in the sector in the past one year
- ❖ Under the Urban sector, all the 47 County Governments have been sensitized on the Geographic Information System (GIS) guidelines. This will assist Counties in the implementation of County spatial plans.
- ❖ Through the Ford Foundation project, select Counties have in the last one year rolled out activities on gender responsive budgeting, advocacy, inclusion and social accountability.

This has benefitted a total of 165 women, youth and PWDs. Further, Counties have developed Community Score Cards based on the social audit findings which can be accessed from the Council of Governors website on the Maarifa Centre platform.

- ❖ The Council further through engagements at the Summit level approved the Intergovernmental Alternative Dispute Resolution Regulations that will assist in resolution of intergovernmental disputes.

I would like to observe that the progress that Counties have registered in the year under review is attributed to; a stable political environment, increased engagement, consultation and collaboration between the two levels of government as envisaged under Article 6 of the Constitution. Further, I would like to appreciate the continued support and collaboration of development partners, private sector and civil society organizations which has attributed to the progress made by the Counties.

Further, I would like to commend the National Government, the Senate and the County Assemblies Forum for continued improved intergovernmental relations. The Council would achieve the above and more if it wasn't for the good working relationship. I would also like to recognize key institutions that have been instrumental in ensuring devolution works. The Commission on Revenue Allocation, The Office of the Controller of Budget, The Office of the Auditor General, Ministry of Devolution and ASAL and last but not least the Senate. Together, we expect to continue with the same spirit of engagement at all levels in addressing outstanding challenges in achieving the ideals of devolution.



Signed

**Chairman, Council of Governors**

## REPORT OF THE CHIEF EXECUTIVE OFFICER



The Council of Governors (CoG) continues to grow in an effort to fulfil its constitutional mandate for over the last six (6) years with institutional structures and enhanced capacity to carry out its mandate. The period under review (July 2019-June 2020) has been both challenging as well as productive for the Council of Governors.

The Financial Report provides an overview of the Financial Year 2019/2020 and also sets out key activities undertaken by the Council during the year of implementation. The progress report here is therefore, a culminating of efforts of many individuals and stakeholders who provided their expertise and capacity and support to the work of the Council of Governors.

During the year of reporting 2019/2020, the Council successfully played a role in promoting intergovernmental relations by establishing beneficial and strategic linkages between County Governments and National Government, Ministries, departments and agencies, and the private sector including civil society. Further, the Council managed to regularly bring together Governors to discuss issues of mutual interest and find consensus on the same. Through the committees the Council has been able to share best practises, promote cohesiveness amongst County Governments and address key service delivery concerns.

Some of the key achievements during the year include;

- Through the Ford Foundation support a total of 60 young people; 25 males, 21 females and 14 PWDs with hearing, visual and physical disabilities from Bomet, Nandi and Kitui Counties benefited from internship and mentorship programme. Further, the programme supported the social accountability training in the four (4) focus Counties and use of tools; social audits, development of community score cards and public hearings enhanced the engagement of citizens to express demand for public services and accountability from local service providers to improve service quality. The social auditors have adopted the specific projects they audited and will oversee their implementation until completion.
- The Council undertook social accountability training for staff and as a result COG established a Community of Practice (COP) with like-minded CSOs to share information and best practices in social accountability.

- The inter-county learning exchange program for women and youth to Makueni and Nandi Counties created opportunities to learn about unique and innovative systems and empowerment initiatives. Following the visits, Bomet County acquired a toll free number 0800720562 to be used in addressing grievances and providing feedback on County projects and expenditure. The number is currently being used as a hotline in response to COVID-19 pandemic. The Director in Charge of Persons with Disabilities in Kirinyaga County liaised with Kee Sisal Value Addition Weavers group in Makueni County to purchase sisal plants for economic empowerment purposes among PWDs.
- Working closely with a civil society organization represented a fundamental part of the democratic system in the County Governments by promoting transparency and accountability. Collaboration and partnership with the National Taxpayers Association supported the project in strengthening the institutional capacities of both the County officials and the community members on participatory budgeting and social accountability and played a particularly powerful role in the process as an enabler and constructive challenger.
- The adoption of gender and youth mainstreaming guidelines in budgeting processes and periodic assessments on the level of resource allocation to women and youth in the focus Counties will ensure continuous involvement of young people and women, including persons with disabilities (PWDs) in the planning, design, implementation, monitoring and evaluation of projects and policies that affect their lives. The guidelines will equip County officers with the necessary tools and skills to increase their overall efficiency in gender mainstreaming in programmes as well as incorporate gender perspectives in each phase of County project cycle to ensure sustainability of the intervention, support equitable growth, increased participation in budgeting processes and impact.
- In the same period, the Council obtained technical and financial support from institutions and development partners; UNDP, World Bank, National Government and County Governments leading to efficient coordination of Council of Governors activities.

The Council of Governors is committed to ensuring that it continues to undertake its mandate. The Council appreciates the support from all counties in ensuring the Council is functional and able to provide the much needed support to fulfill its legal mandate as elaborated in Section 20 of the Intergovernmental Relations Act.

Signed:



**Chief Executive Officer, Council of Governors**

## **CORPORATE GOVERNANCE STATEMENT**

The Legal Committee prepared for and coordinated fourteen (14) Council meetings in the FY 2019/2020. Of the twelve Council meetings, 5 were held in 2019 i.e. 26<sup>th</sup> July, 29<sup>th</sup> July, 19<sup>th</sup> September and 13<sup>th</sup> December 2019 while the other 9 meetings were held in 2020 i.e 20<sup>th</sup> January, 26<sup>th</sup> January 31<sup>st</sup> January, 14<sup>th</sup> April, 21<sup>st</sup> April, 5<sup>th</sup> May 14<sup>th</sup> May, 21<sup>st</sup> May and 24<sup>th</sup> June 2020. The meetings focused on key issues that affect the 47 County Governments including the issue of disbursement of funds and Division of Revenue.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Management submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the entity's affairs.

### **Principal activities**

The principal activities of the Council are;

1. To implement the decisions of the Council and the Committees;
2. To constantly share information with the Counties;
3. To process requests from Counties and offer policy advise where necessary;
4. To convene, in every quarter, County Executive Committee Members so that they develop positions on legislative and policy issues that affect County Governments;
5. To convene other officers such as Chief Officers, County Attorneys and Directors also for deliberation of matters affecting County Governments;
6. To coordinate capacity building initiatives for Governors, County Executive Committee Members, Chief Officers, County Attorneys, Chiefs of Staff, County Secretaries and other County officials;
7. To rigorously protect the interests of Counties at policy level by for instance participating in inter-agency meetings, committees and taskforces;
8. To ensure that County resources are safeguarded in all negotiations on upcoming projects;
9. To coordinate sectoral intergovernmental forums between the Counties and the National Government;
10. To receive and document best practice to promote learning between the Counties; and
11. To support and link with the office of the Deputy Governors.

### **Results**

The results of the entity for the year ended June 30, 2020 are set out on page 1 and 2

### **The Executive Council**

The members of the Executive Council who served during the year are shown on page v.

## **STATEMENT OF ENTITIES MANAGEMENT RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 require the Accounting Officer to prepare financial statements in respect of that *entity*, which give a true and fair view of the state of affairs of the *entity* at the end of the financial year/period and the operating results of the *entity* for that year/period. The Accounting Officer is also required to ensure that the *entity* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *entity*. The Accounting Officer is also responsible for safeguarding the assets of the *entity*.


The Accounting Officer is responsible for the preparation and presentation of the *entity's* financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial year (period) ended on 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 *entity*; (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 *entity*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer accept responsibility for the *entity's* financial statements, which have been prepared on Accrual Basis of accounting using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2020, and of the *entity's* financial position as at that date. The Accounting Officer further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity's* financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Accounting Officer to indicate that the *entity* will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The entity's financial statements were approved by the Council of Governors **Executive** on **28<sup>th</sup> August, 2020** and signed on its behalf by



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**Chairman Council of Governors**  
Date: 28/09/2020



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**Chief Executive Officer**  
Date: 28/09/2020

# REPUBLIC OF KENYA

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

## REPORT OF THE AUDITOR-GENERAL ON COUNCIL OF GOVERNORS 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 Council of Governors set out on pages 1 to 27, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, the statement of changes in net assets, the statement of cash flows and the 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 Council of Governors 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 (Accrual Basis) and comply with Intergovernmental Relations Act, 2012 and the Public Finance Management Act, 2012.

#### Basis for Qualified Opinion

##### 1.0 Unsupported Receivable Rent Balance

The statement of financial position and as disclosed in Note 15 to the financial statements reflects rent receivable balance of Kshs.52,859,743. The balance relates to rent due from various County Governments in respect of liaison offices. Management did not provide for audit lease agreements between the Council and the respective County Governments for review of basis for charging rent.

Under the circumstances, the accuracy, fair statement and recoverability of the rent receivable balance of Kshs.52,859,743 as at 30 June, 2020 could not be confirmed.

##### 2.0 Irregular Payment of Insurance

The statement of financial performance and as disclosed in Note 10 to the financial statements reflects an amount of Kshs.179,522,972 in respect of use of goods and

services. Included in this figure is Kshs.11,750,107 being insurance expenses. This amount includes a payment of Kshs.1,816,980 in relation to comprehensive insurance for vehicles registered in the name of Government of Kenya. This is contrary to Section 4(3) of the Insurance (Motor Vehicles Third Party Risks) Act, 2012 which exempts Government owned vehicles from being insured except when they display private registration number plates.

Consequently, the validity of the insurance expenditure of Kshs.1,816,980 in relation to comprehensive insurance for vehicles registered in the name of Government of Kenya for the year ended 30 June, 2019 could not be ascertained.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Council of Governors' 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 Audit Matters**

In the audit report of the previous year, several paragraphs were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. The issues have not been discussed in parliament and therefore they remain unresolved.

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, nothing 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**

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 the Executive Council**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual 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 Council's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of service and using the applicable basis of accounting unless Management is aware of intention to terminate the Council 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.

The Executive Council is responsible for overseeing the Council's financial reporting process, reviewing the effectiveness of how 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 review is planned and performed to express a conclusion with limited assurance as to 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 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. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

Further, in planning and performing the audit of the financial statements and review 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 noncompliance. 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 Council'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 Council 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 Council to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**09 February, 2022**

*Council of Governors*  
**Annual Reports and Financial Statements**  
**For the year ended 30 June 2020**

**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	Notes	2019-2020	2018-2019
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from County Governments	6	70,628,801	319,907,337
Proceeds from Domestic and Foreign Grants	7	50,259,287	205,627,612
Grants From Ministry of Devolution and ASAL	8a	103,000,000	100,940,000
Grants From Ministry of Devolution and ASAL (The Kenya Symbiocity Programme)	8b	58,200,000	57,300,000
Receipts in Kind	9	32,762,392	124,738,683
Rent Receivable		-	31,457,229
Interest on Staff Loan Fund		740,266	6,869,400
Bank Guarantee interest		11,500	-
<b>Total revenue</b>		<b>315,602,246</b>	<b>846,840,261</b>
<b>Expenses</b>			
Use of goods and services	10	179,522,972	16,384,443
Employee costs	11	120,776,269	117,606,471
Depreciation expense	12	16,328,788	15,797,801
Repairs and maintenance	13	4,793,486	5,443,375
General Expenses		-	415,669,011
Kenya Symbiocity Programme		13,026,496	35,753,098
Payments in Kind	9	32,762,392	124,738,683
<b>Total expenses</b>		<b>367,210,403</b>	<b>731,392,882</b>
<b>Net Surplus for the year</b>		<b>(51,608,157)</b>	<b>115,447,389</b>

The notes set out on pages 7 onwards form an integral part of these Financial Statements

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

	Notes	2019-2020	2018-2019
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	14	334,055,277	396,791,869
Rent Receivable	15	52,859,743	31,457,229
Loan Receivable		-	1,500,000
		<b>386,915,019</b>	<b>429,749,098</b>
<b>Non-current assets</b>			
Property, plant and equipment	17	25,075,215	39,634,048
		<b>25,075,215</b>	<b>39,634,048</b>
<b>Total assets</b>		<b>411,990,235</b>	<b>469,383,146</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	16	68,226,742	76,468,349
		<b>68,226,742</b>	<b>76,468,349</b>
<b>Non-current liabilities</b>			
Non-current employee benefit obligation		-	-
		-	-
<b>Total liabilities</b>		<b>68,226,742</b>	<b>76,468,349</b>
<b>Net assets</b>		<b>343,763,493</b>	<b>392,914,797</b>
Reserves		392,914,797	277,467,408
Adjustment:rent payable		2,456,853	-
Accumulated surplus		(51,608,157)	115,447,389
<b>Total net assets and liabilities</b>		<b>343,763,493</b>	<b>392,914,797</b>

The Financial Statements set out on pages 1 and 2 were signed on behalf of the Council of Governors by:



**Chief Executive Officer**  
**Name: Jacqueline Mogeni, MBS**  
**Date: 28/09/2020**



**Accountant**  
**Joyce Chepkoech**  
**Date:28/09/2020**

**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR YEAR ENDED 30 JUNE 2020**

	Retained earnings	Capital/ Development Grants/Fund	Total
<b>At July 1, 2018</b>	(30,680,232)	-	(30,680,232)
Total comprehensive income	146,127,621	-	146,127,621
<b>At June 30, 2019</b>	115,447,389	-	115,447,389
<b>At July 1, 2019</b>	115,447,389	-	115,447,389
Total comprehensive income	63,839,232	-	63,839,232
<b>At June 30, 2020</b>	(51,608,157)	-	(51,608,157)

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2020**

		2019-2020	2018-2019
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from County Governments	6	70,628,801	319,907,337
Proceeds from Domestic and Foreign Grants	7	50,259,287	205,627,612
Grants From Ministry of Devolution and ASAL	8a	103,000,000	100,940,000
Grants From Ministry of Devolution and ASAL (The Kenya Symbiocity Programme)	8b	58,200,000	57,300,000
Bank Interest on Staff loan Fund		740,266	6,869,400
Bank Gurantee Interest		11,500	-
<b>Total Receipts</b>		<b>282,839,854</b>	<b>690,644,349</b>
<b>Payments</b>			
Employee costs	11	120,776,269	117,606,471
Goods and services	10	179,522,972	16,384,443
Repairs and maintenance	13	4,793,486	5,443,375
General Expenses		-	415,669,011
The Kenya Symbiocity Programme		13,026,496	35,753,098
<b>Total Payments</b>		<b>318,119,223</b>	<b>590,856,397</b>
<b>Net cash flows from operating activities</b>		<b>(35,279,369)</b>	<b>99,787,961</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		(1,769,956)	(500,000)
Decrease in non-current receivables		-	-
Increase in investments		-	-
<b>Net cash flows used in investing activities</b>		<b>(1,769,956)</b>	<b>(500,000)</b>
<b>Cash flows from financing activities</b>			
Decrease in Payables		(8,241,607)	39,583,640
Adjustment: Rent Payable		2,456,853	-
Non current Employee Benefit Obligation		-	(23,454,839)
Increase in Receivables		(21,402,514)	(11,932,326)
Loan receivable		1,500,000	-
<b>Net cash flows used in financing activities</b>		<b>(25,687,268)</b>	<b>4,196,476</b>
<b>Net increase/(decrease) in cash and cash equivalentents</b>		<b>(62,736,593)</b>	<b>103,558,346</b>
		<b>(62,736,593)</b>	<b>103,558,346</b>
Cash and cash equivalentents at 1 JULY		396,791,869	293,307,432
<b>Cash and cash equivalentents at 30 JUNE</b>		<b>334,055,276</b>	<b>396,791,869</b>

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Variance
	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	2019-2020
Transfer From County Governments	94,000,000	-	94,000,000	70,628,801	23,371,199	75%
Proceeds from Domestic and Foreign Grants	50,259,287	-	50,259,287	50,259,287	0	100%
Grants From Ministry of Devolution and ASAL	245,127,752	-	245,127,752	103,000,000	142,127,752	42%
Grants From Ministry of Devolution and ASAL (The Kenya Symbiocity Programme)	98,832,746	-	98,832,746	58,200,000	40,632,746	59%
Receipts in Kind	49,447,377	-	49,447,377	32,762,392	16,684,985	66%
<b>Total income</b>	<b>537,667,162</b>	<b>-</b>	<b>537,667,162</b>	<b>314,850,480</b>	<b>222,816,682</b>	<b>59%</b>
<b>Expenses</b>						
Compensation of employees	122,924,561	-	122,924,561	120,776,269	2,148,292	98%
Goods and services	261,034,174	-	261,034,174	179,522,972	81,511,202	69%
Repairs and maintenance	5,428,304	-	5,428,304	4,793,486	634,818	88%
General Expenses	-	-	-	-	-	0%
The Kenya Symbiocity Programme	98,832,746	-	98,832,746	13,026,496	85,806,250	13%
Paymnets In Kind	49,447,377	-	49,447,377	32,762,392	16,684,985	66%
<b>Total expenditure</b>	<b>537,667,162</b>	<b>-</b>	<b>537,667,162</b>	<b>350,881,615</b>	<b>186,785,547</b>	<b>65%</b>
<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(36,031,136)</b>	<b>36,031,136</b>	

Explanation for the statement of comparative budget and actual amount is provided in APPENDIX V

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. GENERAL INFORMATION**

The Council of Governors entity is established by and derives its authority and accountability from Intergovernmental Relations Act (IGRA 2012). The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is providing consultation amongst County governments sharing of information on the performance of the Counties in the execution of their functions with the objective of learning and promotion of best practice and considering matters of common interest.

### **2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Appendix

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the entity.

The financial statements have been prepared in accordance with the PFM Act 2015, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue recognition**

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

**Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

**b) Budget information**

The original budget for FY 2019-2020 was approved by the Council of Governors on 22<sup>nd</sup> August 2019. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page nine of these financial statements.

**c) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**d) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

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

**e) Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**f) Contingent liabilities**

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.

**g) 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.

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **h) Changes in accounting policies and estimates**

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

### **i) Employee benefits**

#### **Retirement benefit plans**

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

### **j) Related parties**

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

### **k) Service concession arrangements**

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the

arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**l) 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**m) Comparative figures**

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

**n) Subsequent events**

There have been no events subsequent to the financial year-end with a significant impact on the financial statements for the year ended June 30, 2020.

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

**5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made: e.g

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

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

**6 TRANSFERS FROM COUNTY GOVERNMENTS**

Description	2019-2020	2018-2019
	Kshs	Kshs
County Governments	70,628,801	319,907,337.00
<b>Total</b>	<b>70,628,801</b>	<b>319,907,337.00</b>

**7 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS**

Description	2019-2020	2018-2019
	Kshs	Kshs
Bill and Melinda Gates Foundation Grants	21,124,994	-
Devolution Conference Registration	25,545,558	-
Devolution Conference Exhibition	647,235	-
The Standard Group	500,000	-
SBM Kenya	1,000,000	-
Humanitarian Support	1,300,000	-
Other Income	141,500	-
<b>Total</b>	<b>50,259,287</b>	<b>-</b>

**8 TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES**

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year	2019-2020
			Kshs	Kshs	Kshs
Ministry of Devolution and ASAL	103,000,000	-	-	103,000,000	103,000,000
<b>a) Sub-Total</b>					
Ministry of Devolution and ASAL- The Kenya Symbiocity Programme	58,200,000	-	-	58,200,000	58,200,000
<b>b) Sub-Total</b>	<b>161,200,000</b>	<b>-</b>	<b>-</b>	<b>161,200,000</b>	<b>161,200,000</b>

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

**9 RECEIPTS IN KIND**

<b>IN-KIND DONATIONS FROM DEVELOPMENT PARTNERS</b>			
<b>ORGANIZATION</b>	<b>TYPE OF SUPPORT</b>	<b>2019/2020 FY</b>	<b>2018/2019 FY</b>
UNDP	<p>The Integrated Programme to Support Devolution is designed to support the implementation of Devolution to achieve improved good governance and socio-economic development in Kenya.</p> <p>The programme focused on;</p> <ul style="list-style-type: none"> <li>(i) Support Counties to establish PMS</li> <li>(ii) Improve capacity of County Attorneys to develop policies and bills</li> <li>(iii) Support Counties to develop public participation policies and legislations</li> <li>(iv) Performance Management</li> <li>(v) Sustainable Development Goals</li> </ul>	32,762,392.00	74,045,155.00
UN Women	<p><b>Effective Implementation of the Gender Functions at the County Level</b></p> <p>A Program to facilitate capacity building for Counties to advance the gender equality and women's empowerment work.</p> <p>The programme focused on;</p> <ul style="list-style-type: none"> <li>(i) Advancement of devolution gender agenda by the Kenyan Young Parliamentarians including women and PWDs representatives, including sensation of 30% public procurement preservation and reservation.</li> <li>(ii) Increasing informed demand for women and leadership programme</li> </ul>	0.00	48,249,528.00
UNICEF	<ul style="list-style-type: none"> <li>(i) Provision of Technical Support on matters relating to Early Child Education Policies and laws.</li> <li>(ii) Provision of support to the Children's Devolution conference,</li> <li>(iii) Provision of support towards Health Committee</li> </ul>	0.00	2,444,000.00
	<b>TOTAL</b>	<b>32,762,392.00</b>	<b>124,738,683.00</b>

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

**10. USE OF GOODS AND SERVICES**

<b>Description</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Electricity	4,562,634	5,625,650
Security & Cleaning	5,074,308	10,758,793
Rent Proceeds	<b>74,906,149</b>	<b>203,560,344</b>
Communication supplies and Services	<b>2,339,697</b>	<b>3,792,872</b>
Domestic Travel, Subsistence & other transportation costs	<b>9,286,419</b>	<b>31,293,427</b>
Foreing Travel, Subsistence & other transportation costs	<b>12,866,708</b>	<b>26,004,057</b>
Printing & Advertising	5,366,279	9,228,613
Training, Conference and Workshops	4,521,484	112,540,499
Hospitality Supplies and services	<b>5,054,035</b>	<b>5,876,720</b>
Professional services/Consultancies	7,153,500	-
Subscription to professional bodies	155,600	-
Bank Charges	294,109	347,770
Fuel, oil and Lubricants	3,663,800	-
Insurance	11,750,107	14,467,727
Legal expenses	23,476,695	8,556,983
Other General Expenses	9,051,448	-
<b>Total</b>	<b>179,522,972</b>	<b>432,053,455</b>

**11. EMPLOYEE COSTS**

	<b>2019-2020</b>	<b>2018-2019</b>
	<b>KShs</b>	<b>KShs</b>
Salaries and wages	101,699,529	99,405,647.00
Employee related costs - contributions to pensions and medical aids	19,076,740	18,200,824.00
<b>Employee costs</b>	<b>120,776,269</b>	<b>117,606,471.00</b>

**12. DEPRECIATION EXPENSE**

<b>Description</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>KShs</b>	<b>KShs</b>
Property, plant and equipment	16,328,788	15,797,801.00
<b>Total depreciation and amortization</b>	<b>16,328,788</b>	<b>15,797,801.00</b>

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

**13. REPAIR AND MAINTENANCE**

<b>Description</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Motor Vehicles	2,713,838	4,036,793.00
Furniture and fittings, Equipment and Computers	2,079,648	1,406,582.00
<b>Total repairs and maintenance</b>	<b>4,793,486</b>	<b>5,443,375.00</b>

**14. CASH AND CASH EQUIVALENTS CARRIED FORWARD**

<b>Description</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>KShs</b>	<b>KShs</b>
Current account	233,145,867	290,931,017
Cash in hand	169,143	191,452
Staff mortgage	100,740,266	105,369,400
Guarantee	-	300,000
<b>Total cash and cash equivalents</b>	<b>334,055,277</b>	<b>396,791,869</b>

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

**14.(a) DETAIL ANALYSIS OF THE CASH AND CASH EQUIVALENTS**

		2019-2020	2018-2019
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
Kenya Commercial bank	1164902318	24,564,232.07	117,899,313.00
Kenya Commercial bank	1212164717	525,356.60	26,422.00
Cooperative Bank of Kenya	01143201338000	33,978,752.52	61,528,684.00
Cooperative Bank of Kenya	01134201338000	20,369,399.21	3,000,954.00
National Bank of Kenya	01001113869200	153,708,126.74	108,475,644.00
<b>Sub- total</b>		<b>233,145,867.14</b>	<b>290,931,017.00</b>
<b>b) Staff car mortgage</b>			
Kenya Commercial Bank of Kenya	1209565331	-	105,369,400.00
Housing Finance Corporation Limited	9833685079	100,740,266.39	-
<b>Sub- total</b>		<b>100,740,266.39</b>	<b>105,369,400.00</b>
<b>c) Guarantee</b>			
Cooperative Bank		-	300,000.00
<b>Sub- total</b>		<b>-</b>	<b>300,000.00</b>
<b>e) Others</b>			
cash in hand		169,143.00	191,452.00
<b>Sub- total</b>		<b>169,143.00</b>	<b>191,452.00</b>
<b>Grand total</b>		<b>334,055,276.53</b>	<b>396,791,869.00</b>

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

**15. RENT RECEIVABLE**

NO	COUNTY NAME	2019-2020	2018-2019
		KSHS	KSHS
001	MOMBASA COUNTY GOVERNMENT	5,017,096.00	1,158,934.00
004	TANA RIVER COUNTY GOVERNMENT	-	-
005	LAMU COUNTY GOVERNMENT	1,464,029.00	-
006	TAITA-TAVETA COUNTY GOVERNMENT	6,078,657.00	3,568,893.30
008	WAJIR COUNTY GOVERNMENT	-	-
009	MANDERA COUNTY GOVERNMENT	-	600.30
010	MARSABIT COUNTY GOVERNMENT	5,725,623.00	1,853,063.00
011	ISIOLO COUNTY GOVERNMENT	4,030,642.00	3,623,509.30
012	MERU COUNTY GOVERNMENT	3,043,904.00	1,847,410.00
013	THARAKA NITHI COUNTY GOVERNMENT	627,441.00	627,441.00
015	KITUI COUNTY GOVERNMENT	6,207,816.00	4,743,787.00
019	NYERI COUNTY GOVERNMENT	-	-
020	KIRINYAGA COUNTY GOVERNMENT	-	1,936,279.00
023	TURKANA COUNTY GOVERNMENT	-	354,449.00
025	SAMBURU COUNTY GOVERNMENT	-	968,141.00
028	ELGEYO MARAKWET COUNTY GOVERNMENT	-	(599,467.00)
029	NANDI COUNTY GOVERNMENT	-	-
030	BARINGO COUNTY GOVERNMENT	923,048.72	1,226,908.00
032	NAKURU COUNTY GOVERNMENT	4,636,064.00	1,105,983.00
033	NAROK COUNTY GOVERNMENT	422,705.00	(739,154.00)
035	KERICHO COUNTY GOVERNMENT	3,109,232.00	599,468.00
036	BOMET COUNTY GOVERNMENT	627,441.00	1,142,682.00
038	VIHIGA COUNTY GOVERNMENT	1,123,404.00	826,375.00
039	BUNGOMA COUNTY GOVERNMENT	2,267,176.00	803,147.00
041	SIAYA COUNTY GOVERNMENT	2,432,057.00	1,799,734.00
042	MIGORI COUNTY GOVERNMENT	1,464,029.00	2,380,888.00
043	KISUMU COUNTY GOVERNMENT	-	1,286,855.00
045	KISII COUNTY GOVERNMENT	1,936,280.00	(126,381.00)
046	NYAMIRA COUNTY GOVERNMENT	1,723,098.00	1,067,684.00
	<b>TOTALS</b>	<b>52,859,742.72</b>	<b>31,457,228.90</b>

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

**16. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

	Supplier	Invoice number	2019-2020	2018-2019
			Kshs	Kshs
1	Knight Frank Delta Main Management (Electricity)	240752	-	392,344.00
2	Knight Frank Delta Main Management (Electricity)	395115	-	364,765.00
3	Nation Media (Advertisement)	1000121270	-	380,000.00
4	Media Max (Advertisement)	INV51897	-	300,000.00
5	Convent International (Catering)	10290-2	-	200,000.00
6	Convent International (Catering Services)	10290	-	75,200.00
7	Copy Cat Ltd (stationery)	KRINOA19514983	-	64,426.00
8	Price Water House Coopers (Technical Assistance)	NBO37102432	15,367,000.00	25,367,000.00
9	Safari Park Hotel (Accommodation)	INV130931 & INV110851	-	158,740.00
10	Chairmania Events Management (Tentage services)	INV2189	-	7,710,195.00
11	Kirinyaga Consortium Catering Services Ltd (Catering)	INV006	-	9,998,450.00
12	Rent Payable (Outstanding Rent for Count Liaison offices)	Lease Agreement	52,859,742.72	31,457,229.00
	<b>TOTAL</b>		<b>68,226,742.72</b>	<b>76,468,349.00</b>

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

**17. PROPERTY, PLANT AND EQUIPMENT**

**ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT SCHEDULE**

	Office Machines	Office furniture	Equipments	Motor vehicles	TOTAL
<b>Rates for depreciation</b>	<b>30%</b>	<b>12.50%</b>	<b>30%</b>	<b>25%</b>	
Book Value as at 1 July 2018	3,864,116	20,036,931	6,285,985	40,392,618	<b>70,579,650</b>
Additions for the year 2019	-	-	500,000	-	<b>500,000</b>
<b>TOTAL ASSETS FOR DEPRECIATION 2019</b>	<b>3,864,116</b>	<b>20,036,931</b>	<b>6,785,985</b>	<b>40,392,618</b>	<b>71,079,650</b>
<b>Accumulated Depreciation</b>	<b>1,159,235</b>	<b>2,504,616</b>	<b>1,885,796</b>	<b>10,098,155</b>	<b>15,647,802</b>
Charge for the year	1,159,234.800	2,504,616	2,035,796	10,098,155	<b>15,797,801</b>
<b>NET BOOK VALUE AS AT 30 JUNE 2019</b>	<b>1,545,646</b>	<b>15,027,698</b>	<b>2,864,394</b>	<b>20,196,309</b>	<b>39,634,047</b>
Book Value as at 1 July 2019	3,864,116	20,036,931	6,785,985	40,392,618	<b>71,079,650</b>
Additions for the year 2020	-	-	1,769,956	-	<b>1,769,956</b>
<b>TOTAL ASSETS FOR DEPRECIATION 2020</b>	<b>3,864,116</b>	<b>20,036,931</b>	<b>8,555,941</b>	<b>40,392,618</b>	<b>72,849,606</b>
Accumulated Depreciation brought down	2,318,470	5,009,233	3,921,592	20,196,309	<b>31,445,603</b>
Charge for the year 2020	1,159,234.80	2,504,616.38	2,566,782.30	10,098,154.50	<b>16,328,787.98</b>
<b>NET BOOK VALUE AS AT 1 JULY 2019</b>	<b>1,545,646.40</b>	<b>15,027,698.24</b>	<b>2,864,393.50</b>	<b>20,196,309.00</b>	<b>39,634,047.14</b>
<b>NET BOOK VALUE AS AT 30 JUNE 2020</b>	<b>386,411.60</b>	<b>12,523,081.86</b>	<b>2,067,567.20</b>	<b>10,098,154.50</b>	<b>25,075,215.16</b>

## **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

### **18. FINANCIAL RISK MANAGEMENT**

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The entity's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The entity's financial risk management objectives and policies are detailed below:

#### **(i) Credit risk**

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of

allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

#### **(ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

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

**Fair value of financial assets and liabilities**

*a) Financial instruments measured at fair value*

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the entity's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The entity considers relevant and observable market prices in its valuations where possible.

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

**19. RELATED PARTY BALANCES**

**Nature of related party relationships**

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

**Government of Kenya**

The Government of Kenya is the principal shareholder of the entity, holding 100% of the entity's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

- i) The National Government;
- ii) The County Government

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

**Government of Kenya (Continued)**

	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Transactions with related parties</b>		
<b>a) Grants from the Government</b>		
Transfer from County Governments	70,628,801	319,907,337
Proceeds from Domestic and Foreign Grants	50,258,287	205,627,612
Grants From Ministry of Devolution	103,000,000	100,940,000
Grants from Ministry of Devolution (Kenya Symbiocity Programme)	58,200,000	57,300,000
<b>Total</b>	<b>282,087,088</b>	<b>683,774,949</b>

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

**20. EVENTS AFTER THE REPORTING PERIOD**

There were no material adjusting and non- adjusting events after the reporting period.

**21. ULTIMATE AND HOLDING ENTITY**

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Devolution and ASAL. Its ultimate parent is the Government of Kenya.

**22. Currency**

The financial statements are presented in Kenya Shillings (Kshs).

**APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

*The Council of Governors has not received the certified audited report for 2018/2019 and will indicate progress on auditor recommendation once we receive.*



**Chief Executive officer**  
**Council of Governors**  
**Date 28/09/2020**

**APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY**

**Projects**

Projects implemented by the State Corporation/ SAGA Funded by development partners

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Kenya Symbiocity Programme	51110060	Sida	5 years		No	No

**Status of Projects completion**

*(Summarise the status of project completion at the end of each quarter, ie total costs incurred, stage which the project is etc)*

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Kenya Symbiocity Programme	283,174,206	96,446,948	34%	283,174,206	96,446,948	Sida

**APPENDIX III: INTER-ENTITY TRANSFERS**

	<b>ENTITY NAME:</b>			
	<b>Break down of Transfers from the State Department of Devolution</b>			
	<b>FY 2019/2020</b>			
a.	Recurrent Grants			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		23/08/2019	25,750,000	2019/2020
		13/11/2019	25,750,000	2019/2020
		06/03/2020	25,750,000	2019/2020
		29/06/2020	25,750,000	2019/2020
		<b>Total</b>	<b>103,000,000</b>	
b.	Donor Receipts			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		16/06/2020	58,200,000	Kenya Symbiocity Programme
		<b>Total</b>	<b>58,200,000</b>	

The above amounts have been communicated to and reconciled with the parent Ministry

**APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Planning and Devolution Ministry of Planning and Devolution	23/08/2019	Recurrent	25,750,000	25,750,000					25,750,000
	13/11/2019	Recurrent	25,750,000	25,750,000					25,750,000
	06/03/2020	Recurrent	25,750,000	25,750,000					25,750,000
	29/06/2020	Recurrent	25,750,000	25,750,000					25,750,000
	16/06/2020	Development	58,200,000	58,200,000					58,200,000
<b>Total</b>			<b>161,200,000</b>	<b>161,200,000</b>					<b>161,200,000</b>

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**APPENDIX V: VARIANCE EXPLANATION – COMPARATIVE BUDGET AND ACTUAL**

	Final budget	Actual on comparable basis	Budget utilization variance	Comments on the variance
	2019-2020	2019-2020	2019-2020	
<b>Revenue</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
Transfer From County Governments	94,000,000	70,628,801	23,371,199	This is the outstanding contribution from Counties
Proceeds from Domestic and Foreign Grants	50,259,287	50,259,287	-	This were resources received specifically under Bill and Melinda Gates Foundation project in support of Family planning and Reproductive health activities and also in support of Devolution Conference.
Grants From Ministry of Devolution and ASAL	245,127,752	103,000,000	142,127,752	The National Government allocation did not match the Council of Governors proposed budget presented.
Grants From Ministry of Devolution and ASAL (The Kenya Symbiocity Programme)	98,832,746	58,200,000	40,632,746	The difference was as a result of the budget revision for supplementary two by the National Treasury.
Receipts in Kind	49,447,377	32,762,392	16,684,985	This is due to some of the activities in the approved plan with the development partners being implemented directly by the donor.
<b>Total income</b>	<b>537,667,162</b>	<b>314,850,480</b>	<b>222,816,682</b>	
<b>Expenses</b>				
Compensation of employees	122,924,561	120,776,269	2,148,292	

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Goods and services	261,034,174	179,576,269	81,547,202	Due to liquidity, the Council of Governors was not able to carry out all the planned activities.
Repair and Maintenance	5,428,304	4,793,486	634,818	
The Kenya Symbiocity Programme	98,832,746	12,972,486	85,860,261	The programme required an extension period of implementation since the specific agreement had lapsed and the process of extension took 9 months to get an approval thus the project activities implementation delayed.
Payments In Kind	49,447,377	32,762,392	16,684,985	This is due to some of the activities in the approved plan with the development partners being implemented directly by the donor.
<b>Total expenditure</b>	<b>537,667,162</b>	<b>350,881,605</b>	<b>186,785,557</b>	
<b>Surplus for the period</b>	<b>-</b>	<b>(36,031,126)</b>	<b>36,031,126</b>	

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**APPENDIX VI: CONTRIBUTIONS FROM COUNTY GOVERNMENT**

County	Intergovernmental Contribution	Devolution Conference Contribution	Legal Contribution	Total
001 Mombasa County Government	-	-	-	-
002 Kwale County Government	-	-	500,000	500,000
003 Kilifi County Government	-	2,000,000	1,000,000	3,000,000
004 Tana River County Government	-	-	500,000	500,000
005 Lamu County Government	-	-	-	-
006 Taita Taveta County Government	-	-	-	-
007 Garissa County Government	-	-	-	-
008 Wajir County Government	2,000,000	2,000,000	-	4,000,000
009 Mandera County Government	-	2,000,000	500,000	2,500,000
010 Marsabit County Government	-	-	500,000	500,000
011 Isiolo County Government	-	-	-	-
012 Meru County Government	-	-	749,880	749,880
013 Tharaka Nithi County Government	-	-	500,000	500,000
014 Embu County Government	-	-	1,000,000	1,000,000
015 Kitui County Government	-	2,000,000	500,000	2,500,000
016 Machakos County Government	-	-	500,000	500,000
017 Makueni County Government	2,000,000	2,000,000	-	4,000,000
018 Nyandarua County Government	-	-	-	-
019 Nyeri County Government	-	-	500,000	500,000
020 Kirinyaga County Government	-	2,000,000	-	2,000,000
021 Murang'a County Government	-	-	750,000	750,000
022 Kiambu County Government	-	2,000,000	-	2,000,000
023 Turkana County Government	4,589,846	-	-	4,589,846

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024 West Pokot County Government				
025 Samburu County Government	-	-	-	-
026 Tran Nzioa County Government		2,000,000	500,000	2,500,000
027 Uasin Gishu County Government	-	-	-	-
028 Elgeyo Marakwet County Government		-	500,000	500,000
029 Nandi County Government	-	-	-	-
030 Baringo County Government	-	-	-	-
031 Laikipia County Government	3,000,000	-	750,000	3,750,000
032 Nakuru County Government	-	2,000,000	500,000	2,500,000
033 Narok County Government	-	-	500,000	500,000
034 Kajiado County Government	-	2,000,000	500,000	2,500,000
035 Kericho County Government	2,000,000	-	-	2,000,000
036 Bomet County Government	4,589,846	-	1,250,000	5,839,846
037 Kakamega County Government	4,769,538	2,000,000	1,250,000	8,019,538
038 Vihiga County Government	-	-	500,000	500,000
039 Bungoma County Government	-	-	500,000	500,000
040 Busia County Government	5,179,691	-	-	5,179,691
041 Siaya County Government	-	-	500,000	500,000
042 Migori County Government	-	-	250,000	250,000
043 Kisumu County Government	-	-	500,000	500,000
044 Homabay County Government	-	-	-	-
045 Kisii County Government	2,000,000	2,000,000	500,000	4,500,000
046 Nyamira County Government	-	-	500,000	500,000
047 Nairobi County Government	-	-	-	-
<b>Total</b>	<b>30,128,921</b>	<b>24,000,000</b>	<b>16,499,880</b>	<b>70,628,801</b>

**NYANDARUA COUNTY EMERGENCY FUND**  
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	KShs	KShs
Due from parent Ministry	-	-
Due from County Government	-	-
<b>Total</b>	-	-

e) Due to related parties

	2019/2020	2018/2019
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
<b>Total</b>	-	-

**26. Contingent assets and contingent liabilities**

<b>Contingent liabilities</b>	2019/2020	2018/2019
	KShs	KShs
Court case against the Fund	-	-
Bank guarantees	-	-
<b>Total</b>	-	-

**NYANDARUA COUNTY EMERGENCY FUND**

**Reports and Financial Statements**

**For the year ended June 30<sup>th</sup> 2020**

**14. PROGRESS ON FOLLOW UP OF 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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>