REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY ASSEMBLY OF UASIN GISHU

FOR THE YEAR ENDED 30 JUNE 2017

OFFICE OF THE AUDITOR GENERAL
ELDORET HUB
10 JAN 2018
RECEIVED
P.O. Box 1771 - 30100, ELDORET

UASIN GISHU COUNTY ASSEMBLY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEARENDED JUNE 30, 2017

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

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The County is constituted as per the constitution of Kenya isheaded by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The County Assembly constitutes 47 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 Assemblyday-to-day management is under the following key organs:

- County Assembly Service Board
- House Business
- Office of the Speaker
- Office of the Clerk

(c) Fiduciary Management

The key management personnel who held office during the quarter ended 30th June 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	**Richard.T.Chepkonga**
2.	Principal Finance Officer	**Lazarus Kemboi**

(d) FiduciaryOversight Arrangements

Assembly's operations are over sighted by Internal Audit Department, KENAO, PAC/PIC of both the Senate and County Assembly.

(e) EntityHeadquarters

P.O. Box 100-300
Assembly Hall,
Uganda Road,
Eldoret, KENYA

(f) EntityContacts

Telephone: (254) 053-2062077
E-mail: info@ugcountyassembly.or.ke
Website: www.ugcountyassembly.or.ke

(g) EntityBankers

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

2. Kenya Commercial Bank
   Eldoret West Branch
   P.O BOX 1597-30100
   Eldoret, Kenya

(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

II. FORWARD BY THE CLERK OF THE ASSEMBLY

During the financial year ending 30th June 2017, the Assembly made a surplus of Kshs 1, 336,767 from its operation as indicated in the statement of Receipts and Payments. This is a decrease from a surplus of Kshs 20,117,350 during the financial year 2015/2016. The Assembly's revenues increased from Kshs 499,631,660 in the previous financial year to Kshs. 502,800,419. However, the Assembly had budgeted for Kshs 516,001,559 out of which it managed to receive Kshs. 494,130,449.00.This resulted to a difference of approximately Kshs 21,871,110 of which it affected the Assembly's operations.

The Assembly spent Ksh 481,346,302 out of Kshs 502,800,419 available for use which translated to 95% of Budget utilization. Kshs 21,454,117 that remained unspent at the close of the year was returned back to the County Treasury as per the PFM Act, 2012.

Operational Performance

The County Assembly during the Financial Year ending 30th June, 2017 passed four Bills namely:- Uasin Gishu County Public Participation Act, 2016;Uasin Gishu County Inua Biashara Fund Act, 2017, Uasin Gishu County Enterprise Development Fund Act, 2016 and Uasin Gishu County Enforcement Act, 2016.
Inua Biashara Act, 2016 and Enterprise development Act, 2016 both seek to avail cheap credit facilities to SMEs while The Uasin Gishu County Public Participation Bill, 2016 has provided public with forums to participate in key decision making activities.

The County Assembly approved the 2016/17 budget on 30th June, 2016 and later amend it on 28th February, 2017.

The Assembly has eighteen committees namely:-

1) Finance and Economic Planning
2) Land, physical planning and Housing
3) Health services
4) Trade, Tourism, Cooperatives and Wildlife
5) Environment, Water and Natural Resources
6) Agriculture, livestock and Fisheries
7) ICT and E-Government
8) Agriculture, Livestock and Fisheries
9) Early Childhood Education
10) Public Service management

The above named committees are tasked with over sighting the line Ministry, and scrutinise line ministry policies and bills.

11) Implementation Committee
12) Committee on Delegated Legislation
13) Committee on Security
14) Committee on Sports and Youths
15) Committee on Children, Gender and Culture
16) Committee on Fire and Disaster Management
17) Committee on Budget and Appropriation
18) Public Investment and Accounts Committee

Successes are as follows:-

- Committee on Trade, Tourism, Cooperatives and Wildlife midwived the approval of Inua Biashara Bill, 2016 and Enterprise Act, 2016.
- Committee on Finance and Economic Planning steered the approval of Annual Development Plan, 2016 and Debt management strategy Paper, 2016
- Committee on Public Service Management led the approval of both Public Participation Act, 2016 and Enforcement Act, 2016

Performance of key development projects

During the year under review, (2016/2017) the assembly managed to Purchase ICT Equipments, Software's and other ICT Assets. This has helped much to ease Assembly Communication and expand its network.

Challenges and recommended way forward

The County Assembly experienced some challenges during the year under review, some of which included funds being released late which could not allow the county to implement its operations & development/projects as planned.

The National treasury should try to disburse funds early enough for implementation.

Sign

Richard T. Chepkonga
Clerk of the County Assembly

III. STATEMENT OF MANAGEMENT RESPONSIBILITIES

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

The Clerk of the County Assembly 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 on 30th June 2017. 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 30th June 2017, 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 the 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 28th September 2017.

FOR:

Richard T. Chepkonga
Clerk of the County Assembly

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF UASIN GISHU FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of County Assembly of Uasin Gishu set out on pages 1 to 38, which comprise the statement of financial assets and liabilities at 30 June 2017, 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, because of the significance of the matters described in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of County Assembly of Uasin Gishu as at 30 June 2017, 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 do not comply with the Public Finance Management Act, 2012.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that public money has not been applied lawfully and in an effective way.

Basis for Adverse Opinion

1.0 Training Expenses

The use of goods and services figure of Kshs.154,955,363 for the year ended 30 June 2017 as disclosed in Note 5 to the financial statements, include training expenses figure of Kshs.13,660,208 in respect of training of Members of the County Assembly and staff. However, the County Assembly did not have training committee within the human resource department to conduct a training needs assessment, plan, organize, coordinate, and recommend appropriate trainings as per Section I of the County Public Service Human Resource Manual of 2013. Consequently, the propriety of the expenditure of Kshs.13,660,208 incurred on training for the year ended 30 June 2017could not be confirmed.

2.0 Compensation of Employee Costs

The statement of receipts and payments for the year ended 30 June 2017 reflects compensation of employees figure of Kshs.298,805,224 which is at variance with the supporting schedules and the payroll summaries provided for audit verification figure of Kshs.288,955,288 resulting in unexplained variance of Kshs.9,849,936. Further, the compensation of employee figure of Kshs.298,805,224 reflected in the statement of receipts and payments is at variance with the IFMIS payments report figure of Kshs.291,658,015 again resulting in unexplained variance of Kshs.7,147,209. Although the management explained that the differences occurred are as a result of some payments having been made outside the IFMIS, the details of these payments made outside the IFMIS system has not been provided.

Consequently, the accuracy and completeness of the compensation of employee figure of Kshs.298,805,224 for the year ended 30 June 2017could not be confirmed.

3.0 Unconfirmed Pending Bills

Note 18.1 to the financial statements discloses pending bills totalling Ksh.3,607,838 as at 30 June 2017 out of which pending bills amounting to Kshs.1,483,056 were not supported by local purchase orders, delivery notes, invoices and inspection and acceptance reports. Consequently, the validity, completeness and accuracy of the pending bills figure of Kshs.1,483,056 as at 30 June 2017 could not be confirmed

4.0 Variances between Financial Statement Balances and IFMIS Payment Figures

The statement of receipts and payments for the year ended 30 June 2017 reflects total payments amount of Kshs.501,463,652, which is at variance with the IFMIS total payments balance of Kshs.391,434,217 resulting in a variance of Kshs.110,029,435. Although the management states that the variance is due to payments that were made to suppliers and honourable members of the county assembly and staff who had not been defined in the IFMIS, the details of the payments have not been provided for audit review. Consequently, the accuracy and validity of the total payments amounting to Kshs.501,463,652 for the year ended 30 June 2017 could not be confirmed and the County Assembly is in breach of the law.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of County Assembly of Uasin Gishu in accordance with ISSAI 30 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 adverse opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance to the audit of the financial statements. I have determined that there were no key audit matters to communicate in my report.

Other Matter

1.0 Budgetary Control and Performance

1.1 Approved Development and Recurrent Budget

During the year under review, the County Assembly of Uasin Gishu had a total budget of Kshs.536,118,909 comprising recurrent budget of Kshs.520,211,104 and development budget of Kshs.15,907,805 respectively. Further, the budget reflected overall under absorption of Kshs.34,655,257 or 6% as summarized below:

Item	Budgeted Allocation 2016/2017 (Kshs)	Actual Expenditure for 2016/2017 (Kshs)	Under Absorption (Kshs)	Under Absorption %
Recurrent Budget	520,211,104	490,302,622	29,908,482	6
Development Budget	15,907,805	11,161,030	4,746,775	30
Total	**536,118,909**	**501,463,652**	**34,655,257**	**6**

The under absorption of the approved budget is an indication of activities and projects in the annual work plan not implemented by the County Assembly which is likely to have negative effect on delivery of goods and service by the County Assembly. There is therefore need for the management to re-look at its budgetary mechanism with a view to focusing on priority areas which enhance service delivery to the citizens of Uasin Gishu County.

1.2 Development Budget

During the year under review, County Assembly of Uasin Gishu allocated Kshs.15,907,805 towards development projects and spent a total of Kshs.11,161,030 on purchase of ICT equipment and infrastructure resulting in under expenditure of Kshs.4,746,775 or 30% of the budget.

It is therefore clear that the County Assembly did not utilize Kshs.4,746,775 (30%) of the allocated funds and hence the intended objectives may not have been achieved which may hamper service delivery to the people of Uasin Gishu County due to lack of prerequisite infrastructure.

2.0 Governance Framework

2.1 Lack of Internal Audit Charter

As reported in the previous year, the County Assembly of Uasin Gishu has established an internal audit unit to oversee the governance mechanism and promote transparency and accountability in the management of the County Assembly's resources. The unit, however, reports administratively to the Clerk of the County Assembly and functionally to the Speaker of the County Assembly instead of the Audit Committee contrary to Regulation 155(1) of the Public Finance Management (County Government) Regulations 2015, which states that the head of Internal Audit unit in a County Government Entity shall enjoy operational independence through the reporting structure by reporting administratively to the Accounting Officer and functionally to the audit committee.

Further, the internal audit function operated without an internal audit charter detailing the scope, responsibilities and purpose of internal audit function. Consequently, the unit lacks operational independence and guiding tool to execute its mandate and which is against the law.

2.2 Failure to Establish Audit Committee

As reported in the previous year, the County Assembly of Uasin Gishu has not established an audit committee contrary to Section 167(1) of the Public Finance Management (County Government) Regulations, 2015 which require each county government entity to establish an audit committee. Although the management attributes the absence of the audit committee to lack of budgetary provision for the function and that the same has been factored in the budget for financial year 2017/2018, no documentary evidence has been provided to show that the committee will be in place any time soon. Consequently, the management is in breach of the law.

3.0 Information Communication Technology (ICT)

Audit review of the Information and Communication Technology (ICT) of County Assembly of Uasin Gishu revealed that the Assembly did not have an IT Policy, Data Recovery Plan (DRP) and IT security policy which are vital in effective and efficient management of the entity's IT resources. Further, the County Assembly did not have an IT steering committee which is important in performing the oversight function and formulation of policies to ensure that IT department functions are properly in place to assist in the achievement of organizational objectives in an efficient, economic and effective manner. In addition, the County Assembly did not have periodic IT reports which are supposed to assess the status of impiementation of IT systems and suggest corrective measures. Consequently, IT assets of the County Assembly may not be efficiently utilized and the operations of the assembly may be hampered in the event of a disaster.

4.0 Failure to Observe One Third Rule in Staff Establishment and Recruitment

Audit review of the payroll for the month of June 2017, revealed that County Assembly of Uasin Gishu had a staff establishment of 94 (ninety four) employees, out of whom 80 (eighty) or 85 % were from the same dominant ethnicity leaving 14 (fourteen) or 15% from other ethnicities. Further, review of records indicated that the County Assembly of Uasin Gishu Service Board during the year under review recruited 11(eleven) new officers at various cadres out of whom only one (1) officer or nine (9) % was from the non-dominant ethnicity while ten (10) or 91% were from the dominant ethnicity against the recommended threshold of 30% as required by Section B.7 of the County Public Services Human Resource Manual, 2013 and Section 65(1)(e) of the County Governments Act, 2012 which requires that in selecting candidates for appointment, the County Public Service Board shall consider the need to ensure that at least thirty (30) percent of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the county. Consequently, the management is in breach of the law.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Assembly's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the management either intends to liquidate the County Assembly's or to cease operations, or have no realistic alternative but to do so.
Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

Those charged with governance are responsible for overseeing the County Assembly's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

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.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the County Assembly's internal control.

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

- Conclude on the appropriateness of the management's use of the going concern 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.

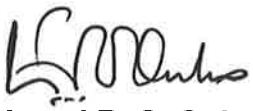
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- 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.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

16 July 2018

IV. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE, 2017

	Note	2016/17 Kshs	2015/16 Kshs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	494,130,449	495,745,236
Proceeds from Sale of Assets	2		
Other Receipts	3	8,669,970	3,886,424
TOTAL RECEIPTS		**502,800,419**	**499,631,660**
PAYMENTS			
Compensation of Employees	4	298,805,224	292,508,531
Use of goods and services	5	154,955,363	174,180,057
Subsidies	6		
Transfers to Other Government Entities	7	35,217,350	
Other grants and transfers	8		
Social Security Benefits	9		
Acquisition of Assets	10	12,466,270	12,805,782
Finance Costs	11	19,445	19,940
Other Payments	12		
TOTAL PAYMENTS		**501,463,652**	**479,514,310**
SURPLUS/DEFICIT		**1,336,767**	**20,117,350**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 28th September 2017 and signed by:

Clerk of the Assembly
Name: Richard T. Chepkonga

Chief Finance Office – County Assembly
Name: **Lazarus Kemboi**
ICPAK Member Number:7993

V. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30TH JUNE, 2017

	Note	2016/2017 Kshs	2015/16 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	13A	21,454,117	20,117,350
Cash Balances	13B		
Total Cash and cash equivalents		**21,454,117**	**20,117,350**
Accounts receivables – Outstanding Imprests	14		
TOTAL FINANCIAL ASSETS		**21,454,117**	**20,117,350**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	15		
NET FINANCIAL ASSETS		**21,454,117**	**20,117,350**
REPRESENTED BY			
Fund balance b/fwd	16	**20,117,350**	
Surplus/Deficit for the year		1,336,767	20,117,350
NET FINANCIAL POSITION		**21,454,117**	**20,117,350**
		-	-

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 28th September 2017 and signed by:

FOR:

Clerk of the Assembly
Name: Richard T. Chepkonga

Chief Finance Officer – County Assembly
Name: **Lazarus Kemboi**
ICPAK Member Number:7993

VI. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30TH JUNE, 2017

	Note	2016/17 Kshs	2015/16 Kshs
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operating income			
Transfers from the County Treasury/Exchequer Releases	1	494,130,449	495,745,236
Other Receipts	3	8,669,970	3,886,424
Payments for operating expenses			
Compensation of Employees	4	298,805,224	292,508,531
Use of goods and services	5	154,955,363	174,180,057
Subsidies	6		
Transfers to Other Government Entities	7	35,217,350	
Other grants and transfers	8		
Social Security Benefits	9		
Finance Costs	11	19,445	19,940
Other Payments	12		
Adjusted for:			
Adjustments during the year	17		
Net cash flows from operating activities		**13,803,037**	**32,923,132**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2		
Acquisition of Assets	10	12,466,270	12,805,782
Net cash flows from investing activities		**12,466,270**	**12,805,782**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,336,767**	**20,117,350**
Cash and cash equivalent at BEGINNING of the year	13	**20,117,350**	
Cash and cash equivalent at END of the year		**21,454,117**	**20,117,350**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 28th September 2017 and signed by:

Clerk of the Assembly
Name: Richard T. Chepkonga

Chief Finance Office – County Assembly
Name: **Lazarus Kemboi**
ICPAK Member Number 7993

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of Utilisation difference to final budget
	Kshs	Kshs	c=a+b	e=d-c	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	516,001,559		516,001,559	494,130,449	96
Unspent Bank Balances		20,117,350	20,117,350	20,117,350	100
Other Receipts			-	8,669,970	
TOTAL	516,001,559	20,117,350	536,118,909	522,917,769	98
PAYMENTS					
Compensation of Employees	327,914,954	-	327,914,954	298,805,224	91
Use of goods and services	155,528,800	-	155,528,800	154,955,363	100
Subsidies		-	-		
Transfers to Other Government Entities	15,100,000	20,117,350	35,217,350	35,217,350	100
Other grants and transfers			-		
Social Security Benefits			-		
Acquisition of Assets	17,307,805	-	17,307,805	12,466,270	72
Finance Costs	150,000	-	150,000	19,445	13
Other Payments			-		
TOTAL	**516,001,559**	**20,117,350**	**536,118,909**	**501,463,652**	**94**
SURPLUS/ DEFICIT					

(a) Finance Costs-Introduction of Internet-Banking lowers the cost

The entity financial statements were approved on 28th September 2017 and signed by:

Clerk of the Assembly
Name: Richard T. Chepkonga

Chief Finance Office – County Assembly
Name: **Lazarus Kemboi**
ICPAK Member Number:7993

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of Utilisation difference to final budget
	Kshs	Kshs	c=a+b	e=d-c	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	500,093,754		500,093,754	482,130,449	96
Unspent Bank Balances		20,117,350	20,117,350	20,117,350	100
Other Receipts			-	8,669,970	
TOTAL	**500,093,754**	**20,117,350**	**520,211,104**	**510,917,769**	**98**
PAYMENTS					
Compensation of Employees	327,914,954	-	327,914,954	298,805,224	91
Use of goods and services	155,528,800	-	155,528,800	154,955,363	100
Subsidies		-	-		
Transfers to Other Government Entities	15,100,000	20,117,350	35,217,350	35,217,350	100
Other grants and transfers			-		
Social Security Benefits			-		
Acquisition of Assets	1,400,000	-	1,400,000	1,305,240	93
Finance Costs	150,000	-	150,000	19,445	13
Other Payments			-		
TOTAL	**500,093,754**	**20,117,350**	**520,211,104**	**490,302,622**	**94**
Surplus/ Deficit					

(a) Finance Costs-Introduction of Internet-Banking lowers the cost

The entity financial statements were approved on 28th September2017 and signed by:

Clerk of the Assembly
Name: Richard Chepkonga

Chief Finance Office – County Assembly
Name: **Lazarus Kemboi**
ICPAK Member Number: 7993

IX. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of Utilisation difference to final budget
	Kshs	Kshs	c=a+b	e=d-c	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	15,907,805	-	15,907,805	**12,000,000**	75
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	**15,907,805**	-	**15,907,805**	**12,000,000**	**75**
PAYMENTS					
Compensation of Employees					
Use of goods and services					
Subsidies					
Transfers to Other Government Entities					
Other grants and transfers					
Social Security Benefits					
Acquisition of Assets	15,907,805		15,907,805	11,161,030	70
Finance Costs					
Other Payments					
TOTAL	**15,907,805**		**15,907,805**	**11,161,030**	**70**
SURPLUS/ DEFICIT					

(a) Finance Costs-Introduction of Internet-Banking lowers the cost

The entity financial statements were approved on 28th September2017 and signed by:

Clerk of the Assembly
Name: Richard T. Chepkonga

Chief Finance Office – County Assembly
Name: **Lazarus Kemboi**
ICPAK Member Number: 7993

X. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2017		2017	2017	
	Kshs	Kshs	Kshs	Kshs	Kshs
Programme 1					
Sub-programme 1					
Sub-programme 2					
Sub-programme 3					
Programme 2					
Sub-programme 1					
Sub-programme 2					
Sub-programme 3					

XI. 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 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 Uasin Gishu 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 CountyAssembly 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 entity.

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.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

4. In-kind contributions

In-kind contributions are donations that are made to the Uasin Gishu 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 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.

5. Cash and cash equivalents

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

Restriction on cash

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

There were no other restrictions on cash during the year.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year 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 holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

7. Accounts Payable

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

8. Non-current assets

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

9. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the 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.

10. 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 Assembly budget was approved as required by Law .The original budget was approved by the County Assembly on 30th June 2016 for the period 1st July 2016 to 30 June 2017 as required by law. There was two number of supplementary budgets passed in the year. A high-level assessment of the 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.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Comparative figures

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

12. Subsequent events

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

13. Errors

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

14. Related party transactions

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

XII. NOTES TO THE FINANCIAL STATEMENTS

1 Transfers from the County Treasury/Exchequer Releases

	2016/17	2015/16
	Kshs	Kshs
AUGUST 2016	35,488,972	
SEPTEMBER 2016	83,189,243	
Transfers from the County Treasury for Q1	**118,678,215**	**87,335,478**
OCTOBER 2016	44,799,054	
NOVEMBER 2016	56,649,157	
DECEMBER 2016	40,000,000	
Transfers from the County Treasury for Q2	**146,448,211**	**152,477,500**
JANUARY 2017	7,000,000	
JANUARY 2017	41,659,860	
MARCH 2017	40,000,000	
Transfers from the County Treasury for Q3	**88,659,860**	**166,542,768**
APRIL 2017	40,612,293	
MAY 2017	37,644,865	
JUNE 2017	62,087,005	
Transfers from the County Treasury for Q4	**140,344,163**	**89,389,490**
Cumulative Amount	**494,130,449**	**495,745,236**

2 PROCEEDS FROM SALE OF ASSETS

	2016/17	2015/16
	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		
Receipts from the Sale of Strategic Reserves Stocks		
Total		

3 OTHER RECEIPTS

	2016/17	2015/16
	Kshs	Kshs
Tender fees received	8,669,970	2,026,600
Other Receipts II		1,859,824
Other Receipts III		-
Other Receipts IV		-
Other Receipts		-
Total	**8,669,970**	**3,886,424**

4 COMPENSATION OF EMPLOYEES

	2016/17	2015/16
	Kshs	Kshs
Basic salaries of permanent employees	140,098,249	133,713,697
Basic wages of temporary employees	25,740,986	24,840,000
Personal allowances paid as part of salary	109,090,122	106,469,995
Personal allowances paid as reimbursements	3,910,000	2,760,000
Personal allowances provided in kind		
Pension and other social security contributions		
Compulsory national social security schemes	9,066,471	9,448,008
Compulsory national health insurance schemes		
Social benefit schemes outside government	10,899,396	15,276,831
Other personnel payments		
Total	**298,805,225**	**292,508,531**

5 USE OF GOODS AND SERVICES

	2016/17	2015/16
	Kshs	Kshs
Utilities, supplies and services	1,381,687	1,177,766
Communication, supplies and services	924,898	415,864
Domestic travel and subsistence	70,639,770	79,348,353
Foreign travel and subsistence	2,294,196	11,661,615
Printing, advertising and information supplies & services	5,444,345	4,831,356
Rentals of produced assets	6,130,000	5,900,400
Training expenses	13,660,208	18,804,607
Hospitality supplies and services	12,081,968	12,179,362
Insurance costs	22,892,948	22,072,227
Specialized materials and services	1,184,479	743,850
Office and general supplies and services	7,572,848	5,201,777
Other operating expenses	2,909,803	4,591,011
Routine maintenance – vehicles and other transport equipment	6,473,474	5,049,315

Routine maintenance – other assets	1,364,739	2,202,554
Total	**154,955,363**	**174,180,057**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 SUBSIDIES

Description	2016/17	2015/16
	Kshs	Kshs
Subsidies to County Corporations		
See list attached		
(insert name)		
Subsidies to Private Enterprises		
See list attached		
(insert name)		
TOTAL		

7 TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2016/17	2015/16
	Kshs	Kshs
Transfers to National Government entities		
See attached list		-
Transfers to Counties	20,117,350	20,117,350
(insert name of budget agency)	15,100,000	-
(insert name of budget agency)		
TOTAL	**35,217,350**	**20,117,350**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 OTHER GRANTS AND TRANSFERS

	2016/17	2015/16
	Kshs	Kshs
Scholarships and other educational benefits		
Emergency relief and refugee assistance		
Subsidies to small businesses, cooperatives, and self employed		
Other current transfers, grants		
Other capital grants and transfers		
Total		

9 SOCIAL SECURITY BENEFITS

	2016/17	2015/16
	Kshs	Kshs
Government pension and retirement benefits		
Social security benefits in cash and in kind		
Employer Social Benefits in cash and in kind		
Total		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 ACQUISITION OF ASSETS

Non Financial Assets	**2016/17**	**2015/16**
	Kshs	**Kshs**
Purchase of Buildings		-
Construction of Buildings		-
Refurbishment of Buildings		
Construction of Roads		-
Construction and Civil Works		-
Overhaul and Refurbishment of Construction and Civil Works		-
Purchase of Vehicles and Other Transport Equipment		12,805,782
Overhaul of Vehicles and Other Transport Equipment		-
Purchase of Household Furniture and Institutional Equipment		-
Purchase of Office Furniture and General Equipment	1,305,240	
Purchase of ICT Equipment, Software and Other ICT Assets	11,161,030	
Purchase of Specialised 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		-
Financial Assets		
Domestic Public Non-Financial Enterprises		-
Domestic Public Financial Institutions		-
Foreign financial Institutions operating Abroad		-
Other Foreign Enterprises		-
Foreign Payables - From Previous Years		-
Total	**12,466,270**	**12,805,782**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 FINANCE COSTS

	2016/17	2015/16
	Kshs	Kshs
Bank Charges	19,445	19,940
Exchange Rate Losses		
Other Finance costs		
Interest on borrowings		
Total	**19,445**	**19,940**

12 OTHER PAYMENTS

	2016/17	2015/16
	Kshs	Kshs
Budget Reserves		
Civil Contingency Reserves		
Capital Transfers to Non-Financial Public Enterprises		
Capital Transfer to Public Financial Institutions and Enterprises		
Capital Transfer to Private Non-Financial Enterprises		
Other expenses		
Domestic Accounts		
Total		

13ABANK ACCOUNTS

Name of Bank, Account No. & Currency	Indicated whether recurrent or development	2016/17	2015/16
		Kshs	Kshs
CBK 1000241837 KSH	Recurrent Acc	16,986,501	2,466,633
KCB 1178442411KSH	Recurrent Acc	3,545,503	5,787,923
KCB 1142325717 KSH	Recurrent Acc	-	
CBK 1000292881 KSH	Deposit Acc	-	
CBK 1000292897 KSH	Development Acc	838,970	11,840,708
WARD OFFICE ACCOUNTS	Recurrent Acc	83,143	22,087
Total		**21,454,117**	**20,117,350**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13B CASH IN HAND

	2016/17	2015/16
	Kshs	Kshs
Cash in Hand – Held in domestic currency		
Cash in Hand – Held in foreign currency		
Total		

13 C Cash in hand should be analysed as follows:

	2016/17	2015/16
	Kshs	Kshs
Location 1		
Location 2		
Location 3		
Total		

14 ACCOUNTS RECEIVABLE

	2016/17	2016/17
	Kshs	Kshs
Government Imprests		
Clearance Accounts		
Staff Advances		
Other Advances		
Total		

15 ACCOUNTS PAYABLE

	2016/17	2015/16
	Kshs	Kshs
Deposits and Retentions		
Total		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 FUND BALANCE BROUGHT FORWARD

	2016/17	2015/16
	Kshs	Kshs
Bank accounts		
Cash in hand		
Accounts Receivables		
Accounts Payables		
Total		

17 PRIOR YEAR ADJUSTMENT

Description of the adjustment	2016/17	2015/16
Adjustments on bank account balances	Kshs	Kshs
Adjustments on cash in hand		
Adjustments on payables		
Adjustments on receivables		
Others (*specify*)		
Total		

DISCLOSURE NOTES

18.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2016/17	2015/16
	Kshs	Kshs
Construction of buildings		
Construction of civil works	612,556	113,736
Supply of goods	2,537,312	1,598,504
Supply of services	457,970	2,192,796
Total	**3,607,838**	**3,905,036**

18.2: PENDING STAFF PAYABLES (See Annex 2)

	2016/17	2015/16
Name of Staff	**Kshs**	**Kshs**
Xxx		
Xxx		
Total		

18.3: OTHER PENDING PAYABLES (See Annex 3)

	2016/17	2015/16
	Kshs	Kshs
Amounts due to National Government entities		800,000
Amounts due to County Government entities		-
Amounts due to third parties		3,905,036
Total	-	**4,705,036**

19 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.

Related party transactions:

	2016/2017	2015/2016
	Kshs	**Kshs**
Compensation to the MCAs	170,503,252	--
Key Management compensation	21,371,923	--
Transfers from the County Treasury	--	--
Transfers to/ from other County Government entities	--	--
Transfers to/ from County Ministries and Departments	--	--
Payments made in favour of other related parties	--	---
Payments made by related parties on behalf of Assembly	---	--

XIII. 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)*
1.1Failure to Establish Audit Committee	Failure to Establish Audit Committee	It is true that the County Assembly has not established audit committee as required by the Public Finance Management Act, 2012. However, the Assembly has started the process of establishing the same. The process is expected to be through by the start of the New Year, 2017.	County Assembly Service Board (Clerk and Speaker).	Not Resolved.	March 2018
1.2 Lack of Independent Internal Audit Function	Lack of Independent Internal Audit Function	At the time of audit the Assembly had one Internal Audit Officer. However one more vacancy has been advertised, short listing done save only for interviews before we get one more staff. The Assembly will deploy one officer from one of its departments to enhance capacity at the Audit department.	Clerk	Resolved	
1.3 Information Communication Technology (ICT)		**Data Recovery Plan** The documented Data Recovery Plan is not availablebut the ICT have implementedpreventive and detective measures to identify and reduce risks within the IT infrastructure. These measures in place include; keeping data backed up, using up-to-date antivirus software, installing generators, fire alarms and conducting routine inspections. The management will also ensure that a documented **disaster recovery plan** is in place, specifying procedures that will be followed by the organization to recover and protect organization IT infrastructure in the event of a disaster. The ICT Section are planning to have an offsite data storage since currently the data is safeguarded onsite in an external hard disk stored in the County Assembly strong room. The offsite data storage will ensure that the critical data is safeguarded against loss and readily available. **IT Steering Committee**	Clerk	Not Resolved	March 2018

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)*
		ICT Section will work together with the management to ensure that the IT Steering Committee is formed. Currently the ICT Section has been working hand in hand with the IT Strategic Committee. With the formation of the IT Steering Committee, the committee will start the process of preparing the **IT Strategic Plan,** perform oversight function and assist in formulation of policies including **IT Security Policy** to ensure that ICT Section functions properly to achieve organization objectives in an economic, efficient and effective way. **ICT Personnel** Currently, the ICT Section has 3 qualified officers with defined roles and responsibilities on how to oversee the ICT operations. Their duties and responsibilities are as stated in their Appointment Letters. (Annex 1). **Payroll System** At the time of Audit in October 2016, the Payroll System was still running on the **Easyway Enterprise System** although the data migration to the IPPD System was underway. Currently, the data have been captured and payroll System is now running on the **IPPD** system.		Resolved	
2.0 Budget Performance **2.1 Development Expenditure**		It's true that the County assembly incurred an expenditure of *Ksh 14,585,781* of the approved budget on *Ksh 28,713,587* development expenditure. This was brought about by non issuance of certificates for payments relating to refurbishment at the County Assembly amounting to *Ksh 2,900,000.* The County Assembly also did not spent *Ksh 10,067,097* on ICT infrastructure since the vote head was inadequate in the budget.	Clerk and Principal Budget Officer.	Resolved	
2.1.2 Recurrent Expenditure		i. The County Assembly did not implement the County Assembly staff housing loan scheme with approved budget of *Ksh 20,000,000*. This is	Clerk and Principal Finance officer	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)*
		because the above amounts were not received from the County Treasury. ii. The County Assembly also returned to the County Treasury *Ksh8,276,642* during the year under review. This arose as a result of IFMIS failure towards the County Assembly to have *Ksh 4,705,036* as pending bills at the close of the year.			
.2 Other Receipts of Kshs 3,886,424		The records indicating the repayment period and monthly deduction of *Ksh 6,341,600* irregularly paid in Financial Year 2013/14 and *Ksh 1,542,170* repaid in **2015/2016** have been availed for Audit Review. The County Assembly has also put in place measures to ensure that the irregularity paid allowances are recovered in full before the expiry of the Members' term in office out of *Ksh 7,883,770* irregular payments *Ksh 6,124,900* had been recovered by end of **November, 2016**. The Balance of *Ksh1,758,870* to be recovered by end of **April, 2016. (See Annex 2)**	Clerk and Human Resource Officer and Payroll Manager	Resolved	
.1 Irregular 'ayment of Sitting llowances of Kshs ,143,250		The Management has noted the irregular payment of sitting allowances to the members. The recoveries of the irregularly payment of sitting allowances amounting to *Ksh 2,143,200* will commence as from the month of **December, 2016**. The Management has also put in place effective internal controls to guard against such claims. The County Assembly has also introduced the use of biometric register which as at the time of Audit had been installed but not in use.	Clerk and Human Resource Officer and Payroll Manager	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)*
3.2 Irregular Payment of Salary to Ward Staff- Ksh 24,840,000		It's true that ward offices were established in 2013/14 financial year through the County Assembly of Uasin Gishu Service (Ward Offices) Bill, 2013. However, the County Assembly Service Board on its meeting regularized the opening of ward offices in accordance with the Section 12(7)b of the County Government Act, 201. A copy of the extract of the County assembly Service Board minutes is **annexed 3** is hereby attached.	County Assembly Service Board	Resolved	
3.3 Failure to Comply With One Third Net Salary Rule.		It's true that Members of the County assembly received less than one third of their net salaries for the months of **August, 2015**, **December, 2015** and **January, 2016**. In the month of **August, 2015**, **December, 2015** and **January, 2016**, the members of the County Assembly were on recess as per the County Assembly Calendar of meetings, consequently the members could not be able to meet one third rule since there were no sitting allowances during the said month.	Principal Finance Officer and Payroll Manager	Resolved	
3.4 Delays in Remittance of Statutory Deductions		It's true that remittances to statutory bodies were not made on time in the months of **July, 2015** and **May, 2016**. This was as a result of delay by the County Treasury in disbursing the monthly allocation to the County Assembly. However, measures have been put in place to ensure that statutory deductions recovered from employees are remitted to the respective authorities within the stipulated time lines.	Principal Finance Officer	Resolved	
3.5 Ethnic Composition		The Uasin Gishu County Assembly Service Board inherited staffs from the defunct Local Authority who were in service. Therefore there was not much that the Board could	County Assembly Service Board	Not 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)*
		do about it to comply with 30% rule on ethnic representation. The County Assembly Service Board did a competent- based Advert that was put in the daily papers dated 6th March, 2014 for various positions. Unfortunately most of the applicants for the vacancies advertised where from one ethnic community as evidenced by the attached list.			
4.1.1 **Unsupported/ Irregular Domestic Travel Allowances**		Payments of travelling and subsistence allowances are paid in accordance with the government laid down financial regulations and procedures. All the payments have been properly supported and accounted for after return from the journeys as required by the regulations. The management has also taken note of the Auditors observation on the need to consider holding meetings within the County assembly premises or Eldoret town to reduce on unnecessary travelling and subsistence cost. Secondly the Assembly will forthwith not only file Attendance List and programmes but have a copies attached to the payment voucher.	Clerk ,Principal Finance Officer and Principal Accountant.	Resolved	
4.1.2 **Unsupported Foreign Travel**		It's true that twenty members of the County Assembly and staff attended the East Africa Legislative Assembly Sports Council Association (EALASCA) games that were held in Rwanda in **December, 2015**. Since the Assembly had cash flow problems, the members had to travel without being paid any imprest for per diem allowances. They lodged claims for the travel upon return from the journey. The Members and staff who travelled here supported their claims with copies of passports and motor vehicle work tickets. The	Clerk , ,Principal Finance Officer and Principal Accountant.	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)*
		amounts paid to each member is supported by tabulations of the conversions indicating the dollar rate used. **(See Annex 4)**			
4.2 Unsupported Training Expenses		The County Assembly is in the process of establishing training committee within the HR department to plan, organize, coordinate, recommend and approve appropriate programmes to County Assembly. The amount of *Kshs 11,679,700* incurred on treasury has been supported by training programmes and duly signed attendance registers. These records have been availed to auditors for audit review.	Clerk and Human Resource Officer	In process	March 2018
5.1 Lack of Motor Vehicle Log Books		It's true that County assembly bought two motor vehicles from Toyota Kenya ltd at the total cost of *Ksh 13,504,279.20* in **June, 2016.** The log books for the two vehicles have not been received from Kenya Revenue Authority. However, the management is pursuing the matter and once they are received they will be availed for audit verification.	Clerk	Resolved	
6.1 Mortgage and Car Scheme For Members Of County Assembly.		It's true that they didn't submit their log books and title deeds as required by the regulations governing the fund. The accounting officer has written severally to all the members asking them to submit the same but only eight members have submitted and the rest are in the process of submitting. Out of Kshs 225,000,000 given out to the members as loans Kshs 156,192,093 had been recovered leaving a balance of kshs 68,807,907 as at **30th June, 2016**. As of **September, 2016** Kshs 177,542,751 had been recovered leaving a balance of Kshs	Clerk and Principal Finance officer	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)*
		47,457,249 which will be recovered in full by the end of **April, 2017** going by the current rate of recovery.			
7.1.1 Comparison of Financial Statement Figure And Supporting Schedules		The necessary correction has been done. We regret the mis-posting (See the Reversed Financial statement).	Clerk and Principal Accountant	Resolved	
7.1.2Table of Content and Page Numbering		Noted and correction done (See the Reversed Financial statement).	Clerk and Principal Accountant	Resolved	
7.1.3/7.1.4 Statement of Comparison of Budget & Actual Amounts: Recurrent and Development Combined.		The adjustment made on the above statement on Kshs. 31,352,606 was as a result of money's (exchequer releases) which had not been received as at 30th June, 2016. Thus made the County Assembly adjust its Budget to Kshs. 471,098,746 as reported in the Financial Statements 2015/2016.	Clerk and Principal Accountant and Principal Budget Officer.	Resolved	
7.1.5 Statement of Comparison of Budget And Actual Amounts: Development		a) The unexplained difference of Kshs. 4,067,097 was as a result of unreceived income (exchequer release) from the County Treasury as at the period that ended 30th June, 2016. b) The unexplained difference of Kshs 1,779,999 was as a result of payments of; Tax 698,497 Refurbishment 125,000 Furniture 593,703 ICT 362,799 **TOTALS 1,779,999** All of the above expenses were paid through recurrent account. Thus the only payment made from development accounts was Kshs. 12,805,782 leaving a balance of Kshs. 11,840,708 at	Clerk and Principal Accountant and Principal Budget Officer.	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)*
		development account as account balance at the end of the year.			
7.1.6 Accounting Policies		We regret the omission. The error has now been corrected. (See the revised Financial Statement).	Clerk and Principal Accountant	Resolved	
7.1.7 Pending Bills		The pending bills amounting to Kshs. 4,705,036 which had not been disclosed in the financial statement 2015/16 has now been indicated. Failure to pay the suppliers of goods and services as at the end of the year was a result of system breakdown.	Clerk and Principal Accountant	Resolved	
8.1 Summary Statement of Fixed Asset Register		The Fixed Asset statement/register has been included in the revised Financial statement.	Clerk and Principal Accountant		

Clerk of the County Assembly

Richard T. Chepkonga

Sign.....

Date.....8/1/2018.....

XIV. ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2016	Comments
	A	b	c	d=a-c		
Construction of buildings						
1.						
2.						
Sub-Total						
Construction of civil works						
1. MONACOM CONSTRUCTION CO LTD					314,059.00	
2. RAYNARD ENTERPRISE LTD					298,496.75	
Sub-Total					**612,556.00**	
Supply of goods						
3. GENERATORS KENYA					31,900.00	
4. RONTEE GENERAL SUPPLIES					362,500.00	
5. JOSE TYRESLTD					132,000.00	
6. HERITAGE OUTLETS					443,000.00	
7. AFRICAN TOUCH TRAVEL					60,400.00	
8. BARTON AGENCIES					84,000.00	
9. J.R STEPHENS LTD					67,512.00	
10. EMAAH FLORIST					27,500.00	
11. JOSEPH QUEENS GARDEN					195,500.00	
12. TOTAL SECURITY SURVEILANCE LTD					351,000.00	
13. KEEMA INVESTMENT LTD					126,000.00	
14. HOTEL JOVENTURE					656,000.00	
					2,537,312.00	
15. KEEMA INVESTMENT LTD					73,970.00	
16. GURDIT SINGH					61,000.00	
17. JOSIN INSTANTANEOUS CONSULTANCY					323,000.00	
					457,970.00	
					3,607,838.00	

XV. ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2016	Comments
		A	b	c	d=a-c		
1. HON .REBECCA MAGUT						111,626	GRATUITY
2. HON .ISAAC TERER						284,994	
3. HON. PETER CHOMBA						46,626	
4. HON.ISAAC CHIRCHIR						111,626	
5. HON. HILLARY RONO						45,626	
6. HON. TIRUS TING						111,626	
7. HON.PAULINE TUWEI						111,626	
8. HON.PATRICK BUNDOTICH						111,626	
9. HON.JOSEPHINE TARUS						111,626	
10. HON.HILLARY MUTAI						111,626	
11. HON.JONATHAN NG'ETICH						84,626	
12. HON. MOSES BARTENG						111,626	
13. HON. JOSEPH KOECH						111,626	
14. HON. HILLARY KETER						111,626	
15. HON. JOSPHAT LOWOI						111,626	
16. HON. .NICHOLAS CHELULEI						40,626	
17. HON. DAVID SING'OEI						156,626	
18. HON.WILSON MUTAI						56,626	
19. HON. OBADIAH KOSGEI						111,626	
20. HON.ISAAC KIRWA						156,626	
21. HON.STEPHEN LETTING						111,626	
22. HON.JEREMIAH SANG						121,626	
23. HON.PIUS KIGEN						111,626	
24. HON.RAMADHAN ALI						111,626	
25. HON. AMOS KIPTANUI						111,626	

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2016	Comments
26. HON.FRANCIS MUYA						156,626	
27. HON.DANIEL SANGA						46,626	
28. HON.HOSEA KORIR						181,910	
29. HON. SAMUEL RUTO						111,626	
30. HON.CAROLINE BIRGEN						111,626	
31. HON.TABITHA MASSAM						121,626	
32. HON.FLORA BARTERA						86,626	
33. HON.DUNCAN RUTTO						61,626	
34. HON.ROSE KISAMA						111,626	
35. HON.REHEMA KORIR						61,626	
36. HON.NAHUM JELAGAT						111,626	
37. HON.LYDIA MAIS						61,626	
38. HON.LUCY NGENDO						111,626	
39. HON. ZENAH KOSGEI						11,626	
40. HON. SALOME BUSSIENEI						166,626	
41. HON. ROSEBELLA SING'OEI						121,626	
42. HON.ANN CHEMUTAI						47,426	
43. HON.PIUS CHIRCHIR						154,626	
44. HON.PETER SUGUT						156,626	
45. HON.DAVID TARUS						111,626	
Sub-Total						**4,886,618**	
Grand Total							

XVI. ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2016	Comments
		a	b	c	d=a-c		
Amounts due to National Govt Entities							
1. Refunds to National Treasury				35,217,350			
Sub-Total							
Amounts due to CountyGovt Entities							
Sub-Total							
Amounts due to Third Parties							
Sub-Total							
Others (*WARD OFFICES*)							
1.KIPSOMBA WARD OFFICE						163,023	
2. TULWET/CHUIYAT WARD OFFICE						163,422	
3. KIPLOMBE WARD OFFICE						163,830	
4. MEGUN WARD OFFICE						163,200	
5. NG'ENYILEL WARD OFFICE						163,149	
6. NGERIA WARD OFFICE						163,062	
7. KAPKURES WARD OFFICE						163,023	
8. KIPKENYO WARD OFFICE						162,954	
9. KAPSAOS WARD OFFICE						163,023	
10. SIMAT /KAPSERET WARD OFFICE						163,422	
11. SEGERO/BARSOMBE WARD OFFICE						163,110	
12. OLARE/AINABKOI WARD OFFICE						163,110	
13. KAPTAGAT WARD OFFICE						163,323	
14. RACE COURSE WARD OFFICE						163,620	
15. KUINET/KAPSUSWA WARD OFFICE						164,070	
16. KAPSOYA WARD OFFICE						162,669	
17. KIMUMU WARD OFFICE						164,472	
18. TAPSAGOI WARD OFFICE						162,864	

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2016	Comments
19. TEMBELIO WARD OFFICE						163,215	
20. MOIBEN WARD OFFICE						163,023	
21. SOY WARD OFFICE						162,810	
22. MOI'SBRIDGE WARD OFFICE						162,023	
23. LANGAS WARD OFFICE						162,894	
24. ZIWA WARD OFFICE						163,023	
25. KAMAGUT WARD OFFICE						162,930	
26. HURUMA WARD OFFICE						162,960	
27. KARUNA MEIBEKI WARD OFFICE						163,062	
28. TARAKWA WARD OFFICE						163,023	
29. CHEPTIRET KIPCHAMO WARD OFFICE						163,362	
30. SERGOIT WARD OFFICE						162,894	
Sub-Total						**4,895,565**	
Grand Total							

XVII. ANNEX 4–SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2015/2016	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 2016/2017
Land				
Buildings and structures	**23,451,755.00**			**24,451,755.00**
Transport equipment	**55,049,713.00**			**55,049,713.00**
Office equipment, furniture and fittings	**11,066,435.00**	**1,305,240.00**		**12,371,675.00**
ICT Equipment, Software and Other ICT Assets	**18,254,527.00**	**11,161,030.00**		**29,415,557.00**
Other Machinery and Equipment	**2,117,677.00**			**2,117,677.00**
Heritage and cultural assets	**7,091,610.00**			**7,091,610.00**
Intangible assets				
Total	**117,031,717.00**	**12,466,270.00**		**130,497,987.00**

XVIII. ANNEX 5–ANALYSIS OF OUTSTANDING IMPREST

Government Imprest Holders

Name of Officer or Institution	*Date Imprest Taken*	*Amount Taken*	*Amount Surrendered*	*Balance*
		Kshs	*Kshs*	*Kshs*
Name of Officer or Institution				
Name of Officer or Institution				
Name of Officer or Institution				
Name of Officer or Institution				
Name of Officer or Institution				
Name of Officer or Institution				
Total				

XIX. ANNEX 6–BANK RECONCILIATION/FO 30 REPORT

(Attach FO 30Report from IFMIS)