REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY ASSEMBLY OF WEST POKOT

FOR THE YEAR ENDED 30 JUNE 2017

COUNTY ASSEMBLY OF WEST POKOT

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2017

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

TABLE OF CONTENTS

Page

I. KEY ENTITY INFORMATION AND MANAGEMENT 3
II. FORWARD BY THE CLERK OF THE ASSEMBLY 5
III. STATEMENT OF MANAGEMENT RESPONSIBILITIES 6
IV. STATEMENT OF RECEIPTS AND PAYMENTS 7
FOR THE PERIOD ENDED 30TH JUNE 2017 7
V. STATEMENT OF FINANCIAL ASSETS 8
VI. STATEMENT OF CASHFLOW FOR THE PERIOD ENDED 30TH JUNE 2017. 9
VII. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS 10
VIII. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS 11
IX. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS DEVELOPMENT 12
X. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES 13
XI. SIGNIFICANT ACCOUNTING POLICIES 14
XII. NOTES TO THE FINANCIAL STATEMENTS 16
XIII. ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE 19
XIV. ANNEX 2 - SUMMARY OF FIXED ASSET REGISTER 19

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The County is constituted as per the constitution of Kenya is headed by the County Governor, who is responsible for the general policy and strategic direction of the County.

(b) Key Management

The *entity's* day-to-day management is under the following key organs:

- County Assembly Services Board
- The Board of Senior Management (BSM)

(c) Fiduciary Management

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

No	Designation	Name
1.	Accounting Officer	Julius K. Ariwomoi
2	Deputy Clerk - Finance	Lucia Chenanga
3.	Deputy Clerk - Administration	Daniel K. Dapamuke
4.	Principal Finance Officer	Denis P. Rotich
5.	Senior Accounts Controller	Kisang Amos
6.	Principal Human Resource Officer	Edgar K. Kitilit
7.	Head of internal Audit	Solomon Chemeltorit

(d) Fiduciary Oversight Arrangements

County Budget and appropriation committee

The functions of the Committee shall be to-

- Investigate, inquire into and report on all matters related to coordination, control and monitoring of the of the county budget,
- Discuss and review the estimates and make recommendations to the County Assembly;
- Examine the County Budget Policy Statement presented to the County Assembly;
- Examine Bills related to the national budget, including Appropriations Bills; and
- Evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays.

The Senate Public Accounts Committee

The Public Accounts Committee is established pursuant to the provisions of S.O. No. 205. It consists of a chairperson and not more than sixteen other Members.

- The Public Accounts Committee is responsible for the examination of the accounts showing the appropriations of the sum voted by the House to meet the public expenditure and of such other accounts laid before the House as the Committee may think fit.

- The Public Accounts Committee constituted immediately following the general election shall serve for a period of three calendar years and that constituted thereafter shall serve for the remainder of the parliamentary term.

(e) County Assembly Headquarters

P.O. Box 06 -30600
West Pokot County Assembly Building
Kapenguria, Kenya

(f) Entity Contacts

Telephone: (254) XXXXXXXX
E-mail: info@westpokotcountyassembly.org

Website: www.westpokotcountyassembly.go.ke

(g) County Assembly Bankers

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

2. Kenya Commercial Bank
   P.O Box 396-30600
   Kapenguria.

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

II. FORWARD BY THE CLERK OF THE ASSEMBLY

The financial statement report covers the period July-2016 to June-2017. The report presents the status of budget execution by the County Assembly, transfers received from the National Government and the total expenditure during the reporting period. It is prepared in line with Section 147 and 149 (K) of Public Finance Management Act 2012. The report provides an analysis of actual expenditure against approved budget estimates. Expenditure is classified into recurrent and development. The entity has managed to operate independently on the recurrent expenditure by having its own recurrent account at the Central Bank of Kenya, but payments of development expenditure is made by County treasury on behalf of the County Assembly, thus the reason why we have recognized the 81 million as a payment. While the development account is still held by the county treasury hence the reason why we have recognized the ksh. 81,143,339.00 as a payment made by county treasury on behalf of County Assembly as a receipts, Against ksh. 85,000,000.00 released to county treasury for development expenditure of the county assembly by the office of controller of budget.

The total transfer from the National Government in financial year 2016/17 as per the County Allocation Revenue Act (CARA), 2016 amount to ksh. 525,000,000.00 consisting of ksh. 440,000,000 received for recurrent against a budget of ksh. 470,000,000 and ksh. 84,980,000 for development against a budget of ksh. 85.000, 000.00.
The County Assembly spent a total of kshs 263,220,092.00 on personal emolument which translates to 47 % of aggregate County Assembly expenditure for the period, and a total of Ksh.148,820,562 on operation and maintenance representing 26.8% of total County Assembly budget for the period under review. In financial year 2016/17 the County Assembly spent a total of KSH. 81,143,339.00 on development activities which translate to 15% of total County Assembly expenditure and it represents an absorption rate of 96% of the annual development budget. As at 30th June 2017 kshs 519,349,066 had been spent resulting to unspent balance of kshs 1,794,272.00.

Delay in disbursement of funds by the National Treasury is a major challenge faced by the County Assembly, Network breakdown is also hampering the use of IFMIS E-Procurement module in making payments, inadequate user capacity, especially for the procurement officer
In order to address the challenges highlighted, National Treasury should ensure that the national shareable revenue is released in time to ensure that budget implementation is not adversely affected, in addition ensure IFMIS network is stable at all time and finally develop a training programme to build user capacity, especially for the procurement officer.

DEPUTY CLERK-FINANCE
14 FEB 2018
P.O. Box 6 - 30600, KAPENGURIA
WEST POKOT COUNTY ASSEMBLY

Sign.....

Clerk of the County Assembly

III. STATEMENT OF MANAGEMENT RESPONSIBILITIES

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 year 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 _____ 2017.

DEPUTY CLERK-FINANCE
14 FEB 2018
Clerk of the Assembly
P. O. Box 6 - 30600, KAPENGURIA
WEST POKOT COUNTY ASSEMBLY

Head of Accounting

SENIOR ACCOUNTS CONTROLLER
13 FEB 2018
WEST POKOT COUNTY ASSEMBLY

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke

P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF WEST POKOT FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Assembly of West Pokot set out on pages 7 to 20, which comprise the statement of financial assets as 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of County Assembly of West Pokot 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 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, except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

1.0 Transfers from the County Treasury/Exchequer Releases

The statement of receipts and payments for the year ended 30 June 2017 reflects County Treasury/Exchequer Releases of Kshs.521,143,339 which is at variance with the figure of Kshs.524,900,000 as indicated in the report of the Controller of Budget for the same period, comprising of recurrent exchequer of Kshs.440,000,000 and development exchequer releases of Kshs.84,900,000 and therefore resulting in unexplained or reconciled difference of Kshs.3,756,661. Consequently, the validity,

accuracy and completeness of the County Treasury/Exchequer Releases of Kshs.521,143,339 reflected in the statement of receipts and payments for the year ended 30 June 2017 could not be confirmed.

2.0 Acquisition of Assets

2.1 Variance between Statements of Receipts and Payments and Fixed Assets Register

The statement of receipts and payments for the year ended 30 June 2017 reflects acquisition of assets figure of Kshs.81,148,339 as disclosed under note 6 to the financial statements which is at variance with the increase in fixed assets figure of Kshs.82,154,339 as indicated in annex 2 of the summary of fixed assets register resulting in unexplained variance of Kshs.1,011,000. Under the circumstances, the accuracy and completeness of the acquisition of assets figure of Kshs.81,148,339 for the year ended 30 June 2017 could not be confirmed.

2.2 Lack of Fixed Assets Register

Annex 2 of the summary of fixed asset register reflects assets totalling Kshs.155,021,856 as at 30 June 2017. However, available information indicates that the County Assembly does not maintain an assets register and it was therefore not possible to ascertain the nature, number, physical location and fair value of the Assembly's assets contrary to Regulation 136(1) of the Public Finance Management regulations, 2015, which requires that the accounting officer shall be responsible for maintaining of a register of assets under his/her control or possession.

Further, the summary of the fixed assets included as an annexure does not conform to the reporting format required by the reporting framework recommended by the Public Sector Accounting Standards Board through circular reference No.AG4/16/1/VOL.IV/76 of 13 July 2017. The financial statements are therefore not in line with International Public Sector Accounting Standards and as prescribed by the Public Sector Accounting Standards Board.

Under the circumstances, the accuracy and completeness of the total assets figure of Kshs.155,021,856 as at 30 June 2017 could not be confirmed.

2.3 Delay in Construction of Modern Assembly Complex

Note 6 to the financial Statements reflects acquisition of assets figure of Kshs.81,143,339 which includes an amount of Kshs.75,416,701 paid in respect of construction of modern assembly complex. The contract for the construction of the complex was awarded to a construction company on 6 January 2015 at a contract sum of Kshs.358,392,421 as per the tender reference No. WPCA/01/2014-2015. The construction was to take 36 months with effect from 12 January 2015 when the site was handed over to the contractor and be completed in February 2018.

As at 30 June, 2017 a total of eight (8) payment certificates had been raised indicating value of work certified as Kshs.145,081,505. The cumulative payments to the contractor as at 30 June, 2017 was Kshs.138,054,898.

However, according to the report of the Clerk of Works dated 26 September 2017, the total time that had elapsed since the construction works started was 135 weeks or 86.54% of the total contract period against the overall builder's works of 40.2%. At the time of audit in November 2017, the contractor was on site but no construction was going on. The management has explained that the execution of the contract was suspended by the Governor of West Pokot through a letter dated 19 September 2017 to facilitate a special audit of all contracts. However, we could not establish whether the suspension complied with contract clause on termination of a contract which may expose the County to penalties for wrongful termination of the contract. Consequently, the objectives of the project have not been achieved and residents of West Pokot County may have not obtained value for money spent on the building as planned.

2.4 Construction of County Assembly Restaurant and Car Park

As previously reported, the County Assembly entered into a contract with a construction firm for the construction of a restaurant and a car park on 3 January 2014 through tender no. WPCA/001/2013-14 at a contract sum of Kshs.36,685,718. During the year 2014/2015, an expenditure of Kshs.15,765,679 was incurred on the project. It was further reported that the payment vouchers in relation to this contract were not submitted for audit verification. In the year under review, project records including payment vouchers, certificates of completion issued, status report of the project were still not available for our verification.

Further, a physical verification of the project revealed that the project has stalled and there was no budgetary provision in respect of the project during 2016/2017 financial year.

Consequently, the objectives of this projects may have not been achieved and the residents of West Pokot did not get value for money for the amount of Kshs.15,765,679 so far spent on the project.

2.5 Refurbishment and Remodeling of the Speaker's Office

The acquisition of assets balance of Kshs.81,143,339 includes refurbishment of buildings amount of Kshs.5,726,638 as disclosed in note 6 to the financial statements. The balance of Kshs.5,726,638 further includes Kshs.1,488,895 made to a construction firm on 20 April 2017 vide PV No D-4172 being the final payments of the contract sum of Kshs 4,674,892 for refurbishment and remodeling of the speaker's office. This amount was in addition to Kshs 3,185,998 paid in the previous year on 28 June 2016 vide PV No 2017.

As reported in the previous year, an audit review of the procurement records revealed that the County Assembly had used request for quotations method and the works awarded to the successful contractor on 7 September 2015 for a contract sum of Kshs.4,674,892 as per the contract referenced WPCA/RFQ/01/2015-2016 signed on 21 September 2015. However, it was noted that the contract sum of Kshs.4,674,892 exceeded the prescribed limit of Kshs.4,000,000 expenditure on works through request for quotations in identifying a contractor instead of open tender method in accordance with the provisions of Regulation 35 the Public Procurement and Disposal regulations 2006. The management did not provide explanations as to why request for quotations method was used instead of the open tender method as per the provisions of the law. The management therefore was in breach of the law.

Further, the Assembly had not disclosed any amount as pending bill relating to the project as per the certified financial statements for the year 2015/2016 and therefore the validity of the expenditure of Kshs.1,488,894 could not be ascertained.

3.0 Failure to Prepare Bank Reconciliation Statements through IFMIS

Although the County Assembly prepared bank reconciliations for all the bank accounts, the reconciliations were prepared manually outside IFMIS instead of generating automatic bank reconciliations through IFMIS. In addition, the IFMIS generated bank reconciliations were not annexed to the financial statements as per the reporting format prescribed by the Public Sector Accounting Standards Board through circular reference No.AG4/16/1/VOL.IV/76 of 13 July 2017. Consequently, the Assembly is in breach of the law.

4.0 Domestic Travel and Accommodation

4.1 Irregular Payment of Bulk Imprests for Domestic Travel

The statement of receipts and payments as at 30 June 2017 reflects use of goods and services figure of Kshs.148,814,899. Included in this balance is imprest amounting to Kshs.70,204,410 in respect of domestic travel and subsistence expenses out of which an amount of Kshs.34,364,700 was issued to staff of the County Assembly on behalf of Members of the County Assembly to cater for travelling and accommodation expenses contrary to Regulation 91 (2) of the Public Finance Management (County Governments Regulations), 2015 which states 'that the officer authorized to hold and operate imprest shall make a formal application for imprest through an imprest warrant'. It was not clear why Members of the County Assembly could not take responsibility for their imprests. Although the management explained that bulk imprests were issued due to ease of imprest processing, it was further noted that there was no clear security arrangement while carrying such large amounts cash to avoid loss of public finds as stipulated in Regulation 89 of the same regulations on security of cash in transit. The County Assembly was therefore in breach of the law. In

addition, the payments were not supported by signed schedules to show that the Members of the County Assembly were actually paid and the same was surrendered.

4.2 Unjustified Payment of Per Diem to Ward Administrators

Further, an amount of Kshs.10,580,500 was incurred as per diems for various activities such as report writing, annual retreat and training for ward administrators that were held outside the County Assembly headquarters contrary to the directive by the Cabinet Secretary for National Treasury vide circular No.20/2015 of November 2015 which stated that such meetings should not be held outside the entities headquarters.

The County Assembly was therefore in breach of the law and the propriety of the total expenditure of Kshs.10,580,500 for the year ended 30 June 2017 could not be confirmed.

5.0 Foreign Travel Expenses

The statement of receipts and payments as at 30 June 2017 reflects use of goods and services figure of Kshs.148,814,899. Included in the use of goods and services figure is an amount of Kshs.19,087,924 in respect of foreign travel and subsistence expenses, out of which an amount of Kshs.6,150,842 was incurred in respect of various trips to different destinations. However, available information revealed that the money was not issued to the Members of County Assembly and staff inform of imprest as required by the Government Financial Regulations and Procedures but was rather expensed at the time of payment. In addition, the schedule of activities that were to be carried out during the trips, report of the studies, copies of endorsed passports and boarding passes to support the travel were not provided for audit review.

Consequently, the accuracy and propriety of the foreign travel expenses of Kshs.19,087,842 for the year ended 30 June 2017 could not be confirmed.

6.0 Unconfirmed Pending Bills

Annex 1 on analysis of pending accounts payables discloses pending bills totaling Kshs.9,548,763 as at 30 June 2017 out of which pending bills amounting to Kshs.1,200,000 in respect of drafting of bills were not supported by local purchase order, delivery notes, invoices, and inspection and acceptance committee report. Consequently, the validity, completeness and accuracy of the pending bills figure of Kshs.1,200,000 as at 30 June 2017 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of County Assembly of West Pokot 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 Qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no key audit matters to communicate in my report.

Other Matter

1.0 Budget and Budgetary Performance

1.1 Approved Recurrent and Development Budget

During the year 2016/2017, the County Assembly of West Pokot had a total budget of Kshs.555,000,000 comprising of recurrent budget of Kshs.470,000,000 and development budget of Kshs.85,000,000 respectively. Further, the total budget reflected overall under absorption of Kshs.35,650,934 or 6.4% as summarised below:

Vote	Approved Budget 2015/16 (Kshs)	Actual Expenditure 2015/16 (Kshs)	Under Absorption (Kshs)	Under Absorption (%)
Recurrent	470,000,000	438,205,727	31,794,273	6.8
Development	85,000,000	81,143,339	3,856,661	4.5
	555,000,000	**519,349,066**	**35,650,934**	**6.4**

The under absorption of the approved budget is an indication that activities and projects planned for were not implemented by the County Assembly and is likely to have a negative effect on the delivery of goods and services to the residents of the County. There is need for the management therefore to relook at its budgetary process with a view to focussing on priority areas to enhance service delivery to the residents of West Pokot County.

1.2 Development Budget

During the year under review, the County Assembly of West Pokot allocated an amount of Kshs 85,000,000 towards development projects out of which it spent Kshs.81,143,339 resulting to an under expenditure of Kshs.3,856,645 or 4.5% of the budget.

It is clear that the County Assembly did not utilise Kshs.3,856,661 of funds allocated for development and hence the objectives may not have been achieved and this may

hamper service delivery to the people of West Pokot County due to lack of the prerequisite infrastructure.

2.0 Failure to Observe One Third Rule in Staff Establishment

A review of the personnel records availed for audit revealed that as at 30 June 2017, the Assembly had a total of ninety-seven (97) employees in its payroll from eight (8) ethnic communities. It is was noted that one dominant ethnic community in the County had eighty seven (87) employees or ninety (90%) per cent of the total jobs in the County Assembly while the remaining balance of ten per cent (10%) of the jobs were shared among the seven (7) ethnic communities contrary to Part VII Section65 (1) (e) of the County Government Act, 2012. The County Assembly is in breach of the law.

3.0 Governance Framework

3.1 Internal Audit Function

As previously reported, the West Pokot County Assembly has established an internal audit unit to oversee the governance mechanism and promote transparency and accountability of management of the County Assembly's resources. The unit has, however, only one officer who reports to management instead of an audit committee contrary to Regulation 155(1) of public Finance Management (County Governments) Regulations, 2015 which requires the head of internal audit unit in a County Government to enjoy operational independence through the reporting structure by reporting administratively to the Accounting Officer and functionally to the Audit Committee. Further, the internal audit operated without an internal audit charter detailing scope, responsibilities and purpose of internal Audit. Consequently, due to the shortage of capacity in internal audit unit, weaknesses in internal control systems may pass unnoticed hence exposing the Assembly to risk of loss of assets and other resources.

3.2 Risk Management Processes

A review of risk management processes revealed that the management does not conduct risk assessment of the various operational areas and make recommendations of the measures to be instituted to check on the risks.

The lack of risk assessment and regular reviews on fraud risk control processes makes it impossible for the management to establish that the operations are not prone to risks.

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.

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 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, if management have disclosed, 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 Assembly's ability to continue as a going concern or 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 Assembly's to cease 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 Assembly's 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 PERIOD ENDED 30TH JUNE 2017

	Note	2016/2017	2015/2016
		Kshs	Kshs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	440,000,000	434,270,000
Payments made by county treasury on behalf of assembly	2	81,143,339	78,266,798
TOTAL RECEIPTS		**521,143,339**	**512,536,798**
PAYMENTS			
Compensation of Employees	3	263,220,092	247,414,983
Use of goods and services	4	148,814,899	162,230,910
Social Security Benefits	5	26,165,073	15,096,222
Acquisition of Assets	6	81,143,339	72,867,517
Finance Costs	7	5,663	16,357
TOTAL PAYMENTS		**519,349,066**	**497,625,988**
SURPLUS		**1,794,272**	**14,910,810**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2017 and signed by:

DEPUTY CLERK-FINANCE
14 FEB 2018
P.O. Box 6 - 30600, KAPENGURIA
WEST POKOT COUNTY ASSEMBLY

Clerk of the Assembly

Head of Accounting

SENIOR ACCOUNTS CONTROLLER
13 FEB 2018
WEST POKOT COUNTY ASSEMBLY

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

	Note	2016/2017	2015/2016
FINANCIAL ASSETS		**Kshs**	**Kshs**
Cash and Cash Equivalents			
Bank Balances	8A	1,794,272	13,577,608
Cash Balances	8B	-	1,333,202
Total Cash and cash equivalents		**1,794,272**	**14,910,810**
Accounts receivables – Outstanding Imprests		-	-
TOTAL FINANCIAL ASSETS		**1,794,272**	**14,910,810**
Less Financial Liabilities (Retentions)		-	
NET FINANCIAL ASSETS		**1,794,272**	**14,910,810**
REPRESENTED BY			
Fund balance b/fwd	11	14,910,810	-
Transfers to County Revenue Account year end (CRF)		- 13,577,608	
Surplus for the year		1,794,272	14,910,810
Prior year adjustments		- 1,333,202	
NET FINANCIAL POSITION		**1,794,272**	**14,910,810**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2017 and signed by:

DEPUTY CLERK-FINANCE
FEB 2018
Clerk of the Assembly
P.O. Box 6 - 30600, KAPENGURIA
WEST POKOT COUNTY ASSEMBLY

Head of Accounting

SENIOR ACCOUNTS CONTROLLER
13 FEB 2018
KAPENGURIA
WEST POKOT COUNTY ASSEMBLY

VI. STATEMENT OF CASHFLOW FOR THE PERIOD ENDED 30TH JUNE 2017.

	Note	2016/2017	2015/2016
		Kshs	Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from operating income			
Transfers from the County Treasury/Exchequer Releases	1	440,000,000	434,270,000
Other Receipts	2	81,143,339	78,266,798
TOTAL RECEIPTS		**521,143,339**	**512,536,798**
Payments for operating expenses			
Compensation of Employees	3	- 263,220,092	- 247,414,983
Use of goods and services	4	- 148,814,899	- 162,230,910
Social Security Benefits	5	- 26,165,073	- 15,096,222
Finance Costs	7	- 5,663	- 16,357
Transfers to County Revenue Account year end (CRF)	8	- 14,910,810	
Adjusted for:			
Adjustments during the year		-	
Net cash flows from operating activities		**- 453,116,538**	**- 424,758,472**
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	6	- 81,143,339	- 72,867,517
Net cash flows from investing activities		**- 81,143,339**	**- 72,867,517**
NET INCREASE IN CASH AND CASH EQUIVALENT		**- 13,116,538**	**14,910,810**
Cash and cash equivalent at Beginning of the year		**14,910,810**	-
Cash and cash equivalent at End of the year		**1,794,272**	**14,910,810**
As per statement of assets		***1,794,272***	***14,910,810***
Control		- 0	0

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2017 and signed by:

DEPUTY CLERK-FINANCE
14 FEB 2018
P.O. Box 6 - 30600, KAPENGURIA
WEST POKOT COUNTY ASSEMBLY

Clerk of the Assembly

Head of Accounting

DIRECTOR OF ACCOUNTS CONTROLLER
13 FEB 2018

VII. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR THE YEAR ENDED 30th JUNE 2017

RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of utilization difference to final budget
	Kshs	Kshs	Kshs	Kshs	
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	535,000,000	20,000,000	555,000,000	524,980,000	95
Other Receipts			-		
TOTAL	**535,000,000**	**20,000,000**	**555,000,000**	**524,980,000**	**95**
PAYMENTS			-		
Compensation of Employees	274,634,777	(100,000)	274,534,777	263,220,092	**96**
Use of goods and services	144,008,928	20,100,000	164,108,928	148,820,562	**89**
Social Security Benefits	31,356,295	-	31,356,295	26,165,073	**83**
Acquisition of Assets	85,000,000	-	85,000,000	81,143,339	**95**
Finance Costs			-	5,663	-
TOTAL	**535,000,000**	**20,000,000**	**555,000,000**	**519,349,066**	

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ _2017 and signed by:

DEPUTY CLERK-FINANCE
14 FEB 2018
Clerk of the Assembly
P. O. Box 6 - 30600, KAPENGURIA
WEST POKOT COUNTY ASSEMBLY

Head of Accounting

SENIOR ACCOUNTS CONTROLLER
13 FEB 2018
WEST POKOT COUNTY ASSEMBLY

VIII. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR THE YEAR ENDED 30th JUNE 2017

RECURRENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of utilization difference to final budget
	Kshs	Kshs	Kshs	Kshs	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	450,000,000	20,000,000	470,000,000	440,000,000	94
Other Receipts					
TOTAL	**450,000,000**	**20,000,000**	**470,000,000**	**440,000,000**	**94**
PAYMENTS					
Compensation of Employees	274,634,777	(100,000)	274,534,777	263,220,092	96
Use of goods and services	144,008,928	20,100,000	164,108,928	148,820,562	89
Social Security Benefits	31,356,295	-	31,356,295	26,165,073	83
Acquisition of Assets	85,000,000	-	85,000,000	81,143,339	95
Finance Costs	-	-	-	5,663	-
TOTAL	**535,000,000**	**20,000,000**	**555,000,000**	**519,349,066**	**93**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2017 and signed by:

DEPUTY CLERK FINANCE
13 FEB 2018
Clerk of the Assembly
P.O. Box 6 - 30600, KAPENGURIA
WEST POKOT COUNTY ASSEMBLY

Head of Accounting

SENIOR ACCOUNTS CONTROLLER
13 FEB 2018
KAPENGURIA
WEST POKOT COUNTY ASSEMBLY

IX. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR THE YEAR ENDED 30th JUNE 2017: DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of utilization difference to final budget
	Kshs	Kshs	Kshs	Kshs	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	85,000,000	-	85,000,000	84,980,000	99
Other Receipts					
TOTAL	**85,000,000**	-	**85,000,000**	**84,980,000**	99
PAYMENTS					
Acquisition of Assets	85,000,000	-	85,000,000	81,143,339	95
Finance Costs					
TOTAL	**85,000,000**	-	**85,000,000**	**81,143,339**	**95**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2017 and signed by:

DEPUTY CLERK-FINANCE
13 FEB 2018
Clerk of the Assembly
P.O. Box 6 - 30600, KAPENGURIA
WEST POKOT COUNTY ASSEMBLY

Head of Accounting

SENIOR ACCOUNTS CONTROLLER
13 FEB 2018
KAPENGURIA
WEST POKOT COUNTY ASSEMBLY

X. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub -progarmme	Budget	Actual	Budget utilization difference	Budget cumulative to date	Actual cumulative to date	Budget utilization difference
	2015-2016			30th June 2016	30th June 2016	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Programme 1						
Administration	292,161,760	284,054,868	8,106,892	292,161,760	284,054,868	8,106,892
Programme 2						
Legislation and representative	131,469,240	130,862,444	606,796	131,469,240	130,862,444	606,796
Programme 3						
Staff Development	46,369,000	23,288,499	23,080,501	46,369,000	23,288,499	23,080,501

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2017 and signed by:

DEPUTY CLERK-FINANCE
14 FEB 2018
BOX 6 - 30600, KAPENGURIA
WEST POKOT COUNTY ASSEMBLY

Clerk of the Assembly

Head of Accounting

SENIOR ACCOUNTS CONTROLLER
13 FEB 2018
KAPENGURIA
WEST POKOT COUNTY ASSEMBLY

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 and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and applicable government legislations and regulations. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

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

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts.

2. Recognition of receipts and payments

The *entity* recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the *entity.* In addition, the *entity* recognises all payments when the event occurs and the related cash has actually been paid out by the *entity.*

3. In-kind contributions

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

4. 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.

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 is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as expenditure when fully accounted for by the imprest or

XII. NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th June 2017

1. TRANSFERS FROM THE COUNTY TREASURY/EXCHEQUER RELEASES

	2016/2017	2015/2016
	Kshs	Kshs
Total Exchequer Releases for the year	440,000,000	434,270,000
Total	**440,000,000**	**434,270,000**

2. OTHER RECEIPTS

	2016/2017	2015/2016
	Kshs	Kshs
Payments made by County treasury on behalf of County Assembly- Development	81,143,339	72,867,517
Total payments made on behalf of the county Assembly by county treasury -Recurrent		5,399,281
Total	**81,143,339**	**78,266,798**

3. COMPENSATION OF EMPLOYEES

	2016/2017	2015/2016
	Kshs	Kshs
Basic salaries of permanent employees	178,504,024	160,140,699
Basic wages of temporary employees	20,004,065	15,123,106
Personal allowances paid as part of salary- leave, transport	64,649,616	71,651,228
Personal allowances paid as- Sitting allowance	62,387	499,950
Personal allowances provided in kind - Ex-Gratia		-
Total	**263,220,092**	**247,414,983**

4. USE OF GOODS AND SERVICES

	2016/2017	2015/2016
	Kshs	Kshs
Utilities, supplies and services	320,726	538,400
Communication, supplies and services	2,179,774	3,459,170
Domestic travel and subsistence	70,204,410	62,990,641
Foreign travel and subsistence	19,087,924	18,550,385
Printing, advertising and information supplies & services	1,503,258	2,897,096
Rentals of produced assets	1,211,000	1,260,000
Training expenses	14,760,070	6,696,135
Hospitality supplies and services	2,510,790	3,459,923
Insurance costs	18,796,667	19,000,000
Specialized materials and services	693,860	1,039,535
Office and general supplies and services	1,712,356	3,217,383
Fuel Oil and Lubricants	5,999,998	10,000,000
Other operating expenses	6,422,011	23,652,997
Routine maintenance – vehicles and other transport equipment	3,234,321	4,469,435
Routine maintenance – other assets	177,734	999,810
Total	**148,814,899**	**162,230,910**

5. SOCIAL SECURITY BENEFITS

	2016/2017	2015/2016
	Kshs	Kshs
Government pension and retirement benefits	26,165,073	15,096,222
Total	**26,165,073**	**15,096,222**

6. ACQUISITION OF ASSETS

	2016/2017	2015/2016
Non-Financial Assets	**Kshs**	**Kshs**
Construction of Buildings	75,416,701	62,640,197
Refurbishment of Buildings	5,726,638	3,873,998
ICT Equipment, Software and other ICT Asset		6,353,322
Total	**81,143,339**	**72,867,517**

7. FINANCE COSTS

	2016/2017	2015/2016
	Kshs	**Kshs**
Bank Charges	5,663	16,357
Total	5,663	**16,357**

8A. BANK ACCOUNTS

	Indicated whether recurrent or development	2016/2017	2015/2016
Name of Bank, Account No. & Currency		**Kshs**	**Kshs**
KENYA COMERCIAL BANK - Kapenguria a/c no: 1144041589)	Recurrent	347,374	18,463
Central Bank of Kenya- Nairobi A/C No:	Recurrent	1,446,898	13,559,145
Central Bank of Kenya- Nairobi A/C No:	Development		-
Total		**1,794,272**	**13,577,608**

9B. CASH IN HAND

	2016/2017	2015/2016
	Kshs	**Kshs**
Cash in Hand –KCB cash book	-	1,333,202
Total	-	**1,333,202**

10. ACCOUNTS RECEIVABLE

	2016/2017	2015/2016
	Kshs	Kshs
Government Imprests	-	
Total	-	-

11. FUND BALANCE CARRIED FORWARD

	2016/2017	2015/2016
	Kshs	Kshs
Bank accounts	1,794,272	13,577,608
Cash in hand	-	1,333,202
Accounts Receivables	-	
Total	**1,794,272**	**14,910,810**

12. OTHER IMPORTANT DISCLOSURES

12.1: PENDING ACCOUNTS PAYABLE (See Annex 4)

	2016/2017	2015/2016
	Kshs	Kshs
Construction of buildings		
Construction of civil works	1,627,991	
Supply of goods	0	178,000.00
Supply of services	7,920,772	2,961,310.00
Total	**9,548,763**	**3,139,310.00**

XIII. ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	2016/2017	2015/2016
	Kshs	Kshs
Supply of services		
Drafting of bills	1,200,000	
Gratuity for MCAs	4,818,663	
Medical cover (staff)	456,109	
Air travel (African Touch Safaries)	528,000	
ESAMI	918,000	
Painting of County Assembly chambers	1,409,922,00	

Renovation of toilets and high level water tank taxes	218,069	
Sub-Total	**9,548,763**	

XIV. ANNEX 2 - SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost FY2016/2017	Historical Cost FY2015/2016
Land		
Construction of Buildings	138,056,898	62,640,197
Refurbishment of Buildings	10,327,054	3,873,998
Motor vehicles		-
Office equipment, furniture and fittings	-	-
ICT Equipment, Software and Other ICT Assets	6,637,904	6,353,322
Total	**155,021,856**	**72,867,517**