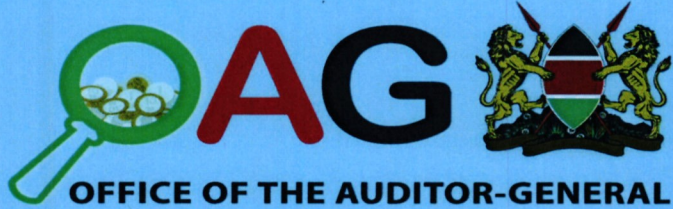



REPUBLIC OF KENYA



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REPORT

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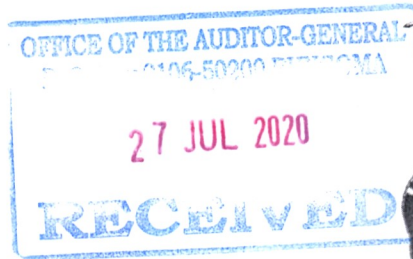
OF

THE AUDITOR-GENERAL

ON

**TRANS NZOIA COUNTY PUBLIC
SERVICE BOARD**

**FOR THE YEAR ENDED
30 JUNE, 2019**



**COUNTY PUBLIC SERVICE BOARD
TRANS NZOIA COUNTY**

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE, 2019**

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

**COUNTY PUBLIC SERVICE BOARD
TRANS NZOIA COUNTY
Reports and Financial Statements
For the year ended 30th June, 2019**

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**COUNTY PUBLIC SERVICE BOARD
TRANS NZOIA COUNTY
Reports and Financial Statements
For the year ended 30th June, 2019**

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Trans-Nzoia County Public Service Board was established pursuant to the provisions of section 57 of the County Government Act (Number.17 of 2012) which operationalized article 235 of the constitution of Kenya 2010. Trans-Nzoia County Public Service Board was approved by the Trans-Nzoia County Assembly in 2013 and thereafter appointed and gazetted by the Governor.

The overall mandate of the Board is to build and manage the human resource capacity of the Trans Nzoia County Government for effective and efficient delivery of services, as derived from the County Governments Act Number 17 of 2012.

b) Key Management

The County Public Service Board day-to-day management is under the following key organs:

- | | |
|-----------------------|-------------------------------|
| - Board Chairman | Mr Peter M. Wamoto |
| - Board Vice Chair | Mrs Rosemary N. Wanaswa |
| - Board Member | Mrs Elymaryta A. Khaoya |
| - Board Member | Mr Samuel N. Warui |
| - Board Member | Dr. Silvester Wanyama Mackton |
| - Board Member | Mr Edward K. Kitur |
| - Ag. Board Secretary | CPA Albert Soita |

c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	CPA Albert Soita
2.	Accountant I	Judith C. Maratani

d) Fiduciary Oversight Arrangements

Here, provide a high-level description of the key fiduciary oversight arrangements covering (say):

- *Audit and finance committee activities*
- *Parliamentary committee activities*
- *Development partner oversight activities*
- *Other oversight activities*

e) Entity Headquarters

P.O. Box 4210-30200
Near Mt. Elgon Hospital
KITALE, KENYA

f) Entity Contacts

Telephone: (254) 713 635 352
E-mail: cpsbtransnzoia@gmail.com

**COUNTY PUBLIC SERVICE BOARD
TRANS NZOIA COUNTY
Reports and Financial Statements
For the year ended 30th June, 2019**

g) Entity Bankers

Trans Nzoia County Public Service Board Operation/Imprest Account
Kenya Commercial Bank
Account No. 1149298472
Kitale-Kenya

h) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

i) Principal Legal Adviser

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

**COUNTY PUBLIC SERVICE BOARD
TRANS NZOIA COUNTY
Reports and Financial Statements
For the year ended 30th June, 2019**


2. FORWARD BY THE BOARD CHAIRPERSON

Trans-Nzoia County Public Service Board was established pursuant to the provisions of section 57 of the County Government Act (Number.17 of 2012) which operationalized article 235 of the constitution of Kenya 2010. The Inaugural Trans-Nzoia County Public Service Board was approved by the Trans-Nzoia County Assembly in 2013 and thereafter appointed and gazetted by the Governor for a six (6) year term that ended in July, 2019. The second generation Board was approved by the Trans-Nzoia County Assembly in February, 2020 and thereafter appointed and gazetted by the Governor on 4th March, 2020 for a six (6) year term.

In the financial year 2018/19, the County Public Service Board accomplished inter alia the following activities, albeit the financial challenges:-

- i) The Board advertised, interviewed, shortlisted and recruited various staff cadres. More than 412 persons were recruited and appointed in various staff cadres.
- ii) More than 248 persons were promoted to various positions within the County Establishment.
- iii) The Board approved over 23 staff trainings for the various county departments. The Board also facilitated training for 4 Board members and 2 secretariat staff.
- iv) The Board developed and approved the following 5 policies for implementation:
 - a) Competency framework policy
 - b) Workplace policy on HIV and AIDS
 - c) Internship policy and guidelines
 - d) Public participation and civic education policy framework
 - e) HR Policies and Procedures Manual
- v) The Board submitted its 2018 Annual Report to County Assembly and H.E. the Governor pursuant to the County Governments Act 2012.
- vi) The Board gazetted the Administrative procedures on declaration of income, Assets and liabilities (DIALs) and henceforth, any employee who fails to comply will be liable for breach of the law.
- vii) The Board undertook an end term review of its 2015-2019 Strategic Plan.
- viii) The Prepared its end term report, highlighting the achievements of the inaugural Board whose term ended on 14th July, 2019.
- ix) The Board handled and concluded 6 staff disciplinary cases.
- x) The Board continued with the construction of additional office block that is currently 75% complete.

The County Public Service Board plays a very critical role in all aspects of human resource planning, management and development for the County. Therefore, to attain an efficient and effective County Public Service, the Board needs to be funded adequately so as fulfil its mandates as provided for under Section 59 of the County Governments Act (CGA), 2012.


Mr. Peter M. Wamoto
Chairman
County Public Service Board
Trans Nzoia



**COUNTY PUBLIC SERVICE BOARD
TRANS NZOIA COUNTY
Reports and Financial Statements
For the year ended 30th June, 2019**

3. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Sections 163,164 and 165 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the County Treasury shall prepare financial statements of each County Government of Trans-Nzoia, receiver of revenue and consolidated financial statements for all County Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Board Secretary, County Public Service Board, Trans Nzoia is responsible for the preparation and presentation of the County Public Service Board's financial statements, which give a true and fair view of the state of affairs of the County Public Service Board, Trans Nzoia for and as at the end of the financial year ended on June 30th, 2019. 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 Public Service Board; (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 Public Service Board; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board Secretary accepts responsibility for County Public Service Board'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 Board Secretary is of the opinion that the County Public Service Board's financial statements give a true and fair view of the state of the County Public Service Board's transactions during the financial year ended June 30th, 2019, and of its financial position as at that date. The Board Secretary further confirms the completeness of the accounting records maintained for the County Public Service Board which have been relied upon in the preparation of the its financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The County Public Service Board's financial statements were approved and signed by the Board Secretary on 24th July, 2020.

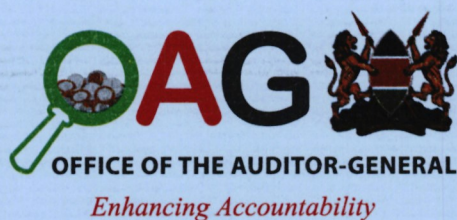


Board Secretary



REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON TRANS NZOIA COUNTY PUBLIC SERVICE BOARD FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Trans Nzoia County Public Service Board set out on pages 1 to 23, which comprise the statement of assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flows and the summary statement of appropriation – recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Trans Nzoia County Public Service Board as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards - Cash Basis and comply with the County Governments Act, 2012 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Trans Nzoia County Public Service Board 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 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

Budgetary Control and Performance

As reflected under the summary statement of appropriation – recurrent and development combined, the Board had an approved budgeted receipts of Kshs.59,626,676 consisting of Kshs.27,348,461 for development and Kshs.32,278,215 for recurrent expenditure. However, the actual receipts totalled Kshs.19,599,683, resulting into an under funding of Kshs.40,026,993 or 67% of the approved budget. Similarly, the Board had an actual expenditure of Kshs.19,599,683 against the approved budgeted of Kshs.59,626,676 resulting into an under-expenditure of Kshs.40,026,993. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the residents of Trans Nzoia County.

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

My responsibility is to express a conclusion based on the review. The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit so as to obtain assurance as to 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 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

My responsibility is to express a conclusion based on the audit. The audit was conducted in accordance with ISSAI 2315 and 2330. The standard requires 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 such 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.

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

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Board 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 on whether, in all material respects, 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, 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 which 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 which 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 Board's 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Board's 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 Board'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 Board 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 Board to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



Nancy Gathungu

AUDITOR-GENERAL

Nairobi

23 August, 2021

**COUNTY PUBLIC SERVICE BOARD
TRANS NZOIA COUNTY
Reports and Financial Statements
For the year ended 30th June, 2019**

1. FINANCIAL STATEMENTS

I. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

	Notes	2018-2019 KShs	2017-2018 KShs
RECEIPTS			
Transfers from Other Government Entities	1	19,594,709	19,836,100
Reimbursements and Refunds	2	4,974	30,000
TOTAL RECEIPTS		19,599,683	19,866,100
PAYMENTS			
Use of goods and services	3	18,510,934	17,341,718
Transfers to Other Government Units	4	-	2,897,218
Acquisition of Assets	5	1,085,287	394,996
TOTAL PAYMENTS		19,596,221	20,633,931
SURPLUS/DEFICIT		3,462	(767,831)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County Public Service Board financial statements were approved on 24th July, 2020 and signed by:


 Board Secretary



 Accountant I

**COUNTY PUBLIC SERVICE BOARD
TRANS NZOIA COUNTY
Reports and Financial Statements
For the year ended 30th June, 2019**

1.1. STATEMENT OF ASSETS AND LIABILITIES AS AT 30TH JUNE, 2019

		2018-2019	2017-2018
	Notes	KShs	KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	6A	5,749	2,287
Total Cash and cash equivalent		5,749	2,287
TOTAL FINANCIAL ASSETS		5,749	2,287
FINANCIAL LIABILITIES			
NET FINANCIAL ASSETS		<u>5,749</u>	<u>2,287</u>
REPRESENTED BY			
Fund balance b/fwd.	7	2,287	770,118
Surplus/Deficit for the year		3,462	(767,831)
NET FINANCIAL POSITION		<u>5,749</u>	<u>2,287</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County Public Service Board financial statements were approved on 24th July, 2020 and signed by:

Board Secretary



Accountant I

**COUNTY PUBLIC SERVICE BOARD
TRANS NZOIA COUNTY
Reports and Financial Statements
For the year ended 30th June, 2019**

1.2. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE, 2019

		2018-2019	2017-2018
	Notes	KShs	KShs
Receipts from operating income			
Transfers from Other Government Entities	1	19,594,709	19,836,100
Reimbursements and Refunds	2	4,974	30,000
Use of goods and services	3	-18,510,934	-17,341,718
Transfers to Other Government Units	4	-	-2,897,218
Net cash flow from operating activities		1,088,749	-372,835
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	5	-1,085,287	-394,996
Net cash flows from Investing Activities		-1,085,287	-394,996
CASHFLOW FROM BORROWING ACTIVITIES			
Net cash flow from financing activities			
NET INCREASE IN CASH AND CASH EQUIVALENT		3,462	-767,831
Cash and cash equivalent at BEGINNING of the year	7	2,287	770,118
Cash and cash equivalent at END of the year	6A	5,749	2,287

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County Public Service Board financial statements were approved on 24th July, 2020 and signed by:


Board Secretary




Accountant I

COUNTY PUBLIC SERVICE BOARD, TRANS NZOLA COUNTY
Reports and Financial Statements
For the year ended June 30, 2019

1.3. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED FOR THE YEAR ENDED 30TH JUNE, 2019


Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
RECEIPTS						
Transfers from Other Government Entities	64,121,702	(4,500,000)	59,621,702	19,594,709	40,026,993	33%
Reimbursements and Refunds	-	4,974	4,974	4,974	-	100%
TOTAL	64,121,702	(4,495,026)	59,626,676	19,599,683	40,026,993	33%
PAYMENTS						
Compensation of Employees	5,250,000	-	5,250,000			
Use of goods and services	25,273,241	(500,000)	24,773,241	18,510,934	6,262,307	75%
Acquisition of Assets	33,598,461	(4,000,000)	29,598,461	1,085,287	28,513,174	4%
TOTAL	64,121,702	(4,500,000)	59,621,702	19,596,221	40,025,481	33%
SURPLUS/(DEFICIT)				3,462		

[Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

(a) The Board was grossly underfunded. Out of the budgeted amount of Kshs 59,621,702, the Board received only Kshs 19,594,709 for the entire financial year from the County Treasury, and that was the amount the Board utilized.

The County Public Service Board financial statements were approved on 24th July, 2020 and signed by:


Board Secretary



Accountant I

**COUNTY PUBLIC SERVICE BOARD
TRANS NZOIA COUNTY
Reports and Financial Statements
For the year ended 30th June, 2019**

1.4. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT FOR THE YEAR ENDED 30TH JUNE, 2019

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Transfers from Other Government Entities	32,773,241	(500,000)	32,273,241	19,594,709	12,678,532	61%
Reimbursements and Refunds		4,974	4,974	4,974	-	100%
TOTAL	32,773,241	(495,026)	32,278,215	19,599,683	12,599,683	61%
PAYMENTS						
Compensation of Employees	5,250,000	-	5,250,000			
Use of goods and services	25,273,241	(500,000)	24,773,241	18,510,934	6,262,307	75%
Acquisition of Assets	2,250,000	-	2,250,000	1,085,287	1,164,713	48%
TOTAL	32,773,241	(500,000)	32,273,241	19,596,221	7,427,020	61%
SURPLUS/(DEFICIT)				3,462		

[Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

(a) The Board was grossly underfunded. Out of the budgeted amount of Kshs 59,621,702, the Board received only Kshs 19,594,709 for the entire financial year from the County Treasury, and that was the amount the Board utilized.

The County Public Service Board financial statements were approved on 24th July, 2020 and signed by:


Board Secretary


Accountant I

**OFFICE OF SECRETARY
PUBLIC SERVICE BOARD
24 JUL 2020
P. O. Box 4210-30200, KITALE.
Tel: 0716 889 719**

**COUNTY PUBLIC SERVICE BOARD
TRANS NZOIA COUNTY
Reports and Financial Statements
For the year ended 30th June, 2019**

1.5. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT FOR THE YEAR ENDED 30TH JUNE, 2019

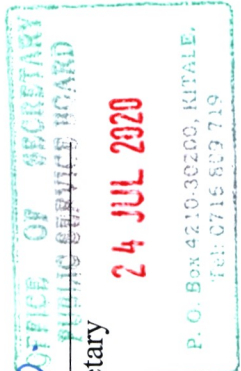
Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Transfers from Other Government Entities	31,348,461	(4,000,000)	27,348,461		27,348,461	0%
TOTAL	31,348,461	(4,000,000)	27,348,461		27,348,461	0%
PAYMENTS						
Acquisition of Assets	31,348,461	(4,000,000)	27,348,461		27,348,461	0%
TOTALS	31,348,461	(4,000,000)	27,348,461		27,348,461	0%
SURPLUS/(DEFICIT)						


[Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

(a) Despite having a budget provision of Kshs 27,348,461 for development, the Board never received any development funds from the County Treasury for the entire financial year, and this greatly hampered the completion of the construction of the office block.

The County Public Service Board financial statements were approved on 24th July, 2020 and signed by:


Board Secretary




Accountant I

COUNTY PUBLIC SERVICE BOARD, TRANS NZOIA COUNTY
Reports and Financial Statements
For the year ended June 30, 2019

1.6. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2018-2019 KShs	2018-2019 KShs	2018-2019 KShs	2018-2019 KShs	2018-2019 KShs
Programme 1: Administrative and Support Service					
SP 1. 1: General Administration	9,273,241	(500,000)	8,773,241	5,531,683	3,241,558
Programme 2: Public Service Transformation					
SP 2. 1: Recruitment Placement & Succession Management	6,000,000		6,000,000	4,633,000	1,367,000
SP 2. 2: Training and capacity building	5,500,000		5,500,000	3,869,400	1,630,600
SP 2. 3: Performance Management systems	2,000,000		2,000,000	1,000,000	1,000,000
SP 2. 4: Quality Assurance	2,000,000		2,000,000	1,000,000	1,000,000
Programme 3: Governance and National Values					
SP 3. 1: Civic education and awareness creation	4,000,000		4,000,000	1,100,000	2,900,000
SP 3. 2: Code of conduct guidelines, structure & Capacity	4,000,000		4,000,000	2,465,600	1,534,400
Programme 4: Physical Infrastructure Equipment					
SP 4. 1: Construction of Board	12,348,461		12,348,461		12,348,461

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offices				
SP 4. 2: Record Management & Online Application system	12,000,000	(2,000,000)	10,000,000	10,000,000
SP 4. 3: Motor vehicle & equipment	9,000,000	(2,000,000)	7,000,000	7,000,000

(NB: This statement is a disclosure statement indicating the utilisation in the same format at the County budgets which are programmatic)

1.7. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy notes below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The receivables and payables are disclosed in the Statement of Assets and Liabilities.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the entity all values are rounded to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented.

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

2. Reporting entity

The financial statements are for the County Public Service Board, *Trans-Nzoia* County Government. The financial statements encompass the reporting entity as specified under section 164 of the PFM Act 2012.

3. Recognition of receipts and payments

a) Recognition of receipts

The County Public Service Board, *Trans-Nzoia* recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Board.

Tax receipts

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

Transfers from the Exchequer

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.

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SIGNIFICANT ACCOUNTING POLICIES (Continued)

External Assistance

External assistance is received through grants and loans from multilateral and bilateral development partners.

Donations and grants

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

Proceeds from borrowing

Borrowing includes Treasury bill, treasury bonds, corporate bonds; sovereign bonds and external loans acquired by the entity or any other debt the County Government may take on will be treated on cash basis and recognized as receipts during the year of receipt.

Undrawn external assistance

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for projects currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. During the year ended 30th June 2018, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

County Own Generated Receipts

These include Appropriation-in-Aid and relates to receipts such as trade licences, cess, fees, property income among others generated by the County Government from its citizenry. These are recognised in the financial statements the time associated cash is received.

Returns to CRF Issues

These relate to unspent balances in the development, recurrent and deposit accounts at the end of the year which are returned to the County Revenue Fund (CRF) and appropriated through a supplementary budget to enable the County to spend funds. These funds are recognised once appropriated through a supplementary budget process.

b) Recognition of payments

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

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SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensation of employees

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

Use of goods and services

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

Interest on borrowing

Borrowing costs that include interest are recognized as payment in the period in which they incurred and paid for.

Repayment of borrowing (principal amount)

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the County consolidated financial statements.

Acquisition of fixed assets

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

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

4. In-kind contributions

In-kind contributions are donations that are made to the *entity* in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the *entity* includes such value in the statement of receipts and payments both as receipts and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

COUNTY PUBLIC SERVICE BOARD

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SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Cash and cash equivalents

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

Restriction on cash

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

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2018, this amounted to KShs Nil compared to KShs Nil in prior period.

There were no other restrictions on cash during the year

6. Accounts Receivable

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

7. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted and presc

ribed by the Public Sector Accounting Standards Board. Other liabilities including pending bills are disclosed in the financial statements.

8. Non-current assets

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

COUNTY PUBLIC SERVICE BOARD

TRANS NZOIA COUNTY

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SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Pending bills

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

10. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *entity's* budget was approved as required by Law and as detailed in the County Revenue Allocation Act. The original budget was approved by the County Assembly for the period 1st July 2017 to 30 June 2018 as required by law. There was one supplementary budgets passed in the year. A high-level assessment of the *entity's* actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

11. Comparative figures

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

12. Subsequent events

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

13. Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

14. Related party transactions

Related party transactions involve cash and in kind transactions with the National Government, National Government entities and County Government entities. Specific information with regards to related party transactions is included in the disclosure notes.

COUNTY PUBLIC SERVICE BOARD
TRANS NZOIA COUNTY
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1.8. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

County Government of Trans Nzoia	19,594,709	19,836,100
TOTAL	19,594,709	19,836,100

2. REIMBURSEMENTS AND REFUNDS

Reimbursement from Individuals & Private Organizations	4,974	30,000
Total	4,974	30,000

(Unutilised amount paid in respect of training fees)

3. USE OF GOODS AND SERVICES

Utilities, Supplies and Services	129,574	15,000
Communication, Supplies and Services	268,450	340,541
Domestic Travel and Subsistence	9,817,071	8,397,611
Foreign Travel and Subsistence	2,252,382	906,185
Printing, Advertising and Information Supplies & Services	354,332	1,246,060
Training Expenses	1,506,640	2,963,190
Hospitality Supplies and Services	1,803,007	1,363,617
Fuel Oil and Lubricants	491,092	742,858
Specialized Materials and Services		
Office and General Supplies and Services	628,728	537,352
Other Operating Expenses	331,611	308,551
Routine Maintenance – Vehicles and Other Transport Equipment	688,287	486,873
Routine Maintenance – Other Assets	239,760	33,880
Total	18,510,934	17,341,718

**COUNTY PUBLIC SERVICE BOARD
TRANS NZOIA COUNTY
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2018 – 2019	2017 – 2018
	KShs	KShs
County Government of Trans Nzoia (CRA)		2,897,218
TOTAL		

(Refund of unutilized funds)

5. ACQUISITION OF ASSETS

Non Financial Assets	2018 – 2019	2017 – 2018
	KShs	KShs
Purchase of Office Furniture and General Equipment	537,787	394,996
Purchase of ICT Equipment	547,500	
Total	1,085,287	394,996

6. CASH AND BANK BALANCES

6A. BANK BALANCES

Name of Bank, Account No. & currency	Amount in bank account currency*	Indicate whether recurrent, Development, deposit, receipts e.t.c	Ex. rate (if in foreign currency)	2018 – 2019	2017 – 2018
				KShs	KShs
<i>Kenya Commercial Bank Account No. 1149298472</i>	Kshs	Recurrent		5,749	2,287
Total				5,749	2,287

*Amount should be as per amount in the cash book.

**COUNTY PUBLIC SERVICE BOARD
TRANS NZOIA COUNTY
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. FUND BALANCE BROUGHT FORWARD

Bank accounts	2,287	770,118
Total	2,287	770,118

**COUNTY PUBLIC SERVICE BOARD
TRANS NZOIA COUNTY
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1.9. OTHER IMPORTANT DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 1)

	2018 – 2019	2017 – 2018
	KShs	KShs
Construction of buildings	3,031,328	6,224,328

2. 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)
2017-2018-2-01-0026-00	Over-employment of staff of various cadres against the approved establishment.	With regard to county employees, there are those who joined the county public service; From the defunct local authorities; through devolved function; through secondment & those recruited by the County Public Service Board Two (2) of the departments in question i.e. Department of Health Service and Energy and the Department of Transport, Public Works and Infrastructure that are over established, are among those that were devolved, and as such	Board Secretary	In the process of being resolved once the organogram and optimal staffing levels are reviewed	July, 2020

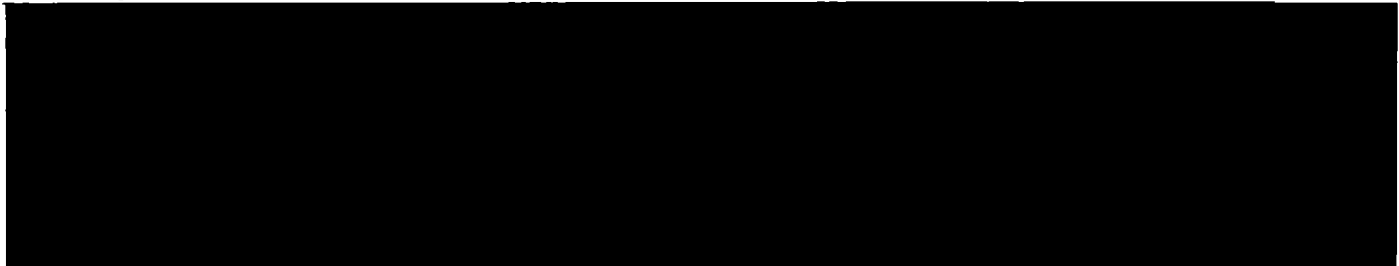
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		<p>the County Government took over all the personnel within those departments from the National Government. Therefore, it is not that the Board overemployed, but rather, as the organization structures and optimum staffing levels for the County Government of Trans Nzoia were developed in 2016, there was lack of synchronization of the actual numbers on the ground and those in the organization structures. This has created the need for revision of the organization structures and optimum staffing levels for County Government of Trans Nzoia. The revision process has commenced and it is expected that it will remedy the problem.</p> <p>With regard to over establishment in the Department of Education and ICT, in relation to support staff supervisor, the Board's position is that the numbers relate to ECDE Care givers and not</p>	<p>-Board Secretary</p> <p>-Chief Officer - PSM</p>	<p>In the process of being resolved once DPSM reviews the IPPD to include the</p>	<p>July, 2020</p>

**COUNTY PUBLIC SERVICE BOARD
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		Support staff supervisor. The payroll officers used the support staff supervisor designation that is defined in the IPPD system to include ECDE care givers in the payroll since ECDE care giver designation is not defined in the IPPD system. That being the case, the question of over establishment does not arise, since there is adequate provision for ECDE Care givers (Child Education Teacher) in the organization structures and optimum staffing levels for the County Government of Trans Nzoia.		missing cadre of child education teachers (ECDE Care givers).	
	The County Public Service Board had an approved budget of Kshs 51,030,000 but received Kshs 19,866,100 from the County Treasury resulting to an underfunding of Kshs 31,163,900. No satisfactory explanation was given for such underfunding.	The County Public Service Board-Trans Nzoia was underfunded by Kshs. 31,163,900. Despite requests by the Board for funding, the County Treasury was unable to fully fund the Board owing to revenue shortfalls experienced by the County Treasury particularly in local revenues; hence the Board's funding also suffered.	Board Secretary	The Board will embark on the process of seeking authority and opening an account with the CBK so that it can be in control of all its funds as	July, 2020

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		<p>Further, owing to the fact that the Board does not have a Central Bank Account, not all the funds can be transferred to the Board's imprest account at the KCB, e.g. Development funds, personal emoluments funds etc.</p>		<p>budgeted.</p>	
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COUNTY PUBLIC SERVICE BOARD, TRANS NZOIA COUNTY
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ANNEXES

II. ANNEX 1 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2018/2019	Outstanding Balance 2017/2018	Comments
	A	B	C	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction of buildings	6,224,328	19-6-2018	-	3,031,328	6,224,328	
1. Rajads Limited	6,224,328		-	3,031,328	6,224,328	
Sub-Total	6,224,328		-	3,031,328	6,224,328	
Grand Total	6,224,328		-	3,031,328	6,224,328	

COUNTY PUBLIC SERVICE BOARD, TRANS NZOLA COUNTY
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ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER

Buildings and structures	1,665,087			1,665,087
Transport equipment	6,329,366			6,329,366
Office equipment, furniture and fittings	2,159,757			2,159,757
ICT Equipment, Software and Other ICT Assets	3,748,825	1,085,287		4,834,112
Total	13,903,035			14,988,322

NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the County Government. Additions during the year should tie to note 17 on acquisition of assets during the year.

COUNTY PUBLIC SERVICE BOARD, TRANS NZOIA COUNTY
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ANNEX 3 – BANK RECONCILIATION/FO 30 REPORT

County Public Service Board, Trans Nzoia

Bank Reconciliation Statement as at 30th June 2019

Balance as per the Bank Statement			2,510,569
<u>Less Unpresented Cheques</u>	<u>Date</u>	<u>Cheque No.</u>	
Commissioner Domestic Tax – KSG	22-Jun-19	000735	1,578
Commissioner Domestic Tax – Toyota	22-Jun-19	000747	952
Commissioner Domestic Tax – Toyota	24-Jun-19	000757	4,234
Sixty Four Centre Ltd.	22-Jun-19	000761	124,461
Commissioner Domestic Tax - Sixty Four	22-Jun-19	000762	6,789
Westside Hotels	27-Jun-19	000764	28,372
Commissioner Domestic Tax – Westside	27-Jun-19	000765	1,548
Kisumu Hotel	29-Jun-19	000769	113,793
Commissioner Domestic Tax - Kisumu H.	29-Jun-19	000770	6,207
Wangzek Company Ltd.	29-Jun-19	000771	223,006
Commissioner Domestic Tax – Wangzek	29-Jun-19	000772	12,164
Standard Group Ltd.	29-Jun-19	000773	151,470
Commissioner Domestic Tax – Standard	29-Jun-19	000774	8,262
Smartgalaxy General Enterprise	29-Jun-19	000775	519,181
Commissioner Domestic Tax - Smart Galaxy	29-Jun-19	000776	28,319
JCM Supplies Ltd.	29-Jun-19	000777	483,621
Commissioner Domestic Tax – JCM	29-Jun-19	000778	26,379
Sirwo Enterprises Ltd.	29-Jun-19	000781	184,913
Commissioner Domestic Tax – Sirwo	29-Jun-19	000782	10,087
Jayesh Auto Distributors Ltd.	29-Jun-19	000784	175,000
Trans Mattresses Ltd.	29-Jun-19	000785	37,740
Telkom Kenya Ltd.	29-Jun-19	000787	72,450
KPLC	29-Jun-19	000789	56,000
Westside Hotels	29-Jun-19	000790	25,101
Commissioner Domestic Tax – Westside	29-Jun-19	000791	1,369
Nzowasco	29-Jun-19	000792	73,574
Zand Builders & Civil Works Ltd.	29-Jun-19	000793	121,616
Commissioner Domestic Tax – Zand Builders	29-Jun-19	000794	6,634
			<u>2,504,820</u>
Balance as per June, 2019 CB			<u>5,749</u>