

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

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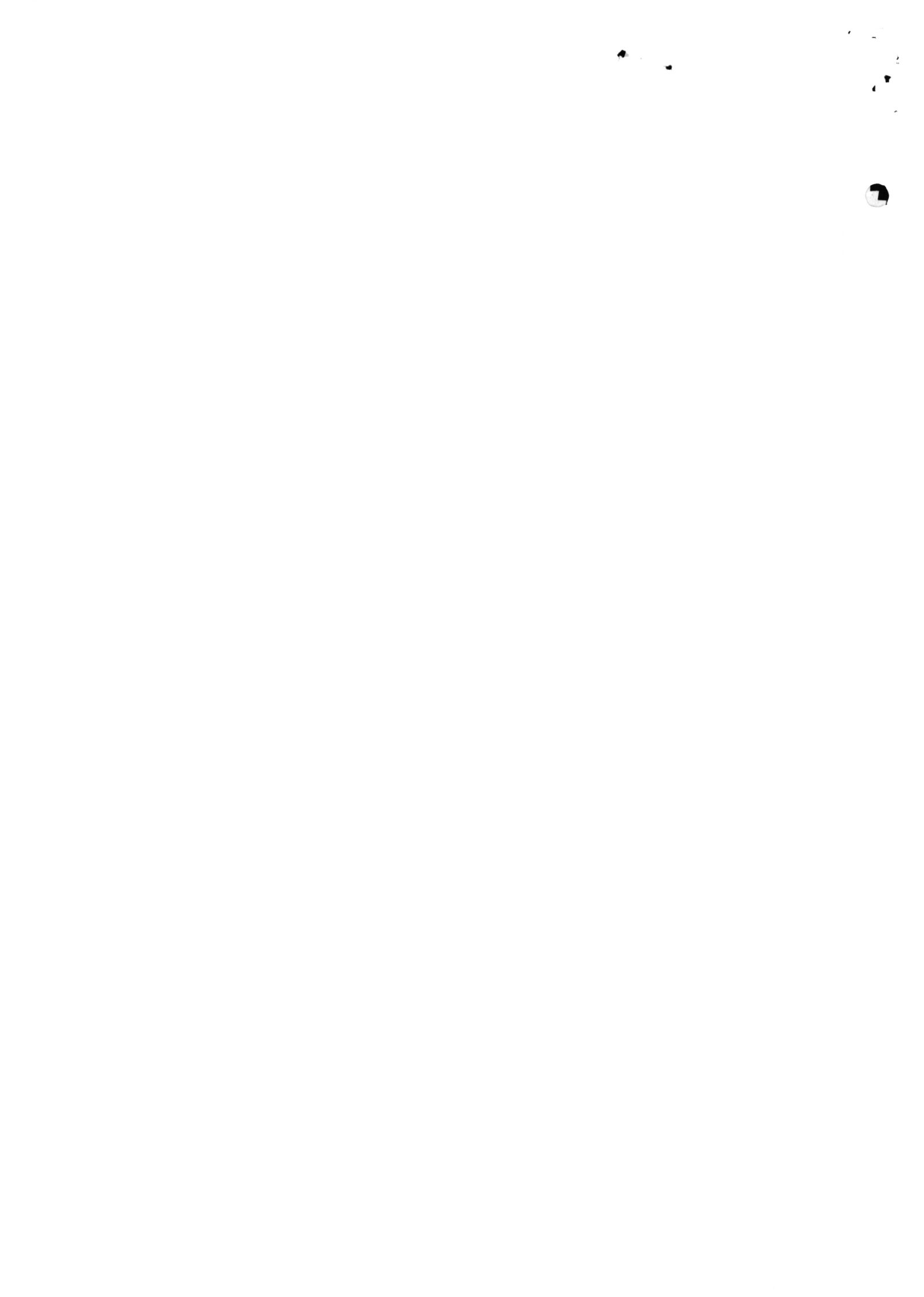
OF

THE AUDITOR-GENERAL

ON

COUNTY ASSEMBLY OF NAROK

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





NAROK COUNTY ASSEMBLY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2022

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

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

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1. Key Entity Information and Management

(a) Background information

The County is constituted as per the constitution of Kenya is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The County Assembly constitutes 30 Members of County Assembly (MCAs) elected to represent members of the public from their respective wards and 17 Nominated members to represent special groups. The MCAs are responsible for making any laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

(b) Key Management

The *Narok County Assembly's* day-to-day management is under the following key organs:

No.	Designation	Name
1.	Speaker of the County Assembly	Nkoidila Ole Lankas
2.	Clerk of the County Assembly	John Mayiani Tuya
3.	Deputy Clerk	Justus Sinoyia Yiaile
4.	Principal Finance Officer	CPA Peter Shakamae Tianta
5.	Principal Human Resource Officer	Gedion Langat

(c) Fiduciary Management

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

No.	Designation	Name
1.	Clerk of the County Assembly	John Mayiani Tuya
2.	Deputy Clerk	Justus Sinoyia Yiaile

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

No.	Designation	Name
3.	Principal Finance Officer	CPA Peter Shakamae Tianta
4.	Principal Human Resource Officer	Gedion Langat

(d) Fiduciary Oversight Arrangements

In executing its mandate, the County Assembly has the following oversight committees:

- I. The County Assembly
- II. Public Accounts and Investments Committee
- III. Budget and Appropriation Committee

I. The County Assembly

The County Assembly of Narok has 30 civic elective wards each represented by a Member of County Assembly (MCA) at the Assembly. The Assembly has 47 MCAs including 17 Nominated County legislators. The Speaker who is elected by the MCAs heads it. The County Assembly is the legislative authority in the county. It also plays an oversight role in ensuring that the county resources are well allocated and well spent. The County Assembly is especially critical in the budgeting process. The MCAs meet every week in accordance with the Standing Orders of the County Assembly.

II. Public, Accounts and Investments Committee

In the Narok County Assembly, the Public Accounts and Investments Committee comprises of five members tabulated below: -

No.	Name	Position
1.	Hon. Kipas Lengues	Chairperson
2.	Hon. Wilson Metayia Murguyia	Vice Chairperson
3.	Hon. Mary Simat	Member
4.	Hon. Dominic Rakwa	Member
5.	Hon. Rahab Naisotue Kenana	Member

NAROK COUNTY ASSEMBLY

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Mandate of the Committee

The County Assembly's Public and Investments Committee has the following oversight roles –

- a. The examination of the accounts showing the appropriations of the sum Voted by the County Assembly to meet the public expenditure and of such other accounts laid before the County Assembly as the Committee may think Fit.
- b. The examination of the reports, accounts and workings of the county public investments;
- c. The examination, in the context of the autonomy and efficiency of the county public investments, whether the affairs of the county public investments, are being managed in accordance with sound financial or business principles and prudent commercial practices:

Provided that the Committee shall not examine any of the following, namely:

- a. Matters of major County or National Government policy as distinct from business or commercial functions of the public investments;
- b. Matters of day-to-day administration; and,
- c. Matters for the consideration of which machinery is established by any special statute under which a particular county public investment is established.

III. Budget and Appropriation Committee

The Budget and Appropriation Committee carries an oversight role through the following functions: -

- a. Investigating and inquiring into and report on all matters related to coordination, control and monitoring of the county budget;
- b. Discussing and reviewing the estimates and make recommendations to the County Assembly;
- c. Examining the County Budget Policy Statement presented to the County Assembly;
- d. Examination of bills related to the County budget, including Appropriations bills; and
- e. Evaluation of tax estimates, economic and budgetary policies and programmes with direct budget outlays.

(e) Narok County Assembly Headquarters

P.O. Box 19-20500

Narok County Assembly Building,

Mau-Narok Road Narok Town,

NAROK, KENYA

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

(f) Narok County Assembly Contacts

Telephone: (254) 020688878

E-mail: narokcountyassembly@gmail.com

Website: www.narokassembly.go.ke

(g) Narok County Assembly Bankers

1. Central Bank of Kenya

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P.O. Box 60000

City Square 00200

NAIROBI, KENYA.

(h) Independent Auditor

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

NAIROBI, KENYA

(i) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

NAROK COUNTY ASSEMBLY

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

2. Forward by the Clerk of the Narok County Assembly

The core mandate of County Assembly is to legislate and ensure good governance through the oversight role of the Assembly. For this to be achieved, budget provision is made to improve capacity for Members of County Assembly to make laws, fully participate in the Budget making process and also improve capacity for staff through capacity building programmes and also leveraging usage of information communication technology. These entails adequate funding to ensure that County Assembly efficiently and effectively fulfils constitutional functions in a representative system of County Government.

2.1 Budget Performance

The County Assembly was allocated a budget of **Kshs.886,696,090** in the **FY 2021/2022** which comprised of **Kshs.853,502,608** for recurrent expenditure and **Kshs.32,693,482** for Development Expenditure respectively.

Out of the sum allocated the County Assembly received from the exchequer Kshs.812,941,728 against an expenditure of Kshs.812,940,618 thus resulting to an absorption rate of 99.99%.

2.2 Operational Performance

The Narok County Assembly budget was approved as required by Law. The original budget was approved by the County Assembly on 26th June 2021 for the period 1st July 2021 to 30 June 2022 as required by law. There were two (2) number of supplementary budgets passed in the year. The supplementary budgets were approved on 10th October 2021 and 30th May 2022 Respectively. A high-level assessment of the Narok County Assembly actual performance against the comparable budget for the financial year under review has been included in the Statement of Comparison of budget and actual amounts included in these financial statements.

2.2.1 Laws and Policies Passed during the Financial Year 2021/22

During the financial year 2021/2022, the Narok County Assembly passed the following (8) laws and regulations:

S/No.	Bill Passed	Objective of the Bill
1.	Appropriation Bill 2021/2022	To authorize the issue of a sum of money out of the Narok County Revenue Fund and its application towards the service of the year ending on 30 th June, 2022, and to appropriate that sum and a sum voted on account by the

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

		County Assembly for certain public services and purposes
2.	Finance Bill 2021	To enable the County Government to raise revenue by imposing various charges, fees, rents and taxes among other.
3.	Annual Development Plan 2021	Provide County Programmes
4.	County Fiscal Strategy Paper 2021	Policy document that sets out the policy goals and priority development areas that will guide budget preparation for the subsequent financial year and medium term.
5.	County review and Outlook Paper	Provide overview of the previous financial year Budget.
6	Supplementary I and II Bill 2022	To authorize the issue of a sum of money out of the Narok County Revenue Fund and its application towards the service of the year ending on 30 th June, 2022, and to appropriate that sum and a sum voted on account by the County Assembly for certain public services and purposes
7	Narok County State Officer Retirement Bill	To Provide a frame work were members of County Assembly, Governor and Deputy Governors who have served for two terms and would wish to retire from active politics can access retirement benefits upon attainment of 45 years and above.
8	Narok Kajiado Counties Economic Block Bill	To Promote Economic and Social Development between the Two Counties.

2.2.2 Narok County Assembly Committees and Mandates

During the financial year 2021/2022, the Narok County Assembly had the following five (5) highlighted county assembly committees.

S/No.	Name of Committee	Mandate	Successes
1.	Public, Investments and Accounts Committee (PIAC)	(a) Examination of the accounts showing the appropriations of the sum Voted by the County Assembly to meet the public expenditure and of such other accounts laid before the County Assembly as the Committee may think Fit. (b) Examination of the reports, accounts and workings of the county public investments;	Tabling and discussion of Auditor General's Reports

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		(c) Examination, in the context of the autonomy and efficiency of the county public investments, whether the affairs of the county public investments, are being managed in accordance with sound financial or business principles and prudent commercial practices:	
2.	Environment & Natural Resources Committee	Implementation of specific National Government policies on natural resources and environmental conservation, including soil and water conservation and forestry and control of air pollution, noise pollution, other public nuisances and outdoor advertising.	Development of the Narok County Climate Change Fund Act, 2021
3.	The Planning, Trade, Tourism And Co-Operatives Environment Committee	(a) All matters related to County Planning and Development, including statistics, Land survey and mapping, boundaries and fencing, housing and electricity and gas reticulation and energy regulation. (b) Trade development and regulation including markets, trade licenses (excluding regulation of professions), and fair trading practices, local tourism and cooperative societies.	Development of the Maasai Mara Community Support Fund (Amendment) Act, 2020
4.	Budget and Appropriations Committee	(a) Investigate, inquire into and report on all matters related to coordination, control and monitoring of the county budget; (b) Discuss and review the estimates and make recommendations to the County Assembly; (c) Examine the County Budget Policy Statement presented to the County Assembly; (d) Examine Bills related to the County budget, including Appropriations Bills; and (e) Evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays.	Appropriation Bill 2021 Finance Bill 2021 Annual Development Plan 2021 County Fiscal Strategy Paper 2021 County review and Outlook Paper Supplementary I Bill 2021 Supplementary II Bill 2021
5.	Finance and Economic Planning Committee	(a) To investigate, inquire into and report on all matters related to coordination, control and monitoring of the County revenue.	Passing of: - Annual Development Plan 2021

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		(b)To investigate all matters relating to oversight of County Government expenditure and all County Funds management. (c)To examine Bills related to revenue collection including the Finance Bill. (d) To examine all the revenue reports and the revenue estimates and makes recommendations to the County Assembly. (e)To evaluate all Economic plans, policies and programs with direct effect on revenue mobilization.	County Fiscal Strategy Paper 2021 County review and Outlook Paper
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2.3 Performance of key development projects

The Narok County Assembly did not carry out development projects due to non-disbursement of funds from the Treasury.

2.4 Comment on Value for Money achievements

The funds were fairly utilized as per the Execution of programmes and sub programmes.

2.5 Challenges and Recommendation Way Forward

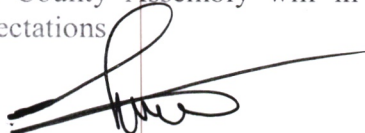
Despite all this the county assembly still faces the following challenges and constraints in budget implementation

- Delay in disbursement of funds from the Treasury.
- High public expectations.

The County Assembly will in future ensure that there is good working relationship with the County Executive to enable timely disbursement of funds and settlement of pending bills.

The County Assembly will ensure sufficient funds are budgeted for construction of more offices at ward level to reduce the cost of hiring.

The County Assembly will in future ensure that more bills are passed as per the public expectations



Sign

Joseph Kasaine Lengeny

Ag.Clerk of the Narok County Assembly

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

3. Statement of Performance against County Assembly Predetermined Objectives

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of Narok County Assembly in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

The key mandate of the County Assembly of Narok is legislation, oversight, and representation. To achieve this, the assembly's program was document in terms of objective, key performance indicators, and output.

Below were the expected outputs of the assembly in FY 2021/2022

Summary of the Programme Outputs and Performance Indicators for FY 2021/2022

Programme	Objective	Outcome	Indicator	Performance
Legislation and Representation				
Legislative Oversight	To provide a tool for monitoring progress of County Assembly programmes/policies and assures accountability, transparency and value for money goods and services.	Bills passed	Number of bills passed in a financial year	In FY. 2021/2022, Narok County Assembly passed 10 bills and County policies
County Co-ordination	To provide a tool for monitoring progress of County Assembly programmes/policies and assures accountability, transparency and value for money goods and services.	Meetings held to involve public in major decision making.	Number of meetings held.	In FY. 2021/2022, a total of 36 county coordination meetings were held

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Research and Policy	To promote of research and policy formulation.	Research and policy proposals financed	Number of research and policy proposals financed in various fields.	During the financial year, 2 research and policy proposals financed
General Administration and Planning Services				
Administration	To provide effective and efficient coordination of support services to the attainment of county assembly strategic objectives.	Maintenance of proper accounting records that can enhance accountability and transparency in the management of public resources	The extent to which efficiency and effectiveness is achieved.	The administration services were well done during the financial year 2021/2022
Legal and Public Affairs	To provide effective and efficient coordination of support services to the attainment of county assembly strategic objectives.	Efficient communication and service delivery.	Improved information and communication technology infrastructure in the County Assembly.	The legal and public affairs services were well done during the financial year 2021/2022
Board Management Service	To provide effective and efficient coordination of support services to the attainment of county assembly strategic objectives	Ensure the provision of quality, professional and accountable services to staff of the County Assembly.	Improved County assembly service management policy. Give Guideline on implementation of past developed and circulars within the assembly.	The County Assembly Service Board services were well done during the financial year 2021/2022

NAROK COUNTY ASSEMBLY

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4. Corporate Social Responsibility Statement/Sustainability Reporting

Narok County Assembly exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on three (3) pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

a) Sustainability strategy and profile -

The County Assembly sustainability is assured through the existence of County Governments Act 2012 that establishes the County Assemblies in Kenya. The top management especially the accounting officer should refer to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

b) Employee welfare

The County Assembly Service Board as an employer is under obligation to provide free medical treatment or make provision for adequate medical care for its employees. The County Assembly Service Board shall provide medical cover as per the Salaries and Remuneration Commission advice. The amount of the cover will be determined by the County Assembly Service Board from time to time subject to SRC Circular in force.

Training programs comprise both short and long term courses in specific professions that are intended to impart required knowledge, skills and attitudes to enhance staff performance.

County Assembly Service Board design specific in-house training programs as a method of developing training interventions which address identified training needs. In designing training programs HRM&D should ascertain the availability of: -

- Professional qualified and experienced trainers;
- Training programs that are cost-effective; and
- An effective evaluation and feedback system to assess the impact of training on Performance.

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

c) Market place practices-

The County Assembly did not carry out the market place practices since it is not its core mandate.

d) Community Engagements-

The Budget and Appropriations Committee provides guidance in the budgetary process. It is charged with the budget making process and ensuring that there is public participation in the budget process.

NAROK COUNTY ASSEMBLY

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

5. Statement of Management Responsibilities

Section 164 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer of Narok County Assembly to prepare financial statements in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Assembly; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Assembly; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Clerk accepts responsibility for the County Assembly's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Clerk is of the opinion that the County Assembly's financial statements give a true and fair view of the state of the County Assembly's transactions for the year ended June 30, 2022, and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the County Assembly which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control.

The Clerk confirms that the County Assembly has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Assembly's funds received during the quarter under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Clerk confirms that the

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

County Assembly's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

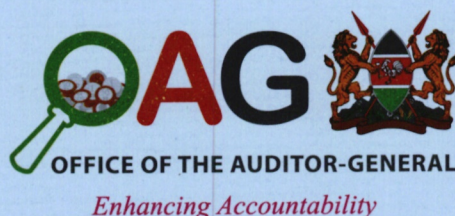
The County Government's financial statements were approved and signed by the Clerk of the County Assembly on 2/11 2022.



Joseph Kasaine Lengeny
Ag. Clerk of the Narok County Assembly

REPUBLIC OF KENYA

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NAIROBI

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Narok set out on pages 1 to 42, which comprise of the statement of financial assets and liabilities as at 30 June, 2022, and the statement of receipts and payments, statement of cash

flows and 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 County Assembly of Narok as at 30 June, 2022, 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 Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Variances between the Financial Statements and Integrated Financial Management Information System (IFMIS)

Comparison of amounts reflected in the financial statements with IFMIS ledger revealed unreconciled variances as indicated below;

Item	Financial	IFMIS Balances (Kshs)	Variance (Kshs)
Compensation of Employees	495,381,980	512,387,740	(17,005,760)
Use of goods and Services	316,196,638	337,187,423	(20,990,785)
Other Grants and Transfers	-	2,907,000	(2,907,000)
Acquisition of Assets	1,362,000	34,374,950	(33,012,950)
Imprests and Advances	-	3,826,050	(3,826,050)
Pending Accounts Payable	52,337,676	21,323,750	31,013,926

Further, the statement of receipts and payments reflects Exchequer receipts of Kshs.812,941,728 being receipts from the County Executive. However, the financial statements of the County Executive for the year ended 30 June, 2022 reflects an amount of Kshs.849,941,728 as transfers to the County Assembly resulting to an unexplained and unreconciled variance of Kshs.37,000,000.

In the circumstances, the accuracy of the financial statements for the year ended 30 June, 2022 could not be confirmed.

2. Summary of Non-Current Asset Register

Annex 4 to the financial statements reflects the summary of non-current asset register amount of Kshs.144,548,068. The amount includes buildings and structures balance of Kshs.96,880,074. However, the value of land on which the buildings and structures stand has not been disclosed. This is contrary to Regulation 136(2) of the Public Finance Management (County Governments) Regulations, 2015 which requires Counties to record each parcel of land and each building and the terms on which it they are held, with reference to the conveyance, address, area, dates of acquisition, disposal or major

change in use, capital expenditure, lease hold terms and maintenance contracts. Further, the title of the land was not provided for audit.

In the circumstances, the completeness and accuracy of the summary of non-current asset register balance of Kshs.144,548,068 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Assembly of Narok 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 are no other key audit matters to report in the year under review.

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts - recurrent and development reflects final budgeted receipts and actual amount on a comparable basis of Kshs.886,696,090 and Kshs.812,941,728 respectively, resulting in an underfunding of Kshs.73,754,362 or 8% of the budget. Similarly, the statement also reflects total expenditure budget of Kshs.886,696,090 against an actual expenditure of Kshs.812,940,618 resulting in overall under-expenditure of Kshs.73,755,472 or 8% of the approved budget.

The underfunding and under-expenditure impact negatively on the delivery of services to the residents of Narok County.

2. Unresolved Prior Year Matters

In the previous year audit report, several issues were raised. However, the Management has not resolved the issues or provided satisfactory explanations for failure adhere to provisions of the Public Sector Accounting Standards Board templates and the National Treasury and Planning Circular of 30 June, 2022.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing

else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Unsupported Outstanding Legal Fees

Annex 1 to the financial statements reflects analysis of pending accounts payable balance of Kshs.52,337,676 which includes suppliers of services amount of Kshs.27,258,633 which further includes Kshs.3,101,724 payable to a law firm for legal services. However, the fee notes for the legal services did not indicate the nature of services offered. Further, procurement records and signed contract for the provision of the legal services were not provided for audit. It was therefore not possible to confirm whether the legal fees commitment was as per the rates prescribed by the Law Society of Kenya in the absence of details of legal services offered.

In the circumstances, the authenticity of legal fees of Kshs.3,101,724 could not be confirmed.

2. Pending Accounts Payables

Annex 1 to the financial statements reflects analysis of pending accounts payable of Kshs.52,337,676 which includes Kshs.45,311,158 relating to 2019/2020 and earlier years. However, Management has not provided any explanation for failure to settle the bills as first charge in compliance with Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015 which prioritize debt payments as a first charge. Further, the documentary evidence in support of pending accounts payables were not provided for audit.

In addition, contributions to Local Authorities Pensions Trust (LAPTRUST) of Kshs.24,272,287 have not been remitted and hence attracting a monthly interest of 3% amounting to Kshs.70,678,826 as at 30 June, 2022. The amount has not been disclosed as pending staff payables.

In the circumstances, the value for money may not have been attained and the accuracy and completeness of pending accounts payables balance of Kshs.52,337,676 could not be confirmed.

3. Failure of County Assembly to Deliberate Audit Reports and Implement Senate Recommendations

The County Assembly has not submitted a report on how it has addressed the Senate recommendations and findings of audit reports for the years 2013/2014 to 2019/2020. This is contrary to Section 31(1)(a) of the Public Audit Act, 2015 states within three months after Parliament has debated and considered the final report of the Auditor-General and made recommendations, a State Organ or a public entity that had been audited shall, as a preliminary step, submit a report on how it has addressed the recommendations and findings of the previous year's audit. Further, the Assembly has not deliberated on the Auditor-General's reports for the years 2013/2014 to 2019/2020.

In the circumstances, the County Assembly is in breach of the law.

4. Irregular Renewal of Medical Insurance Cover

The Assembly renewed the contract for the provision of hospitalization and outpatient medical expenses for staff and County Assembly Members with insurance firm at a contract price of Kshs.22,988,915. However, the new contract price increased by Kshs.6,145,128 or 36% of the expired contract sum of Kshs.16,843,787. This is contrary to Section 139(6) of the Public Procurement and Disposal Act, 2015, which provides that where variations result in an increment of the contract price by more than twenty-five percent, such variations shall be tendered for separately. Further, no e-procurement documentations for the provision of hospitalization and outpatient medical expenses were provided for audit verification.

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

5. Failure to Construct or Acquire Residence for County Speaker

During the year under review, the County Assembly paid a total of Kshs.1,100,000 as rent for the Speaker's residence as the Assembly has not constructed or procured a residence for the Speaker. This is contrary to the Salaries and Remuneration Commission Circular referenced SRC/TS/COG/6/61/48VOL.II(64) of 20 May, 2019 which directed that the deadline for County Governments paying rent to County Assembly Speakers be 30 June, 2022. No explanation was provided for the failure to acquire a residence for the Speaker.

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

6. Non-Compliance with Law on Ethnic Composition

During the year under review, the total number of employees was one hundred twenty-four (124) out of which ninety-six (96) or 77% of the total number were members of the same/dominant ethnic community in the County. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, "all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community".

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

7. Failure to Develop Guidelines for Public Participation

Review of the County Government Budget planning process revealed that the Assembly did not have guidelines to effective public participation contrary to Section 115(2) of the County Government Act, 2012 which requires that the County Assembly develop guidelines for public participation. Further, the Assembly held five (5) public participation meetings in five (5) Wards out of the thirty (30) Wards, which was not a fair representative of the citizens.

Further, the criteria of identifying the five (5) Wards was not provided for audit.

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

8. Non-Compliance with the One Third of Basic Salary Rule

During the year ended 30 June, 2022, thirty-five (35) employees earned a net salary of less than a third (1/3) of the basic salary. This is contrary to Section D22(2) of the County Public Service Human Resource Manual and Section 19(3) of the Employment Act, 2007 which requires that the total amount of deductions which may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of the basic pay. The Management has not given explanation for failure to comply with the law.

In the circumstances, the Management was in breach of the law and may expose the staff to pecuniary embarrassment.

9. Over Employment in County Assembly

Review of the records and payrolls revealed a total of one hundred and twenty-four (124) employees were in service during the year under review. This was contrary to approved staff establishment of one hundred (100) employees as per the Commission of Revenue Allocation Circular Ref No. CRA/FA/01 VOL.11(22) dated 28 June, 2018. No explanation has been provided for the over-employment of 24 employees. Further, the Assembly has not filled all the vacant positions in the approved establishment despite of the overemployment. In addition, the County Assembly Service Board has not prepared Human Resource Plans and Annual Recruitment Plans. This is contrary to Policies No.10 and No.11 of the County Assembly Human Resource Policies and Procedures Manual, 2018.

In the circumstances, the Management was in breach of the regulation.

10. Non -Compliance with Deduction and Remittance of Statutory Dues

Review of documents provided for audit revealed that the Assembly deducted pension totalling Kshs.11,104,350 for Local Authorities Pensions Trust. However, no documentary evidence was provided to support of remittance of the deductions. Further, previous years' pension deductions of Kshs.24,272,287 had not been remitted and has attracted interest of Kshs.70,678,826.

In addition, the Assembly deducted PAYE totalling to Kshs.89,863,314 from the salary of employees. However, only Kshs.30,153,047 was remitted to the Kenya Revenue Authority resulting to unremitted PAYE of Kshs.59,710,267. This is contrary to Section 130(10) of the Income Tax Act, 2021 which stipulates that, before the tenth day following the end of every month or before any other day which may be notified to him by the Commissioner, an employer shall pay to such person as the Commissioner shall direct, tax deducted during that month. Failure to remit pension deduction and PAYE will attract costly interest and is in breach of the law.

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

11. Non-Compliance in County Assembly Service Board

The County Assembly Service Board did not establish a County Assembly Fund. This is contrary to Section 34(1) of the County Assembly Service Act, 2017 which provides for the establishment of a County Assembly Fund.

Further, County Assembly Service Board did not prepare and lay before the Assembly, annual report of its operations within three months after the end of the year. This is contrary to Section 36(1) of the County Assembly Service Act, 2017 which stipulates that the County Assembly Service Board shall prepare and lay before the County Assembly, annual report of its operations within three months after the end of each calendar year.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Lack of a Risk Management Policy

During the year under review, the County Assembly did not have a Risk Management Policy in place and therefore, had no approved processes and guidelines on how to mitigate operational, legal and financial risks.

In the absence of an approved Risk Management Policy, it is not clear how the County Assembly identifies and mitigates emerging risks in its day to day operations.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the Assembly'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 audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in

compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the County Assembly to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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

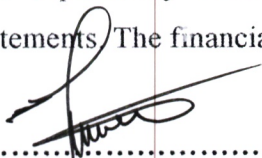
17 April, 2023

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


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

		2021-2022	2020-2021
	Note	KShs	KShs
Receipts			
Exchequer releases	1	812,941,728	769,844,949
Proceeds from sale of assets	2	-	-
Other receipts	3	-	-
Total receipts		812,941,728	769,844,949
Payments			
Compensation of employees	4	495,381,980	449,516,572
Use of goods and services	5	316,196,638	244,753,858
Subsidies	6	-	-
Transfers to other government entities	7	-	60,000,000
Other grants and transfers	8	-	-
Social security benefits	9	-	-
Acquisition of assets	10	1,362,000	15,574,023
Finance costs	11	-	-
Other payments	12	-	-
Total payments		812,940,618	769,844,453
Surplus/deficit		1,110	496

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 2/11 2022 and signed by:



Name: Joseph Kasaine Lengeny
Ag. Clerk of the Assembly



Name: Peter Shakamae Tianta
Principal Finance Officer
ICPAK Member Number:21251

NAROK COUNTY ASSEMBLY

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

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

		2021-2022	2020-2021
Financial assets	Note	Kshs	Kshs
Cash and cash equivalents			
Bank balances	13A	2,801	1,691
Cash balances	13B	-	-
Total cash and cash equivalents		2,801	1,691
Imprests and Advances	14		-
Total financial assets		2,801	1,691
Financial liabilities			
Third party deposits and retention	15	-	-
Net financial assets		2,801	1,691
Represented by			
Fund balance b/fwd	16	1,691	1,195
Prior year adjustment	17	-	
Surplus/(deficit) for the year		1,110	496
Total Net Financial Assets and Liabilities		2,801	1,691

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 2/11 2022 and signed by:

.....
 Name: Joseph Kasaine Lengeny

Ag. Clerk of the Assembly

.....
 Name: Peter Shakamae Tianta

Principal Finance Officer

ICPAK Member Number:21251

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

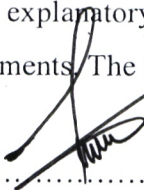
9. Statement of Cash Flows for the Period Ended 30th June 2022

		2021-2022	2020-2021
	Note	KShs	KShs
Cash flows from operating activities			
Receipts from operating income			
Exchequer releases	1	812,941,728	769,844,949
Other receipts	3	-	-
Payments for operating expenses			
Compensation of employees	4	495,381,980	449,516,572
Use of goods and services	5	316,196,638	244,753,858
Subsidies	6	-	-
Transfers to other government entities	7	-	60,000,000
Other grants and transfers	8	-	-
Social security benefits	9	-	-
Finance costs	11	-	-
Other payments	12	-	-
Adjusted for:			
Prior year adjustment	17		
Decrease/(increase) in accounts receivable:	18	-	-
Increase/(decrease) in accounts payable:	19		
Net cash flows from operating activities		1,363,110	15,574,519
Cashflow from investing activities			
Proceeds from sale of assets	2	-	-
Acquisition of assets	10	(1,362,000)	(15,574,023)
Net cash flows from investing activities		(1,362,000)	(15,574,023)
Net increase in cash and cash equivalents		1,110	496
Cash & cash equivalent at Start of the year	13	1,691	1,195
Cash & cash equivalent at end of the year	13	2,801	1,691

NAROK COUNTY ASSEMBLY

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

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 21st 2022 and signed by:



.....

Name: Joseph Kasaine Lengeny
Ag. Clerk of the Assembly



.....

Name: Peter Shakamae Tianta
Principal Finance Officer
ICPAK Member Number: 21251

NAROK COUNTY ASSEMBLY

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

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

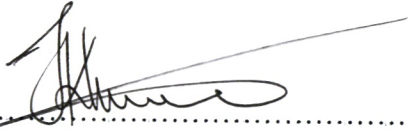
Receipt/expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization difference
	Kshs	Kshs	c=a+b	e=d-c	Kshs
Receipts					
Exchequer releases	922,040,000	(35,343,910)	886,696,090	812,941,728	92%
Proceeds from sale of assets	-	-	-	-	-
Other receipts	-	-	-	-	-
Total	922,040,000	(35,343,910)	886,696,090	812,941,728	92%
Payments					
Compensation of employees	484,750,866	44,310,340	529,061,206	495,381,930	94%
Use of goods and services	252,990,652	65,759,000	318,749,652	316,196,638	99%
Subsidies	-	-	-	-	-
Transfers to other government entities	-	-	-	-	-
Other grants and transfers	-	-	-	-	-
Social security benefits	-	-	-	-	-
Acquisition of assets	184,298,482	(145,413,250)	38,885,232	1,362,000	4%
Finance costs	-	-	-	-	-
Other payments	-	-	-	-	-
Total	922,040,000	(35,343,910)	886,696,090	812,940,618	92%
Surplus/ deficit	-	-	-	1,110	-

The entity financial statements were approved on 2/11 2022 and signed by:

NAROK COUNTY ASSEMBLY

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

The entity financial statements were approved on 2/11 2022 and signed by:



.....
Name: Joseph Kasaine Lengeny

Ag. Clerk of the Assembly



.....
Name: Peter Shakamae Tianta

Principal Finance Officer

ICPAK Member Number:21251

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

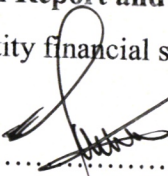
11. Statement of Comparison of Budget & Actual Amounts: Recurrent

Receipt/expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilisation difference
	A	B	c=a+b	e=d-c	
Receipts					
Exchequer releases	769,346,518	84,156,090	853,502,608	812,941,728	95%
Proceeds from sale of assets	-	-	-	-	-
Other receipts	-	-	-	-	-
Total	769,346,518	84,156,090	853,502,608	812,941,728	95%
Payments					
Compensation of employees	484,750,866	44,310,340	529,061,206	495,381,980	94%
Use of goods and services	252,990,652	65,759,000	318,749,652	316,196,638	99%
Subsidies	-	-	-	-	-
Transfers to other government entities	-	-	-	-	-
Other grants and transfers	-	-	-	-	-
Social security benefits	-	-	-	-	-
Acquisition of assets	31,605,000	(25,913,250)	5,691,750	1,362,000	24%
Finance costs	-	-	-	-	-
Other payments	-	-	-	-	-
Total	769,346,518	84,156,090	853,502,608	812,940,618	95%
Surplus/ deficit	-	-	-	1,110	-

NAROK COUNTY ASSEMBLY

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

The entity financial statements were approved on 2/11 2022 and signed by:



.....
Name: Joseph Kasaine Lengeny
Ag. Clerk of the Assembly



.....
Name: Peter Shakamae Tianta
Principal Finance Officer
ICPAK Member Number:21251

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

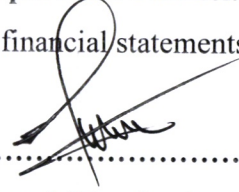
12. Statement of Comparison of Budget & Actual Amounts: Development

Receipt/expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization difference
	Kshs	Kshs	c=a+b	e=d-c	Kshs
Receipts					
Treasury/ exchequer releases	152,693,482	(120,000,000)	32,693,482	10,000,000	31%
Proceeds from sale of assets	-	-	-	-	-
Other receipts	-	-	-	-	-
Total	152,693,482	(120,000,000)	32,693,482	10,000,000	31%
Payments					
Compensation of employees	-	-	-	-	-
Use of goods and services	-	-	-	-	-
Subsidies	-	-	-	-	-
Transfers to other government entities	-	10,000,000	10,000,000	10,000,000	100%
Other grants and transfers	-	-	-	-	-
Social security benefits	-	-	-	-	-
Acquisition of assets	152,693,482	(130,000,000)	22,693,482		0%
Finance costs	-	-	-	-	-
Other payments	-	-	-	-	-
Total	152,693,482	(120,000,000)	32,693,482	10,000,000	31%
Surplus/ deficit	-	-	-	-	-

NAROK COUNTY ASSEMBLY

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

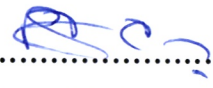
The entity financial statements were approved on 2/11 2022 and signed by:



.....

Name: Joseph Kasaine Lengeny

Ag. Clerk of the Assembly



.....

Name: Peter Shakamae Tianta

Principal Finance Officer

ICPAK Member Number:21251

NAROK COUNTY ASSEMBLY

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

13. Budget Execution by Programmes and Sub-Programmes

Programme/Sub-Programme	Final Budget	Indicators	Outcomes	Actual on comparable basis	Budget utilization difference
	Kshs	%/ number	%/ number	Kshs	Kshs
Programme 1: Legislation and Representation	643,650,700	-	-	612,993,778	30,656,922
SP 1.1 County Assembly Headquarters	394,809,230	-	-	387,236,223	7,573,007
SP 1.2 Office of the Speaker	31,755,000	-	-	31,169,556	585,444
SP 1.3 County Assembly Administration	180,225,926			161,596,939	18,628,987
SP 1.4 County Assembly Legislation	10,430,000			9,407,760	1,022,240
SP 1.5 Finance Management Services	12,980,000			12,218,000	761,600
SP 1.6 Policy and Research	13,450,544	-	-	11,364,900	2,085,644
Programme 2: General Administration and Planning and Support Services	243,045,390	-	-	199,946,840	43,098,550
SP 2.1 Administrative Services	64,156,800	-	-	60,997,795	3,159,005
SP 2.2 County Assembly Services Board	38,400,000	-	-	38,039,220	360,780
SP 2.3 Procedure and Committee Services	107,795,108	-	-	100,909,825	6,885,283
SP 2.4 County Assembly Development	32,693,482			-	32,693,482
Total	886,696,090	-	-	812,940,618	73,755,472

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

14. Significant Accounting Policies

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

1. Statement of compliance and basis of preparation

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

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

3. Recognition of receipts and payments

a) Recognition of receipts

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

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

Significant Accounting Policies (Continued)

i) Transfers from the Exchequer/ County Treasury

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

ii) Other Receipts

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

b) Recognition of payments

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

i) Compensation of employees

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

ii) Use of goods and services

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

iii) Acquisition of fixed assets

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

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

NAROK COUNTY ASSEMBLY
Annual Report and Financial Statements For the year ended 30th June 2022
Significant Accounting Policies (Continued)

4. In-kind contributions

In-kind contributions are donations that are made to the *Narok County Assembly* in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the *Narok County Assembly* 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.

5. Third Party Payments

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

6. Cash and cash equivalents

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

7. Restriction on cash

There were no restrictions on cash during the year.

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

Significant Accounting Policies (Continued)

8. Imprests and Advances

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

9. Third party deposits and retention

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

10. Non-current assets

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

11. Pending bills

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

NAROK COUNTY ASSEMBLY

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

Significant Accounting Policies (Continued)

12. Contingent Liabilities

A contingent liability is:

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

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

The Narok County Assembly does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Note 7 under other disclosure.

Contingent Assets

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

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

Significant Accounting Policies (Continued)

14. Budget

The budget is prepared on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *Narok County Assembly* budget was approved as required by Law. The original budget was approved by the County Assembly on 26 June 2021 for the period 1 July 2021 to 30 June 2022 as required by law. There was two (2) number of supplementary budgets passed in the year. The supplementary budgets were approved on 10 October 2021 and 30 May 2022. A high-level assessment of the *Narok County Assembly* actual performance against the comparable budget for the financial year under review has been included in the Statement of Comparison between actual and budgeted amounts included in these financial statements.

15. Comparative figures

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

16. Subsequent events

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

17. Prior Period Adjustment

During the year, errors that have been corrected are disclosed *under note 17* explaining the nature and amounts.

18. Related Party Transactions

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

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

NAROK COUNTY ASSEMBLY

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

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

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

15. Notes to the Financial Statements

1. Exchequer Releases

	2021-2022	2020-2021
	Kshs	Kshs
Transfers from the county treasury for Q1	122,435,571	50,000,000
Transfers from the county treasury for Q2	222,819,842	222,300,000
Transfers from the county treasury for Q3	205,382,922	102,878,470
Transfers from the county treasury for Q4	262,303,393	394,666,479
Cumulative amount	812,941,728	769,844,949

2. Proceeds From Sale Of Assets

	2021-2022	2020-2021
	Kshs	Kshs
Receipts from the Sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Receipts from Sale of Certified Seeds and Breeding Stock	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
Receipts from the Sale of Inventories, Stocks and Commodities	-	-
Disposal and Sales of Non-Produced Assets	-	-
Total	-	-

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

Notes to the Financial Statements

3. Other Receipts

	2021-2022	2020-2021
	Kshs	Kshs
Tender Fees Received	-	-
Other Receipts II	-	-
Other Receipts III	-	-
Other Receipts IV	-	-
Total	-	-

4. Compensation of Employees

	2021- 2022	2020- 2021
	Kshs	Kshs
Basic salaries of permanent employees	214,682,945	240,374,203
Basic wages of temporary employees	37,998,345	31,384,091
Personal allowances paid as part of salary	189,265,576	144,422,052
Personal allowances paid as reimbursements	-	-
Personal allowances provided in kind	-	-
Employer contribution to compulsory national social schemes	820,800	777,800
Employer contribution to compulsory national health insurance schemes	-	-
Pension and other social security contributions	14,544,992	8,469,842
Social benefit schemes outside government	-	-
Gratuity	38,069,323	24,088,584
Total	495,381,980	449,516,572

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

Notes to the Financial Statements (Continued)

5. Use of Goods and Services

	2021 - 2022	2020 - 2021
	Kshs	Kshs
Utilities, supplies and services	681,052	304,341
Communication, supplies and services	-	8,000
Domestic travel and subsistence	215,338,932	152,741,357
Foreign travel and subsistence	-	-
Printing, advertising and information supplies & services	-	-
Rentals of produced assets	5,404,000	3,254,890
Training expenses	-	50,000
Hospitality supplies and services	16,201,011	11,028,538
Insurance costs	22,988,916	21,942,655
Specialized materials and services	-	30,000
Office and general supplies and services	1,834,060	-
Fuel, oil and lubricants	1,071,207	3,000,000
Other operating expenses	-	1,757,877
Ward Office Expenses	51,173,395	45,643,440
Contribution to Other Parliamentary Associations	200,000	750,000
Routine maintenance – vehicles and other transport equipment	906,595	4,242,760
Contracted Professional Services	397,470	-
Total	316,196,638	244,753,858

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

Notes to the Financial Statements (Continued)

6. Subsidies

Description	2021-2022	2020-2021
	Kshs	Kshs
Subsidies To County Corporations	-	-
	-	-
	-	-
Subsidies To Private Enterprises	-	-
	-	-
	-	-
	-	-
Total	-	-

7. Transfers to Other Government Entities

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers to national government entities	-	-
Transfers to other county assembly entities		
Car loan scheme fund	-	60,000,000
Mortgage	-	-
Others	-	-
	-	-
Total	-	60,000,000

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

Notes to the Financial Statements (Continued)

8. Other Grants And Transfers

	2021-2022	2020-2021
	Kshs	Kshs
Scholarships and other educational benefits	-	-
Membership fees and dues and subscriptions to organizations	-	-
Emergency relief and refugee assistance	-	-
Subsidies to small businesses, cooperatives, and self employed	-	-
Total	-	-

9. Social Security Benefits

	2021 - 2022	2020-2021
	Kshs	Kshs
Government Pension and Retirement Benefits	-	-
Social Security Benefits	-	-
Employer Social Benefits	-	-
Total	-	-

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

Notes to the Financial Statements (Continued)

10. Acquisition of Assets

<u>Non- financial assets</u>	2021 - 2022	2020-2021
	Kshs	Kshs
Purchase of buildings	-	-
Construction of buildings	-	-
Refurbishment of buildings	-	15,574,023
Construction of roads	-	-
Construction and civil works	-	-
Overhaul and refurbishment of construction and civil works	-	-
Purchase of vehicles and other transport equipment	-	-
Overhaul of vehicles and other transport equipment	-	-
Purchase of household furniture and institutional equipment	-	-
Purchase of office furniture and general equipment	1,362,000	-
Purchase of specialized plant, equipment and machinery	-	-
Rehabilitation and renovation of plant, machinery and equip.	-	-
Purchase of certified seeds, breeding stock and live animals	-	-
Research, studies, project preparation, design & supervision	-	-
Rehabilitation of civil works	-	-
Acquisition of strategic stocks and commodities	-	-
Acquisition of land	-	-
Acquisition of intangible assets	-	-
Total acquisition of non- financial assets	1,362,000	15,574,023
	-	-
Financial assets	-	-
Domestic public non-financial enterprises	-	-
Domestic public financial institutions	-	-
Total acquisition of financial assets	-	-
Total acquisition of assets	1,362,000	15,574,023

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

Notes to the Financial Statements (Continued)

11. Finance Costs

	2021- 2022	2020 - 2021
	Kshs	Kshs
Bank charges	-	-
Interest payments on foreign borrowings	-	-
Interest payments on guaranteed debt taken over by govt	-	-
Interest on domestic borrowings (non-govt)	-	-
Interest on borrowings from other government units	-	-
Total	-	-

12. Other Payments

	2021 - 2022	2020 - 2021
	Kshs	Kshs
Budget Reserves	-	-
Civil Contingency Reserves	-	-
Other Payments	-	-
	-	-

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

Notes to the Financial Statements (Continued)

13. Cash and Bank Balances

13A. Bank Balances

Name Of Bank, Account Name & Currency	Account Number	Indicate whether Rec. Dev, Dep e.t.c	2021 - 2022	2020 - 2021
			Kshs	Kshs
<i>Central Bank Of Kenya</i>	1000286601	Development	-	700
<i>Central Bank Of Kenya</i>	1000198467	Recurrent	2,801	991
Total			2,801	1,691

13B. Cash in Hand

	2021 - 2022	2020 - 2021
	Kshs	Kshs
Cash In Hand – Held In Domestic Currency	-	-
Cash In Hand – Held In Foreign Currency	-	-
Total	-	-

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

Notes to the Financial Statements (Continued)

Cash in hand should be analysed as follows:

Description	2021 - 2022	2020 - 2021
	Kshs	Kshs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Total	-	-

14. Imprests and Advances

Description	2021 - 2022	2020 - 2021
	Kshs	Kshs
Government Imprests		45,529,600
Salary Advance	-	-
Clearance accounts	-	-
Total		45,529,600

Breakdown Of Imprest And Salary Advance Per Department	2021 - 2022	2020 - 2021
Imprests	Kshs	Kshs
County Assembly Administration Department	-	-
Department	-	-
Department	-	-
Sub-Total	-	-
Salary Advance		
Department	-	-
Department	-	-
Sub-Total	-	-
Grand Total	-	-

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

Notes to the Financial Statements (Continued)

15. Third Party Deposits and Advances

Description	2021 – 2022	2020 - 2021
	Kshs	Kshs
Deposits	-	-
Retentions	-	-
Total	-	-

16. Fund Balance Brought Forward

Description	2021 - 2022	2020 - 2021
	Kshs	Kshs
Bank Accounts	1,691	1,195
Cash In Hand	-	-
Accounts Receivables	-	-
Accounts Payables	-	-
Total	1,691	1,195

17. Prior Year Adjustments

	Balance b/f FY 2020-2021 as per audited financial statements	Adjustments during the year relating to prior periods	Adjusted ** Balance b/f FY 2020-2021
Description Of The Error	Kshs	Kshs	Kshs
Bank Account Balances	-	-	-
Cash In Hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Others (<i>Specify</i>)	-	-	-
	-	-	-

18. Changes in Imprests and Advances

Description	2021-2022	2020-2021
	Kshs	Kshs

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

Opening Account Receivables As At 1 st July 2021	-	
Imprest Issued during the year	-	45,529,600
Closing Account Receivables As At 30 th June 2022	-	45,529,600
Change In Account Receivables	-	-

19. Changes in Third Party Deposits and Retention

Description	2021-2022	2020-2021
	Kshs	Kshs
Opening Accounts Payables As At 1 st July 2021	-	-
Closing Accounts Payables As At 30 th June 2022	-	-
Change In Accounts Payables	-	-

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

Notes to the Financial Statements (Continued)

Other Disclosures

1. Pending Accounts Payable (See Annex 1)

	Balance b/f FY 2020-2021	Additions for the period	Paid during the year	Balance c/f FY 2021-2022
Description	Kshs	Kshs	Kshs	Kshs
Construction Of Buildings	8,516,123	-	-	8,516,123
Construction Of Civil Works	-	-	-	-
Supply Of Goods	4,285,690	16,544,496	(4,267,266)	16,562,920
Supply Of Services	32,509,345	18,964,686	(24,215,398)	27,258,633
Total	45,311,158	35,509,182	(28,482,664)	52,337,676

2. Pending Staff Payables (See Annex 2)

	Balance b/f FY 2020-2021	Additions for the period	Paid during the year	Balance c/f FY 2021-2022
Description	Kshs	Kshs	Kshs	Kshs
Senior Management	-	-	-	-
Middle Management	-	-	-	-
Unionisable Employees	-	-	-	-
Others	-	-	-	-
Total	-	-	-	-

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

Notes to the Financial Statements (Continued)

3. Other Pending Payables (See Annex 3)

	Balance b/f FY 2020-2021	Additions for the period	Paid during the year	Balance c/f FY 2021-2022
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government entities	-	-	-	-
Amounts due to County Government entities	-	-	-	-
Amounts due to third parties	-	-	-	-
Total	-	-	-	-

4. External Assistance

	FY 2021-2022	FY 2020-2021
Description	Kshs	Kshs
External assistance received in cash	-	-
External assistance received as loans and grants	-	-
External assistance received in kind- as payment by third parties	-	-
Total	-	-

a) External assistance relating loans and grants

	FY 2021-2022	FY 2020-2021
Description	Kshs	Kshs
External assistance received as loans	-	-
External assistance received as grants	-	-
Total	-	-

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

Notes to the Financial Statements (Continued)

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2021-2022	FY 2020-2021
Description		Kshs	Kshs
Undrawn External Assistance - Loans		-	-
Undrawn External Assistance - Grants		-	-
Total		-	-

c) Classes of providers of external assistance

	FY 2021-2022	FY 2020-2021
Description	Kshs	Kshs
Multilateral Donors	-	-
Bilateral Donors	-	-
International Assistance Organization	-	-
Ngos	-	-
National Assistance Organization	-	-
Total	-	-

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

Notes to the Financial Statements (Continued)

d. Non-Monetary External Assistance

Description	FY 2021-2022	FY 2020-2021
	Kshs	Kshs
Goods	-	-
Services	-	-
Total	-	-

e. Purpose and use of external assistance.

Description	FY 2021-2022	FY 2020-2021
	Kshs	Kshs
Compensation Of Employees	-	-
Use Of Goods And Services	-	-
Subsidies	-	-
Transfers To Other Government Units	-	-
Other Grants And Transfers	-	-
Social Security Benefits	-	-
Acquisition Of Assets	-	-
Finance Costs, Including Loan Interest	-	-
Repayment Of Principal On Domestic & Foreign Borrowing	-	-
Other Payments	-	-
Total	-	-

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

Notes to the Financial Statements (Continued)

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

	FY 2021-2022	FY 2020-2021
Description	Kshs	Kshs
National Government	-	-
Multilateral Donors	-	-
Bilateral Donors	-	-
International Assistance Organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

5. Payments by Third Party on Behalf of the County Assembly

Classification by Source

	FY 2021-2022	FY 2020-2021
Description	Kshs	Kshs
National government	-	-
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

NAROK COUNTY ASSEMBLY**Annual Report and Financial Statements For the year ended 30th June 2022*****Classification of payments made by Third Parties by Nature of expenses***

Payments made by third parties	FY 2021-2022	FY 2020-2021
Description	Kshs	Kshs
Compensation of employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to other government units	-	-
Other grants and transfers	-	-
Social security benefits	-	-
Acquisition of assets	-	-
Finance costs, including loan interest	-	-
Other payments	-	-
Total	-	-

6. Related Party Disclosures

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

The following comprise of related parties to the County Assembly:

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

NAROK COUNTY ASSEMBLY

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

Related party transactions:

	2021- 2022	2020- 2021
	Kshs	Kshs
Compensation to Key Management		
Compensation to the Speaker, Deputy Speaker and the MCAs	203,079,628	192,279,744
Key Management Compensation (Clerk and Heads of departments)	38,539,822	38,529,150
Total Compensation to Key Management	241,619,450	230,808,894
<u>Transfers to related parties</u>		
Transfers to other County Government Entities such as car and mortgage schemes	-	60,000,000
Transfers to County Corporations	-	-
Transfers to non-reporting entities e.g ECD centres, welfare centres etc	-	-
Total Transfers to related parties	-	60,000,000
<u>Transfers from related parties</u>		
Transfers from the County Executive- Exchequer	812,941,728	709,844,949
Payments made on behalf of the County Assembly by other Government Agencies	-	-
(Insert any other transfers received)	-	-
Total Transfers from related parties	812,941,728	709,844,949

7. Contingent Liabilities

Contingent liabilities	2021-2022	2020-2021
	Kshs	Kshs
Court case against the entity	-	-
Bank guarantees in favour of subsidiary	-	-
contingent liabilities arising from PPPs	-	-
Total	-	-

NAROK COUNTY ASSEMBLY

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

16. Progress on Follow on Prior Year Auditor's Recommendations

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

Reference No. of the external audit report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<p>A comparison of balances reflected in the financial statements with IFMIS ledger revealed unreconciled variances.</p> <p>Further, the statement of receipts and payments reflects Transfers to Other Government Entities expenditure of Kshs.60,000,000 which vary with the general ledger amount of Kshs.60,312,898 resulting to an unreconciled variance of Kshs.312,898.</p>	<p>The financial statements for the year ended 30th June 2021 has now been reconciled with the data recorded in the integrated financial management information system (IFMIS) as per the amended financial statements which is available for audit verification.</p> <p>the statement of receipts and payments on Transfers to Other Government Entities expenditure has also been reconciled.</p>	Resolved	2021/2022
2	<p>The statement of receipts and payments reflects a balance of Kshs.769,844,949 in respect of transfers from County Executive. However, the amount is at variance with an amount of Kshs.802,357,799 reflected in the County Executive records resulting to an unreconciled variance of Kshs.32,512,850.</p>	<p>The financial statements for the year ended 30th June 2021 has now been reconciled to correct the variance as per the amended financial statements.</p>	Resolved	2021/2022

NAROK COUNTY ASSEMBLY

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
3	<p>The statement of receipts and payments and as disclosed under Note 4 to the financial statements reflects expenditure on compensation of employees of Kshs.449,516,572.</p> <p>However, analysis of the payrolls for the period revealed that an amount of Kshs.362,752,984 was incurred as employee costs resulting to an unreconciled variance of Kshs.86,763,588.</p> <p>Consequently, the accuracy of compensation of employees expenditure of Kshs.86,763,588 for the year ended 30 June, 2021 could not be confirmed.</p>	<p>The financial statements has been reconciled with the payroll as per the amended financial statements which are available for audit verification.</p>	Resolved	2021/2022
4	<p>As disclosed in Note 13A to the financial statements, the statement of financial assets and liabilities reflects a bank balance of Kshs.1,691. A review of the bank reconciliation statements for both Recurrent and Development bank accounts revealed the following anomalies:</p> <p>i. The bank reconciliation statement for Development Account reflects balance as per the bank statement of Kshs.15,574,023 while the certificate of bank balance provided for audit reflects nil balance as at 30 June, 2021 resulting to unreconciled</p>	<p>The bank reconciliation statement for Development Account have been reconciled and corrected to conform with the certificate of bank balance provided for audit as Nil balance as at 30</p>	Resolved	2021/2022

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

Reference to the external audit report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>variance of Kshs.15,574,023.</p> <p>ii. A separate Development accounts domiciled at the Central Bank of Kenya with nil balance as at 30 June, 2021 was not disclosed in the financial statements. Supporting documents such as bank reconciliation statements, certificates of bank balances and cash books were not provided for audit review.</p>	<p>June, 2021 and amended financial statements..</p> <p>The bank reconciliation statement for Development Account have been reconciled and corrected to conform with the certificate of bank balance provided for audit as Nil balance as at 30 June, 2021 and amended financial statements..</p>		
5	<p>Annex 1 to the financial statements reflects pending accounts payable of Kshs.45,450,446 relating to 2019/2020 and earlier years. Management has not provided any explanation for failure to settle the bills as first charge in compliance with Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015 which prioritize debt payments as a first charge. Further, the documentary evidence in support of pending accounts payable of Kshs.45,450,446 were not provided for audit review.</p> <p>Further, contributions to Local Authorities Pensions Trust (LAPTRUST) of Kshs.24,272,287 have not been remitted and hence attracting a</p>	<p>The pending bills have been caused by delay in exchequer releases from the national treasury .The management will in future ensure that pending bills form part of the first charge to ensure that previous bills are paid first.</p> <p>The financial statements have been amended so as to disclose the correct position of pending accounts payable as at 30 June 2021.</p> <p>The figure of kshs, 24,272,287 is as a result of reconciliation issue. The Narok County Assembly and lapfund have</p>	Resolved	2021/2022

NAROK COUNTY ASSEMBLY

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>monthly interest of 3% amounting to Kshs.70,678,826 as at 30 June, 2021. The amount has not been disclosed as a pending staff payable.</p> <p>In the circumstances, the reported pending account payables balance of Kshs.45,450,446 is understated by the omission of the contribution and interest in respect of LAPTRUST. The accuracy of the accounts payables as at 30 June, 2021 could not be confirmed.</p>	<p>reconciled the said account and we can confirm that our payments are up to date and currently we do not have any outstanding balance with the pension scheme.</p> <p>The figure of kshs, 70,678,826 is as a result of delay in payments of amounts due since the inception of the County Assembly. This is as a result of delayed disbursement of funds by the National Treasury which affected the timeliness of monthly remittances, however in October 2019 we did a reconciliation with lapfund and we requested for a waiver of the interest since we have made all the outstanding payments.</p>		
6	<p>The summary statement of appropriation - recurrent and development combined reflects final budgeted receipts and actual amount on a comparable basis of Kshs.924,790,000 and Kshs.769,844,949 respectively, resulting in an under-collection of Kshs.154,945,051 or 17% of the budget. Similarly, the statement also reflects total expenditure budget of Kshs.924,790,000 against an actual expenditure of Kshs.769,844,453</p>	<p>It is true that during the year under review, Narok County Assembly had a total budget of Kshs. 924,790,000 comprising development budget of Kshs. 155, 191 ,802 and recurrent budget of Kshs. 769,598,198. Further, the total budget reflected overall under absorption of Kshs. 154,946,742 or</p>	Resolved	2021/2022

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

Reference Number on the external audit report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved/ Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	resulting in overall under- expenditure of Kshs.154,945,051 or 17% of the approved budget.	17%. The shortfall negatively impacted on the achievement of planned activities (Acquisition of Assets) as it resulted in underfunding of the annual budget by Kshs.299,406,423 as per the amended financial statements. This because of the failure by the County Treasury to disbursed funds as per the budget and has adversely affect delivery of services by Narok County Assembly contrary to values and principles of public service as provided for under Article 232 (1 - c) of the Constitution which requires responsive, prompt, effective, impartial and equitable provision of services.		
7	Audit of the County Assembly's monthly payrolls revealed that a total of one hundred and thirty-eight	In the year 2020, all staff were complaint with one third basic pay rule	Resolved	2021/2022

NAROK COUNTY ASSEMBLY

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	employees (138) employees officers were earning less than a third of their basic pay. This is contrary to Section D22(2) of the County Public Service Human Resource Manual and Section 19(3) of the Employment Act, 2007 which prohibits an employer from deducting from the wages of his employee at any one time not more than two-thirds of such wages.	however, in july during the year a circular was sent from EACC stopping payment of extraneous allowance. This allowance was permanent payable to the affected staff and thus it was factored in the calculation of debt service ratio and thus implementation of the circular directives resulted to the non-compliance to the third basic pay rule.		
8	During the year under review, County Assembly did not have a risk Management policy or strategy in place and therefore, had no approved processes and guidelines on how to mitigate operational, legal and financial risks.	The management will in future come up with a risk management policy and ensure that risk assessment is performed on all key financial risk areas.	Resolved	2021/2022



.....
 Ag. Clerk of the County Assembly

Date 2/11/2022

NAROK COUNTY ASSEMBLY

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

17. Annexes

Annex 1 – Analysis of Pending Accounts Payable

Suppliers of Goods	Date Contracted	Original Amount	Balance at the beginning of the year	Addition During the year	Amount Paid To-Date	Outstanding Balance as at 30th June 2022	Comments
Supply Of Services			a	b	c	d=a+b-c	
The star	1st July 2018	1,368,910	522,725	-	-	522,725	
The standard	4th sept 2018	1,131,232	615,496	-	-	615,496	
chambai hotel	1st July 2018	540,000	450,000	-	-	450,000	
Lexington hotel	30th October 2018	1,502,195	349,395	-	-	349,395	
Safaricom Ltd	28th Jan 2019	1,058,857	515,865	-	-	515,865	
Institute for capacity building[INCAD]	5th Nov. 2018	4,869,070	927,070	-	-	927,070	
Centre for parliamentary studies [CPST]	1st July 2018	1,150,132	980,632	-	-	980,632	
Kenya institute of management[KIM]	1st July 2018	232,000	232,000	-	-	232,000	
Synergy development system	1st July 2018	1,043,420	1,043,420	-	-	1,043,420	
Kenya school of government	7th Jan. 2019	623,060	230,000	-	-	230,000	
ICPAK	15th Dec. 2018	1,963,250	1,018,500	-	-	1,018,500	
ICPSK	1st July 2018	550,000	550,000	-	-	550,000	
Kamwaro and advocates	1st July 2018	4,791,600	3,101,724	-	-	3,101,724	
Axis promedia ltd	10th Oct. 2018	9,597,638	531,069	-	-	531,069	
Asano and associates	1st July 2018	880,000	4,500,000	-	-	4,500,000	
Maina ngaruyia and co. advocates	16th Aug 2018	4,982,243	3,254,243	-	-	3,254,243	
Charles koech advocates	1st Jan. 2018	1,540,000	1,540,000	-	-	1,540,000	

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

Toyota bhogals narok	22th Oct. 2018	537,935	107,495	-	-	107,495
Teco fedy	22th Aug 2018	742,190	352,700	-	-	352,700
C.M.C motors	25th Jan. 2019	1,380,530	480,073	-	-	480,073
Kenya power	1st July 2018	10,831	10,831	-	-	10,831
Kosen safaris	22th Oct. 2018	5,625,370	2,565,795	-	-	2,565,795
Empress cleaning services	1st July 2018	1,050,000	1,050,000	-	-	1,050,000
Nation media group ltd	17th Jan. 2019	1,012,680	110,200	-	-	110,200
Institute of Internal Auditors	16th Aug 2019	500,000	390,000	-	-	390,000
J.Martin And Advocates	1st July 2018	2,500,000	1,250,000	-	-	1,250,000
Institute of Human Resource Management	2nd May 2019	249,400	249,400	-	-	249,400
Records management solution experts	29th Jan. 20	90,000	90,000	-	-	90,000
Kanash Enterprises	1st July 17	960,000	240,000	-	-	240,000
Decimal Six Limited	28 th June 2021	-	-	1,226,483	1,226,483	-
C.I.C Health Insurance	28 th June 2021	16,850,156	5,250,712	17,738,203	22,988,915	-
Sub Total		69,332,699	32,509,345	18,964,686	24,215,398	27,258,633

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

Supply of Goods	Date Contracted	Original Amount	Balance at the beginning of the year	Addition During the year	Amount Paid To-Date	Outstanding Balance As at 30th june 2022	Comments
			a	b	c	d=a-c	Comments
Maish bazaar	1 st July 2018	861.716	485.200	-	-	485.200	
MFI document solution	1 st July 2018	2.350.000	600.000	-	-	600.000	
Amasho contractors	1 st July 2018	399.500	399,500	-	-	399,500	
Fairdeal furniture	1 st July 2018	3.146.645	873.990	-	-	873.990	
Maximex Solution Ltd.	25th June 2019	1.927.000	1,927.000	-	-	1,927.000	
Kobil Lead Time Energy	6 th Aug 2020	-	-	-	-	-	
Lalash Technologies	1 st July 2021			918,000		918,000	
Lagreto Suppliers Ltd	1 st July 2021			1,049,200		1,049,200	
Enrock Commercial Suppliers	1 st July 2021			2,862,135	1,362,000	1,500,135	
Preshan Enterprises	1 st July 2021			2,475,000		2,475,000	
Mebs Enterprises	1 st July 2021			3,590,800		3,590,800	
Rarina Company Ltd	1 st July 2021			3,653,980	909,885	2,744,095	
Ludele Enterprises Ltd	1 st July 2021			924,174	924,174	-	
Orwas Ventures Ltd	6 th April 2021	-	-	1,071,207	1,071,207-	-	
Sub Total		8,684,861	4,285,690	16,544,496	4,267,266	16,562,920	

NAROK COUNTY ASSEMBLY

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

Construction of Buildings	Date Contracted	Original Amount	Balance at the beginning of the year	Addition During the year	Amount Paid To-Date	Outstanding Balance As at 30th june 2022	Comments
			a	b	c	d=a+b-c	
Da-cream contractors ltd.		3,665,067	107,438			107,438	
Talek mara enterprises.		2,351,960	1,406,960			1,406,960	
Majipito investment company.	23/3/2019	2,714,117	971,865			971,865	
Samoha contractors ltd.	25/3/2019	2,325,840	410,748			410,748	
Safi construction and transport ltd.	17/9/2019	11,409,615	4,416,089	-	-	4,416,089	
Tonik Contractors	25/3/2019	3,938,461	1,203,023			1,203,023	
Sub Totals		26,405,060	8,516,122	-	-	8,516,122	
GRAND TOTALS		104,422,620	45,311,158	35,509,182	28,482,664	52,337,676	

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

Annex 2 – Analysis of Pending Staff Payables

Name of Staff	Job Group	Date Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance 2021-2022	Outstanding Balance 2020-2021	Comments
			a	b	c=a-b		
Senior Management							
1.							
Sub-Total							
Middle Management							
2.							
Sub-Total							
Unionisable Employees							
3.							
Sub-Total							
Others							
4.							
Sub-Total							
Grand Total							

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

Annex 3 – Analysis of Other Pending Payables

Name	Brief Transaction Description	Date Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance 2021-2022	Outstanding Balance 2020-2021	Comments
			a	b	c=a-b		
Amounts Due To National Govt Entities							
1.							
Sub-Total							
Amounts Due To County Govt Entities							
2.							
Sub-Total							
Amounts Due To Third Parties							
3.							
Sub-Total							
Others							
4.							
5.							
6.							
Sub-Total							
Grand Total							

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

Annex 4 – Summary of Non-Current Asset Register

Asset class	Historical Cost b/f (KShs) 2020-2021	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out)	Historical Cost e/f (KShs) 2021-2022
Land	-	-	-	-	-
Buildings and structures	96,880,074	-	-	-	96,880,074
Transport equipment	17,840,000	-	-	-	17,840,000
Office equipment, furniture and fittings	19,908,506	1,362,000	-	-	21,270,506
ICT equipment	8,557,488	-	-	-	8,557,488
Machinery and equipment	-	-	-	-	-
Biological assets	-	-	-	-	-
Infrastructure assets	-	-	-	-	-
Heritage and cultural assets	-	-	-	-	-
Intangible assets	-	-	-	-	-
Work in progress	-	-	-	-	-
Total	143,186,068	1,362,000	-	-	144,548,068

NAROK COUNTY ASSEMBLY
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(b) Salary Advance

<i>Name of Officer</i>	<i>Date Advanced</i>	<i>Amount Advanced</i>	<i>Amount Recovered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
Total	-	-	-	-

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

Annex: 6 Reporting of Climate Relevant Expenditures

Name of the Organization
 Telephone Number
 Email Address
 Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications)

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

NAROK COUNTY ASSEMBLY

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

Annex 7 Disaster Expenditure Reporting Template

Date						
Entry						
Period to which this report refers (FY)	Year			Quarter		
Name of Reporting Officer						
Contact details of the reporting officer:	Email			Telephone		
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

NAROK COUNTY ASSEMBLY

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

Annex 8: Contingent Liabilities Register

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

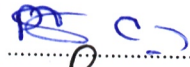
Annex 9 – Bank Reconciliation/Fo 30 Report

NAROK COUNTY ASSEMBLY BANK RECONCILIATION
NAROK COUNTY ASSEMBLY RECCURENT A/C NO.-1000198467
CENTRAL BANK OF KENYA.

Jun-22


6/30/2022	Balance as per the bank statement	63,581,444.60
	Add: Payments in the Bank statement not in Cash Book	
	Add: Receipts in Cash Book not in the Bank statement	
	Less: Payments in the Cash Book not in Bank Statement	
	Unpresented Cheques	63,578,643
	Receipts in Bank Statement not in Cash Book	0
6/30/2022	Balance as per the Cash Book	2,801

PRINCIPAL FINANCE OFFICER

 DATE

2/11/2022

CLERK COUNTY ASSEMBLY

 DATE

2/11/2022


NAROK COUNTY ASSEMBLY BANK RECONCILIATION
NAROK COUNTY ASSEMBLY DEVELOPMENT A/C NO.-1000286601
CENTRAL BANK OF KENYA.

Jun-22

6/30/2022 Balance as per the bank statement
Add: Payments in the Bank statement not in Cash Book
Add: Receipts in Cash Book not in the Bank statement
Less: Payments in the Cash Book not in Bank Statement
Unpresented Cheques
Receipts in Bank Statement not in Cash Book

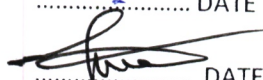
6/30/2022 Balance as per the Cash Book

PRINCIPAL FINANCE OFFICER

 DATE

2/11/2022

CLERK COUNTY ASSEMBLY

 DATE

2/11/2022