REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

COUNTY ASSEMBLY OF KAKAMEGA

FOR THE YEAR ENDED 30 JUNE, 2019

OFFICE OF AUDITOR GENERAL
WESTERN HUB
29 NOV 2019

KAKAMEGA COUNTY ASSEMBLY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2019

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

TABLE OF CONTENTS

TABLE OF CONTENTS i
1. KEY KAKAMEGA COUNTY ASSEMBLY INFORMATION AND MANAGEMENT ii
2. FORWARD BY THE CLERK OF THE ASSEMBLY iv
3. STATEMENT OF MANAGEMENT RESPONSIBILITIES vi
4. REPORT OF THE AUDITOR GENERAL ON THE KAKAMEGA COUNTY ASSEMBLY ... vii
5. FINANCIAL STATEMENTS 1
5.1. STATEMENT OF RECEIPTS AND PAYMENTS 1
5.2. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES 2
5.3. STATEMENT OF CASH FLOWS 3
5.4. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT AND DEVELOPMENT COMBINED 4
5.5. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT 5
5.6. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: DEVELOPMENT 6
5.7. SIGNIFICANT ACCOUNTING POLICIES 7
5.8. NOTES TO THE FINANCIAL STATEMENTS 11
5.9. OTHER DISCLOSURES 14
3. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS 15
ANNEXES 16
ANNEX 1 – ANALYSIS OF PENDING BILLS 16
ANNEX 2 – ANALYSIS OF IMPREST 20

1. KEY KAKAMEGA COUNTY ASSEMBLY 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 89 Members of County Assembly (MCAs) elected to represent members of the public from their respective wards. The MCAs are responsible for making any laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

(b) Key Management

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

- County Assembly Service Board
- Board of Management composed of all Heads of departments

(c) Fiduciary Management

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

No.	Designation	Name
1.	Accounting Officer	Mr. Laban Atemba
2.	Legal Counsel	Mr. Daniel Were
3.	Deputy Clerk	Mr. John Simwa
4.	Principal Human Resource	Mrs.Judith Makokha
5.	Principal fiscal analyst	Mrs Beatrice Ilavonga
6.	Principal Accountant	Mr. Pascal Mwanje
7.	Internal Auditor	Mr Nelphat Mbati

(d) Fiduciary Oversight Arrangements

- Audit and finance committee activities
- County Assembly committee activities
- Development partner oversight activities
- Other oversight activities

(e) Kakamega County Assembly Headquarters

P.O. Box 1470
KAKAMEGA
Opp. Kakamega Law courts

(f) Kakamega County Assembly Contacts

Postal address. 1470
Code: 50100
Telephone: (254) 715521221
E-mail: kakamegaassembly@kakamega.go.ke
Website: www.go.ke

(g) Kakamega County Assembly Bankers

1. Central Bank of Kenya
   Haile Selassie Avenue
   P.O. Box 60000
   City Square 00200
   Nairobi, Kenya

2. Cooperative Bank
   Kakamega Branch

(h) Independent Auditors

Auditor General
Kenya National Audit Office
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

2. FORWARD BY THE CLERK OF THE ASSEMBLY

Budget performance

The assembly total budget for the year under review was Kshs 1,061,364,590 Out of this the actual receipt was Kshs 1,051,305,830. This was due to the recovery made by the County executive on cash over remitted in the previous financial year. Actual expenditure for the year under review was Kshs 1,052,014,286. Personnel expenditure in 2018-2019 increased from Kshs 464,943,085 to Kshs 560,694,461. The increase was due to hire of 180 ward staff.

Operational Performance

- **Laws/policies passed by the County Assembly**

  During the period under review, the County Assembly was able to legislate and pass fourteen bills which were enacted into laws and are now operational. These laws were meant to create a legal framework for the implementation of the county's development programs and projects as well as to create an enabling environment for the people's economic activities and social undertakings. The acts are listed below;

  - Kakamega County Micro Finance Corporation Act, 2018
  - Kakamega County Trade and Markets Act, 2018
  - Kakamega County Trade Licensing Act, 2018
  - Kakamega County Dairy and Development Corporation Act, 2018
  - Kakamega County Investment and Development Corporation Act, 2018
  - Kakamega County Lake Region Economic Bloc Act, 2018
  - Kakamega County Finance Act, 2018
  - Kakamega County Supplementary Appropriation (No.2) Act, 2019
  - Kakamega County Environmental Management Act, 2019
  - Kakamega County Water Act, 2019
  - Kakamega County Agricultural Produce Cess Act, 2019
  - Kakamega County Youth Service and Women Empowerment Act, 2019
  - Kakamega County Supplementary Appropriation Act, 2019
  - Farm Inputs (amendment) Regulations, 2019

- **County Budget and Supplementary Budget for FY 2018/19**

  The County Budget for the financial year 2018/19 was passed by the County Assembly on

28th June 2018. The County had two supplementary budgets during the same period which were passed in February and May of 2018.

- **Highlights of the oversight role of the County Assembly**

  The County Assembly has been, and continues to be steadfast in its oversight role through its committees as well as its plenary. Sectoral committees are actively involved by the line ministries to defend their departmental budgets during the budget making process and are well informed about the department's programmes and projects for that particular financial year. These committees are also taken through the line ministry's work plans to enable them keep track of the latter's activities throughout the year. Sectoral committees also summon officers from the Executive to interrogate them on the activities of their respective departments and the implementation of approved programmes/projects. The Implementation and Monitoring Committee also plays a critical role in ensuring that House resolutions are implemented by the Executive, timely and efficiently. After the audit process is done and the certificate submitted to the County Assembly, the Public Accounts and Investments Committee considers the report and invites respective departments to respond to queries raised by the Auditor General.

Performance of key development projects

The county assembly had no development project in the year under review. The only development project the assembly has is the construction of chambers. This project stalled two years ago due to court case on land dispute. Once the case ends the project will continue.

Comment on value-for-money achievements

The assembly has gotten value for money in all its operations. Through oversight especially in health service and roads infrastructure the people of Kakamega county have gained tremendously.

Challenges and Recommended Way Forward

The main challenge faced by the County assembly is the controlled access and disbursement of funds. At the start of the financial year the county treasury disbursed cash to the assembly as they wished. This made a huge portion of the funds received in the last quarter. This can be corrected by amendments to the PFM Act to ensure the assembly gets its allocation directly from the National treasury/

Sign
Ag. Clerk of the County Assembly

3. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Sections 164 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer of a County Government Kakamega 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, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County 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, 2019, and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the County Assembly which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The County Government's financial statements were approved and signed by the Clerk of the County Assembly on 28/9/ 2019.

Ag.Clerk of the County Assembly

REPUBLIC OF KENYA

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

Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF KAKAMEGA FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATE MENTS

Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Kakamega set out on pages 1 to 15, which comprise of the statement of financial assets and liabilities as at 30 June, 2019, statement of receipts and payments, statement of cash flows and the statement of comparison of budget and actual amounts, for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the County Assembly of Kakamega as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the County Governments Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Unexplained Variances

The financial statements reflect three accounts balances, namely, use of goods and services, acquisition of assets and cash and cash equivalents that do not, however, tally with balances reflected in the expenditure ledger or supporting schedules:

1.1 Use of Goods and Services

The statement of receipts and payments reflects Kshs.453,261,782 in respect of use of goods and services as further disclosed in Note 3 to the financial statements. Included in the balance are payments totalling Kshs.409,050,122 spent on several items. However, the accounts ledger indicates that payments totalling Kshs.394,883,814 were made against the items during the year under review.

In view of the discrepancy, the accuracy and completeness of the use of goods and services balance totalling Kshs.453,261,782 reflected in the statement of receipts and payments has not been confirmed.

1.2 Acquisition of Assets

The statement of receipts and payments reflects payments for acquisition of assets totalling Kshs.37,458,043, out of which a sum of Kshs.2,822,500 is indicated in records as having been spent on purchase of Information Communication Technology (ICT) equipment. However, the supporting schedules reflect expenditure totalling Kshs.2,321,500 against the item. No explanation has been provided by Management for the difference of Kshs.501,000 between the two sets of records.

In the circumstances, the accuracy of the sum of Kshs.2,822,500 reported to have been spent on purchase of ICT equipment, and the aggregate expenditure balance on acquisition of assets totalling Kshs.37,458,043 reflected in the statement of receipts and payments, was not confirmed.

1.3 Cash and Cash Equivalents

The statement of financial assets and liabilities reflects a cash and cash equivalents balance totalling Kshs.29,735,435. However, the bank reconciliation statements reflects a cash balance of Kshs.34,332,262 as at 30 June , 2019 resulting to an un-reconciled difference of Kshs.4,596,827.

In the circumstances, the accuracy of the reported cash and cash equivalents balance totalling Kshs.29,735,435 reflected in the statement of assets and liabilities as at 30 June, 2019 was not confirmed.

2.0 Unsupported Balances

2.1 Goods and Services

The statement of receipts and payments reflects payments totalling Kshs.453,261,782 in respect of use of goods and services. The following anomalies were noted in respect to payments included in the balance:

2.1.1 Fuel, Oil and Lubricants

Out of the sum of Kshs.3,480,520 spent on purchase of fuel, oil and lubricants during the year under review, Kshs.2,650,000 was paid to a petroleum products dealer for fuel purchases made through fuel cards. However, the respective local purchase orders, the contract agreement and the fuel register indicating how the fuel was drawn were not availed for audit.

In the absence of relevant records, the use of fuel valued at Kshs.2,650,000 could not be confirmed.

2.1.2 Rent for Ward Offices

Audit examination of expenditure records indicated that a sum of Kshs.22,682,838 was incurred on payments for rentals of produced assets out of which Kshs.7,200,000 was spent on Ward Offices. As a control procedure, each ward is required to file expenditure returns on rental payments made in each month of the financial year.

However, the returns due from sixty wards were not submitted to Management. In addition, the respective lease or rental agreements were not availed for audit. Further, records that confirmed receipt of the rental payments by the respective landlords were not availed for audit.

In the absence of the expenditure returns and other relevant records, the occurrence and validity of the rental payments totalling Kshs.7,200,000 could not be confirmed.

2.1.3 Domestic Travel Expenses

Domestic travel records examined indicated that a total Kshs.233,737,421 was spent on domestic travel and subsistence during the year under review out of which Kshs.11,929,900 was paid directly to several County Assembly staff. Contrary to Section 93(3) of the Public Finance Management Act, 2012, the staff were not issued with imprest warrants and were expected to disburse the monies to other staff assigned duties that required travel and subsistence. However, Management did not avail records to confirm that the final payees cited in the records availed for audit received the funds.

In the absence of imprest warrants and other supporting documents, the occurrence and validity of the imprest expenditure totalling Kshs.11,929,900 could not be confirmed.

3.0 Undisclosed Receipts and Payments

3.1 Withdrawal from Car Loan and Mortgage Fund

The statement of receipts and payments reflects receipts totalling Kshs.1,051,305,830 and payments totalling Kshs.1,052,014,286. However, neither the receipts nor the payments include a sum of Kshs.30,074,400 transferred from the Car Loan and Mortgage Fund to finance the operations of the County Assembly. Further, the transfer was made contrary to the Fund's Regulations.

In the circumstances, the receipts and expenditures reflected in the financial statements are understated by Kshs.30,074,400 respectively. As a result, the financial statements do not present a true and fair view of the operations of the County Assembly during the year under review.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Assembly of Kakamega 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 our professional judgment, are of most significance in the audit of the financial statements. I have determined that there were no key audit matters to report in the year under review.

Other Matter

1.0 Pending Bills

Reflected in Annex 1 to the financial statements is an analysis of pending bills which indicates that the County Assembly owed vendors of goods, service providers and contractors amounts totalling to Kshs.38,542,131 as at 30 June, 2019. The balance is comprised of Kshs.37,119,971 and Kshs.1,422,160 under Recurrent Vote and Development Vote respectively.

Had the bills been paid in the year under review, the deficit amounting to Kshs.708,456 reflected in the financial statements would have increased to Kshs.39,250,587 and therefore, worsened the financial performance of the County Assembly in the year under review.

Failure to pay suppliers and contractors in due time adversely affects the budget for the year in which the pending bills are paid. In addition, it hampers economic activity and may result in unnecessary interest costs and discourage local businesses from trading with public entities.

2.0 Unresolved Prior Year Issues

In the audit report of the previous year, several matters were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has indicated in Note 3 of other disclosures that the matters have not been resolved and therefore remain outstanding.

Failure to resolve audit queries hampers transparency and accountability and may constrain performance and effectiveness of the operations of the audited entities.

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 the use of Public Resources section of my report, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0 Failure to Adhere to Provisions on National Cohesion

An analysis of data obtained from the Integrated Payroll and Personnel Database (IPPD) for the period under review revealed that the County Assembly had 80 members of staff as at 30 June, 2019 out of whom 74% were from the dominant community in the County. As a result, only 26% of the posts were filled by other communities. The ratio contravened Section 65(1)e of the County Governments Act, 2012 which requires at least thirty 30% percent of the vacant posts at entry level be filled by candidates who are not from the dominant ethnic community in a County.

In the circumstances, the Management of the County Assembly is in breach of the Law.

2.0 Payments Made Outside the Integrated Financial Management Information System

The statement of receipts and payments reflects aggregate payments amounting to Kshs.1,052,014,286 out of which payments totalling Kshs.68,267,149 were made outside the Integrated Financial Management Information System (IFMIS). Management has therefore, breached Section 83(1) of the Public Finance Management Act ,2012 which grants responsibility for establishing a sound cash management system to The National Treasury, and which has since prescribed IFMIS as the system to be used for payment of public funds. In addition, the County Financial Accounting and Reporting Manual requires all appropriated funds be transacted through IFMIS.

3.0 Irregularities in the Procurement of Staff Medical Insurance

Examination of procurement records indicated that fourteen (14) firms submitted bids for a tender for the provision of medical insurance cover for the Members of the County Assembly advertised during the year under review. However, the audit revealed the following anomalies in the procurement process:

- The original tender documents were not availed for audit review
- The Evaluation Committee did not follow the seven-point scoring criteria agreed with Management, but instead awarded scores based on their own criteria. As a result, the objectivity of the evaluation and award of the tender could not be confirmed.
- The bidder who was awarded the contract at Kshs.36,998,070 was on 17 September, 2019 directed by Management to engage a different underwriter

for unclear reasons. No evidence was availed to confirm that the offer made by the new underwriter was evaluated and found to be feasible.

- Management did not avail the contract performance report for the service for audit review. As a result, it was not possible to confirm whether the service provider met the performance expectations set under the contract.

- The original tender documents were not availed for audit as they were reported to have been taken by the Ethics and Anti-Corruption Commission for investigation.

In the absence of the evaluation report on the new underwriter and the original contract documents, it was not possible to confirm whether the tender was awarded competitively or whether value for money was obtained on the expenditure totalling Kshs.36,998,070 incurred on the insurance policy.

4.0 Irregularities in the Procurement of Media Cameras for Broadcast of County Assembly Proceedings

Other procurement records examined indicated that the County Assembly procured media cameras from a local vendor at a cost of Kshs.1,973,000. The cameras were intended for use in broadcasting the proceedings of the County Assembly. However, the following anomalies were noted in regard to the procurement:

- Requisition for the equipment was done by the Information and Communication Technology (ICT) Department instead of the Hansard Reporting Department who are the designated users of the equipment.

- Specifications for the equipment provided that, the County Assembly was to acquire Sony BRC-H900 cameras but instead Armce cameras were delivered, which according to the user department lacked a video recording system and other important capabilities included in the bid price at Kshs.100,000. Therefore, the cameras supplied did not conform to the specifications of the contract.

- Included in the purchase price was a sum of Kshs.103,000 being cost of installing and orienting the cameras. However, the cameras supplied were portable and would be removed daily after the business of the County Assembly. Their purchase prices should therefore not have included installation and orientation costs.

In view of these anomalies, value for money was not obtained from public funds totalling Kshs.1,973,000 spent on purchase of the cameras.

5.0 Unused Office Space

The total payments for use of goods and services during the year under review included a sum of Kshs.22,682,838 spent on rentals of produced assets out of which Kshs.12,000,000 was paid as rent to secure space for Members of County Assembly at a building located in Kakamega Town. However, as previously reported, an audit inspection of the offices confirmed that additional office space measuring 2000 square

feet was paid for at Kshs.102 per square feet. The space was, however, hardly used by the Members and had not been partitioned for use. Management therefore, paid rent for office space that the County Assembly did not require.
In the circumstance, the contract resulted in wasteful expenditure.

6.0 Irregular Sitting Allowances

Examination of records on departmental committees' meetings revealed that a sum of Kshs.9,149,400 was irregularly paid to Members of the County Assembly who did not attend scheduled meetings.

Therefore the payments were made contrary to Section 104(1)(i) of the Public Finance Management Act, 2012 which requires the County Treasury to ensure proper management, control, and accounting for the finances of the county government and its entities for efficient and effective use of budgetary resources.

7.0 Hospitality Supplies and Services

Expenditure records further indicated that Kshs.39,744,042 was spent on hospitality activities during the year out of which Kshs.2,775,000 was paid to a member of staff for management of conference services provided on various occasions. However, examination of payment vouchers revealed that the payments were not properly supported as user requisitions and Local Purchase Orders were not attached to the payment vouchers.

In the circumstances, it was not possible to confirm the validity of hospitality expenses amounting to Kshs.2,775,000 included in expenditure balance for use of goods and services totalling Kshs.453,261,782, reflected in the statement of receipts and payments.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit so as to obtain assurance as to whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Weak Internal Controls in Use of Fuel Cards

Examination of payment vouchers for fuel purchased through fuel cards revealed the following anomalies:

(i) Two fuel cards previously reported as having been lost were used to draw fuel from the contracted supplier. For instance, Card No.70613 was reloaded on 24 August, 2018 and on 6 February, 2019 with fuel costing Kshs.90,000 and Kshs.40,000 respectively. As a result, the use of the cards resulted in irregular use of public funds.

(ii) Examination of the respective payment vouchers revealed that the officer responsible for requisitioning for fuel purchases also authorized payments for the requisitions. In the absence of proper segregation of duties, internal check and control over funds spent and fuel purchased were weak and there was risk of misuse.

2. Lack of Audit Committee

Regulation 42(e) of the Public Finance Management (County Governments) Regulations, 2015 requires the Accounting Officer to ensure that each County Government entity has an active Audit Committee. However, Management had not constituted an Audit Committee to provide oversight over the financial affairs of the County Assembly.

In the absence of an Audit Committee, transparency and accountability on the operations of the County Assembly may be impaired.

3. Weak Information Technology Control Environment

Examination of records and interviews with Management indicated that the County Assembly's Information Technology (IT) Department did not have a Strategic Plan to guide investment in and use of IT resources. As a result, there is risk that the Department may not be effective in helping the County Assembly achieve its goals and objectives.

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error, and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County Assembly's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the County Assembly to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the County Assembly to express an opinion on the financial statements.

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

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

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

Nancy Gathungu
AUDITOR-GENERAL

Nairobi

21 April, 2021

5. FINANCIAL STATEMENTS

5.1. STATEMENT OF RECEIPTS AND PAYMENTS

		2018/19	**2017/18**
	Note	**KShs**	**KShs**
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	1,051,305,830	893,516,738
TOTAL RECEIPTS		**1,051,305,830**	**893,516,738**
PAYMENTS			
Compensation of Employees	2	560,694,461	464,943,085
Use of goods and services	3	453,261,782	389,924,415
Other grants and transfers	4	600,000	1,000,000
Acquisition of Assets	5	37,458,043	5,580,553
TOTAL PAYMENTS		**1,052,014,286**	**861,448,053**
SURPLUS/DEFICIT		**-708,456**	**32,068,685**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 25/9/ 2019 and signed by:

AG.Clerk of the Assembly
Name: CPA Laban M.Atemba
ICPAK Member Number: 7433

Principal Accountant – County Assembly
Name: CPA Pascal L. Mwanje
ICPAK Member Number 10126

5.2. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

		2018/19	2017/18
FINANCIAL ASSETS	**Note**	**KShs**	**KShs**
Cash and Cash Equivalents			
Bank Balances	6	29,735,435	15,366,835
Total Cash and cash equivalents		**29,735,435**	**15,366,835**
Accounts receivables – Outstanding Imprests	7	8,924,523	24,001,575
TOTAL FINANCIAL ASSETS		**38,659,958**	**39,368,410**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions		-	-
NET FINANCIAL ASSETS		**38,659,958**	**39,368,410**
REPRESENTED BY			
Fund balance b/fwd.	8	39,368,410	7,299,725
Surplus/Deficit for the year		(708,456)	32,068,685
NET FINANCIAL POSITION		**38,659,958**	**39,368,685**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 25/9/ 2019 and signed by:

AG.Clerk of the Assembly
Name: CPA Laban M.Atemba
ICPAK Member Number: 7433

Principal Accountant – County Assembly
Name: CPA Pascal L. Mwanje
ICPAK Member Number 10126

5.3. STATEMENT OF CASH FLOWS

		2018/19	2017/18
	Note	**KShs**	**KShs**
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operating income			
Transfers from the County Treasury/Exchequer Releases	1	1,051,305,830	893,913,088
Payments for operating expenses			
Compensation of Employees	2	560,694,461	464,943,085
Use of goods and services	3	453,261,782	389,924,415
Other grants and transfers	4	600,000	1,000,000
Adjusted for:			
Adjustments during the year	9	(15,077,052)	(22,449,195)
		999,479,191	**878,316,695**
Net cash flows from operating activities		**51,826,639**	**15,200,043**
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	5	37,458,043	5,580,553
Net cash flows from investing activities		**37,458,043**	**5,580,553**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**14,368,596**	**9,619,490**
Cash and cash equivalent at BEGINNING of the year	9	**15,366,835**	**5,747,345**
Cash and cash equivalent at END of the year		**29,735,435**	**15,366,835**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 25/9/ 2019 and signed by:

Ag.Clerk of the Assembly
Name: CPA Laban M. Atemba
ICPAK Member Number 7433

Principal Accountant – County Assembly
Name: CPA Pascal Mwanje
ICPAK Member Number 10126

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization difference
	KShs	KShs	c=a+b	e=d-c	KShs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	1,061,364,590	-	1,061,364,590	1,051,305,830	99%
TOTAL	**1,061,364,590**	**-**	**1,061,364,590**	**1,051,305,830**	**99%**
PAYMENTS					
Compensation of Employees	691,046,980	81,214,300	609,832,680	560,694,461	92%
Use of goods and services	284,951,910	- 116,347,200	401,299,110	453,261,782	113%
Other grants and transfers	1,350,000	-	1,350,000	600,000	44%
Acquisition of Assets	21,368,500	- 27,514,300	48,882,800	37,458,043	77%
TOTAL	**998,717,390**	**- 62,647,200**	**1,061,364,590**	**1,052,014,286**	**99%**
SURPLUS/ DEFICIT					

The Kakamega County Assembly financial statements were approved on 25/9/ 2019 and signed by:

Ag.Clerk of the Assembly
Name: CPA Laban M. Atemba
ICPAK Member Number 7433

Principal Accountant – County Assembly
Name: CPA Pascal Mwanje
ICPAK Member Number 10126

5.5. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilisation difference
	A	b	c=a+b	e=d-c	
RECEIPTS					
Transfers from the County Treasury/ Exchequer Releases	1,061,364,590	-	1,061,364,590	1,051,305,830	99%
TOTAL	**1,061,364,590**	**-**	**1,061,364,590**	**1,051,305,830**	**99%**
PAYMENTS					
Compensation of Employees	691,046,980	81,214,300	609,832,680	560,694,461	92%
Use of goods and services	284,951,910	- 116,347,200	401,299,110	453,261,782	113%
Other grants and transfers	1,350,000	-	1,350,000	600,000	44%
Acquisition of Assets	21,368,500	- 27,514,300	48,882,800	37,458,043	77%
TOTAL	**998,717,390**	**- 62,647,200**	**1,061,364,590**	**1,052,014,286**	**99%**
Surplus/ Deficit					

The Kakamega County Assembly financial statements were approved on 25/9/ 2019 and signed by:

Ag.Clerk of the Assembly
Name: CPA Laban M. Atemba
ICPAK Member Number 7433

Principal Accountant – County Assembly
Name: CPA Pascal Mwanje
ICPAK Member Number 10126

5.6. 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	50,000,000	(50,000,000)			
TOTAL	**50,000,000**	**(50,000,000)**		-	-
PAYMENTS					
Acquisition of Assets	50,000,000	(50,000,000)	-	-	-
TOTAL	**50,000,000**	**(50,000,000)**	-	-	-
SURPLUS/ DEFICIT	-	-			

The Kakamega County Assembly financial statements were approved on 25/9/ 2019 and signed by:

Ag.Clerk of the Assembly
Name: CPA Laban M. Atemba
ICPAK Member Number 7433

Principal Accountant – County Assembly
Name: CPA Pascal Mwanje
ICPAK Member Number 10126

5.7. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

2. Reporting Kakamega County Assembly

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

3. Recognition of receipts and payments

a) Recognition of receipts

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

Tax receipts

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

Transfers from the Exchequer/ 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 Kakamega County Assembly.

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

SIGNIFICANT ACCOUNTING POLICIES CONT....

Compensation of employees
Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.
Use of goods and services
Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

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

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

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

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

5. Accounts Receivable
For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are 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

SIGNIFICANT ACCOUNTING POLICIES CONT....

holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

6. Accounts Payable

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

7. 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 Kakamega County Assembly fixed asset register a summary of which is provided as a memorandum to these financial statements.

8. 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 *Kakamega 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.

9. 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 *Kakamega County Assembly's* budget was approved as required by Law. The original budget was approved by the County Assembly on 28TH June 2018 for the period 1st July 2018 to 30 June 2019 as required by law. There were 2 number of supplementary budgets passed in February 2019 and May 2019. A high-level assessment of the *Kakamega County Assembly's* actual performance against the comparable budget for the financial year under review has been included in the Statement of Comparison between actual and budgeted amounts included in these financial statements.

10. Comparative figures

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

11. Subsequent events

Events subsequent to 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.

SIGNIFICANT ACCOUNTING POLICIES CONT....

12. Errors

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

13. Related party transactions

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

5.8. NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from the County Treasury/Exchequer Releases

	2018/19	2017/18
	KShs	KShs
Transfers from the County Treasury for Q1	184,981,783	127,243,000
Transfers from the County Treasury for Q2	224,892,502	237,333,996
Transfers from the County Treasury for Q3	183,226,449	292,509,744
Transfers from the County Treasury for Q4	458,203,096	236,429,998
Cumulative Amount	**1,051,305,830**	**893,516,738**

2. COMPENSATION OF EMPLOYEES

	2018/19	2017/18
	KShs	KShs
Basic salaries of permanent employees	214,053,214	192,055,600
Basic wages of temporary employees	37,161,490	38,476,357
Personal allowances paid as part of salary	283,388,316	201,754,124
Personal allowances paid as reimbursements	596,000	512,000
Pension and other social security contributions	25,495,441	32,145,004
Total	**560,694,461**	**464,943,085**

3. USE OF GOODS AND SERVICES

	2018/19	2017/18
	KShs	KShs
Utilities, supplies and services	591,039	1,578,557
Communication, supplies and services	1,661,857	1,145,347
Domestic travel and subsistence	233,737,421	235,768,087
Foreign travel and subsistence		2,984,880
Printing, advertising and information supplies & services	19,531,017	10,731,905
Rentals of produced assets	22,682,838	13,765,165
Training expenses	11,525,600	3,853,640
Hospitality supplies and services	39,744,042	32,242,539
Insurance costs	39,619,790	40,661,005
Specialized materials and services	8,697,181	1,842,011
Office and general supplies and services	33,898,041	17,907,515
Other operating expenses	30,081,173	11,356,384
Routine maintenance – vehicles and other transport equipment	4,145,554	2,434,643
Routine maintenance – other assets	3,865,709	5,816,429
Fuel and Lubricant	3,480,520	7,836,309
Totals	**453,261,782**	**389,924,415**

4. OTHER GRANTS AND TRANSFERS

	2018/19	2017/18
	KShs	KShs
Emergency relief and refugee assistance	600,000	1,000,000
Total	**600,000**	**1,000,000**

5. ACQUISITION OF ASSETS

Non- Financial Assets	2018/19	2017/18
	KShs	KShs
Purchase of Vehicles and Other Transport Equipment	13,825,000	-
Purchase of Office Furniture and Equipment	3,720,705	5,580,553
Purchase of ICT Equipment	2,822,500	-
Purchase of communication equipment	17,089,838	-
Total purchase of non-financial assets	**37,458,043**	**5,580,553**

6. CASH AND BANK BALANCES

Name of Bank, Account No. & Currency	Indicated whether recurrent or development	2018/19	2017/18
		KShs	KShs
CBK 1000201018 KSHS	Recurrent Acc	29,163,656	10,672,247
COOP BANK 01141545120500 KSHS	Recurrent Acc	571,779	4,694,588
Total		**29,735,435**	**15,366,835**

7. ACCOUNTS RECEIVABLE

	2018/19	2017/18
	KShs	KShs
Government Imprests	8,924,523	24,001,575
Total	**8,924,523**	**24,001,575**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. FUND BALANCE BROUGHT FORWARD

	2018/19	2017/18
	KShs	KShs
Bank accounts	38,659,958	39,368,685
Total	**38,659,958**	**39,368,685**

9. PRIOR YEAR ADJUSTMENTS

Description of the adjustment	2018/19	2017/18
	KShs	KShs
Opening outstanding imprest	24,001,575	46,450,770
Closing outstanding imprest	8,924,523	24,001,575
Total increase or decrease	**(15,077,052)**	**(22,449,195)**

(This was due to changes in imprest held at the beginning of the financial year and that at the end. The figure reduced from Kshs 24,001,575 to Kshs 8,924,523.)

5.9. OTHER DISCLOSURES

1. BORROWINGS

In the previous financial year the Assembly borrowed funds from Car Loans and Mortgage account to finance its operations. The assembly made some refunds and as at 30th June 2019 outstanding balance was Kshs 30,074,400.

2. RELATED PARTY DISCLOSURES

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS. The following comprise of related parties to the County Assembly.

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

3. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	**Issue / Observations from Auditor**	**Management comments**	**Focal Point person to resolve the issue** ***(Name and designation)***	**Status:** ***(Resolved / Not Resolved)***	**Timeframe:** ***(Put a date when you expect the issue to be resolved)***
Certificate 2017-2018	Qualified	The report was submitted to the House business committee to be tabled in the assembly	Clerk	Not resolved	30th Nov 2019

Guidance Notes:

(i) Use the same reference numbers as contained in the external audit report;

(ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;

(iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Kakamega County Assembly responsible for implementation of each issue;

(iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Clerk of the County Assembly

Sign.....

Date.....28/9/2019

ANNEXES

ANNEX 1 – ANALYSIS OF PENDING BILLS

S/NO			AMOUNT	PAID	BALANCE
SUPPLIERS OF GOODS AND SERVICES					
1	SOCATT	ANNUAL SUBSCRIPTION 2017 TO 2019	1,000,000	-	1,000,000
2	BOMARY CONTRACTORS	SUPPLY OF DISINFECTANT	450,500	-	450,500
3	BOMARY CONTRACTORS LTD	ADDITIONAL PARTITIONING WORKS AT KATECO	1,931,500	1,000,000	931,500
4	BWINATEK MERCHANTS	SUPPLY OF BOTTLED WATER	475,000	275,000	200,000
5	DOUBLE SHASA LTD	SUPPLY OF VARIOUS COMPUTER ACCESSORIES	3,045,363	2,315,200	730,163
6	ISAAC WALE	TAKING PHOTOGRAPHS	300,000	-	300,000
7	JALUMA INTERNATIONAL LTD	REPAIR OF COMPUTERS	647,500	-	647,500
8	JALUMA INTERNATIONAL LTD	WEBSITE DESIGN AND HOSTING	724,800		724,800
9	KATECO	RENT FOR CURRENT SPACE	15,673,880	12,500,000	3,173,880
10	MOTHERLAND TOURS & TRAVELERS LTD	PROVISION OF CAR HIRE SERVICES	1,124,000	424,000	700,000

11	MOTHERLAND TOURS AND TRAVELS LIMITED	SUPPLY OF 2016 KICOSCA UNIFORM	1,529,990	500,000	1,029,990
12	STANDARD GROUP LTD	ADVERTISEMENT	3,601,877	1,521,032	2,080,845
13	NATION MEDIA GRP	DEVOLUTION SUPPLENTARY NEWSPAPER	3,664,280	1,751,250	1,913,030
14	OBJECT ORIENTED SYSTEMS	MAINTANANCE OF WEBSITE AND HOSTING	492,521	100,000	392,521
15	PINECONE HOTEL	CONFERENCE DURING MCAS INDUCTION IN KISUMU	2,120,640	1,980,000	140,640
16	REZAM ELECTRICAL CONTRACTORS	SUPPLY OF BIOMETRIC GARGETS	1,999,275	625,000	1,374,275
17	SNYNNERTON ENTERPRISES	SUPPLY OF KATECO CURTAINS	1,497,544	-	1,497,544
18	SUPPLUX LIMITED	SUPPLY OF PHOTOCOPY PAPERS,PENS AND FULLSCAPS	398,250	-	398,250
19	THE FLAME	SUPPLY OF TEA AND LUNCHES DURING BUDGET AND FINANCE COMMITTEE	1,839,800	1,350,000	489,800
20	THE STAR PUBLICATION LTD	ADVERTISEMENT	998,574	667,500	331,074
21	SUPER EAGLES	SUPPLY OF AIRTICKETS	250,000	-	250,000
22	VICTORIA COMFORT	CONFERENCE DURING STAFF INDUCTION IN KISUMU	3,524,500	2,100,000	1,424,500
23	EDNA OKWEMBA	PERDIEM CLAIMS	1,737,653	1,345,000	392,653
24	NEWODAMOL ENTERPRISES	SUPPLIED MINERAL WATER	985,000	485,000	500,000

25	NAIROBI SPORTS HOUSE	SUPPLY OF KICASA SPORTS UNIFORM	2,313,595	1,348,520	965,075
26	PRISONS KAKAMEGA	SUPPLY OF WARD OFFICE FURNITURE	8,940,000	5,500,000	3,440,000
27	FORTECH ENTERPRISES	SERVICE OF PHOTOCOPIERS MACHINE	347,500	-	347,500
28	GABRIEL FWAYA ADVOCATES	KAKAMEGA HCC PETITION NO. 1 OF 2015	900,000	-	900,000
29	GABRIEL FWAYA ADVOCATES	KAKAMEGA HCC PETITION NO. 27 OF 2014	750,000	-	750,000
30	GABRIEL FWAYA ADVOCATES	KAKAMEGA HCC PETITION NO. 13 OF 2014	400,000	-	400,000
31	GABRIEL FWAYA ADVOCATES	CIVIL SUIT NO. 335 OF 2013	350,000	-	350,000
32	WATTSON INSURANCE AGENCY	INSURANCE OF SPEAKERS VEHICLE	875,000	-	875,000
33	ZEQU ENTERPRISES	SUPPLIED MINERAL WATER	485,000	250,000	235,000
34	ALBENER ENTERPRISES	SUPPLY OF VARIOUS OFFICE STATIONERY	101,050	-	101,050
35	ALBENER ENTERPRISES	SUPPLY OF LETTER HEADS	665,000	-	665,000
36	SUPERIOR PRODUCTS (MIDLAND)	SUPPLY AND DELIVERY OF BUILDING MATERIALS	600,000	-	600,000
37	SWIFTCHECK KENYA	CONSULTANCY SERVICES	1,740,000	-	1,740,000
38	STARVIC APPARELS	SUPPLY OF SPEAKER, CLERKS, COMMITTEE CLERKS UNIFORM, COMMISSIONAURES	2,779,736	2,150,150	629,586

39	A TO Z BUSINESS SOLUTIONS	SERVICE OF CCTV	341,000	-	341,000
40	KEMCAL HOLDINGS	CASA UNIFORM	879,950		879,950
41	FAIRDEAL FURNITURE	SUPPLY OF OFFICE FURNITURE	1,568,250	696,905	871,345
42	SPRINT TECHNOLOGY	TRAINING OF MCAS	1,956,000	-	1,956,000
	SUB TOTALS		**76,004,528**	**38,884,557**	**37,119,971**
DEVELOPMENT ACCOUNT EXPENDITURES					
1	TRONIC COMMUNICATION LTD	SUPPLY OF SOLAR LIGHT PANELS	2,722,160	1,300,000	1,422,160
	TOTAL DEV COMMITMENTS		**2,722,160**	**1,300,000**	**1,422,160**
	TOTAL PENDING BILLS		**78,726,688**	**40,184,557**	**38,542,131**

ANNEX 2 – ANALYSIS OF IMPREST

OUTSTANDING IMPREST AS AT 30TH JUNE 2019				
S/NO	**DATE**	**NAME**	**CHEQUE**	**AMOUNT**
1	7/3/2018	PATRICK LITABA	4918	15,000.00
2	7/3/2018	TRACY FLORENCE	4921	795,680.00
3	7/3/2018	GILBERT ONGACHI	4922	97,500.00
4	7/3/2018	PATRICK LITABA	4923	136,500.00
5	7/9/2018	RAMADHAN MOHAMMED	4931	220,000.00
6	8/7/2018	SETH MURULE	4934	900,000.00
7	8/10/2018	RAMADHAN MOHAMMED	4936	420,000.00
8	8/15/2018	EVARYNE OLOO	4937	20,000.00
9	8/22/2018	SAMUEL OMUKA	4940	10,500.00
10	8/22/2018	KEPHAS OTSYULA	4941	16,500.00
11	8/22/2018	MOSES ATEKA	4942	14,000.00
12	8/24/2018	ABDUL MUKHWANA	4946	31,500.00
13	8/24/2018	GILBERT ONGACHI	4947	163,000.00
14	8/24/2018	BEATRICE ILAVONGO	4954	250,000.00
15	8/24/2018	JOHN SIMWAH	4956	400,000.00
16	8/24/2018	PASCAL MWANJE	4957	600,000.00
17	8/24/2018	JUDITH MAKOKHA	4959	210,600.00
18	9/4/2018	SIMON WEKESA	4967	32,000.00
19	9/4/2018	NICHOLAS A. OKUTOYI	4970	875,000.00
20	9/4/2018	RAMADHAN MOHAMMED	4971	625,000.00
21	9/11/2018	ESTHER ARIKO	4983	20,000.00
22	9/13/2018	BEATRICE ILAVONGA	4989	560,800.00
23	9/13/2018	JOTHAM WECHULI	4998	21,000.00
24	9/14/2018	ERICK WANGILA	5004	25,000.00
25	9/14/2018	SIMON WEKESA	5005	50,000.00
26	9/14/2018	STEVE WAMBANI	5009	28,100.00
27	9/17/2018	SYLVIA WANDAKWA	5031	280,800.00
28	9/18/2018	JOHN ANYANGA	5034	12,500.00
29	9/18/2018	TRACY BIFOLI	5035	384,000.00
30	9/19/2018	CARO MAKHANU	5038	30,000.00
31	9/20/2018	RONALD SHIKHAMI	5040	7,000.00
32	9/20/2018	TRACY BIFOLI	5041	288,000.00
33	9/25/2018	JUDITH ACHIENG	5044	80,000.00
34	9/25/2018	SIMON WEKESA	5045	25,000.00
35	9/25/2018	ANDREW NJIRIMANI	5046	78,220.00
36	9/26/2018	DIANA OTWOKO	5047	40,000.00
37	9/26/2018	EVERLYNE JUMA	5048	40,000.00
38	9/27/2018	EVERLYNE OLOO AKINYI	5055	10,000.00

39	9/27/2018	SOLOMON MWALATI	5057	500,000.00
40	9/27/2018	RAMADHAN MOHAMMED	5060	480,000.00
41	9/27/2018	ERICK WANGILA	5064	30,000.00
		TOTALS		**8,924,523.00**