

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
COUNTY ASSEMBLY
OF KIAMBU**

**FOR THE YEAR ENDED
30 JUNE 2018**

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

28 FEB 2019

RECEIVED



COUNTY ASSEMBLY OF KIAMBU

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2018**

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



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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The County is constituted as per the constitution of Kenya is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The County Assembly constitutes 93 Members of County Assembly (MCA's). The MCA's 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 entity's day-to-day management is under the following key Programmes:

1. General Administration Planning and Support Services
2. Legislation and Oversight Services

(c) Fiduciary Management

The key management personnel who held office during the year ended 30th June 2018 and who had direct fiduciary responsibility were:

| | Designation | Name |
|----|--|---|
| 1. | Accounting Officer | JOHN MWIVITHI MUTIE |
| 2. | Deputy Clerk Ag Deputy Clerk | DAVID K NGURE ANGELA WANJIRU KAGUNYI |
| 3. | Director Finance and Administration | JOHN MUNGAI NGUGI DANIEL KARANI GICHUKI |
| 4. | Deputy Director Finance and Administration | GABRIEL K MURIITHI HENRY KARIUKI THUO |
| 5. | Director committee services | FRANCIS NDIRANGU |
| 6. | Director of Procurement | JAMES KAMAU ZACHARIA MBUGUA |

(d) Fiduciary Oversight Arrangements

Kiambu County Assembly is a legislative arm of the Kiambu County Government created by the Constitution of Kenya, 2010. In the Financial Year ended 30th June 2018 the assembly comprised 93 members, 60 members who are elected and 32 members who are nominated to represent various interests and constitutional provisions on gender equity. The assembly functions through 17 house committees, a speaker's panel with the administrative issues being handled by the County Assembly Service Board. The functions of the assembly are representation of county residents, law-making and oversight. The key Strategic goals and objectives include; Review of Kiambu County Government regulations and bills; Carrying out continuous mandate workshops for house committees; Periodic training of members to inculcate a parliamentary culture in the conduct of their mandate.

The Various Committees undertake various oversight activities which include;

- i. Investigating, inquiring into and reporting on all matters related to coordination, control and monitoring of the county budget;

KIAMBU COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2018

- ii. Examine and consider all matters related to public finance, monetary policies and public debt;
- iii. The examination of the annual reports of the Auditor General on the accounts relating to the appropriations of the sum voted by the Assembly to meet the public expenditure for the County Government, including the Assembly; and,
- iv. The examination of any other reports of the Auditor General on public funds relating to the County, including specialized reports and special reports submitted by the Auditor General.

(e) Entity Headquarters

P.O. Box 1492-00900
Kiambu County Assembly Building
Kiambu, KENYA

(f) Entity Contacts

Telephone: (254) 0675860000
E-mail: info@kiambucountyassembly.go.ke
Website: www.kiambucountyassembly.go.ke

(g) Entity Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Co-operative Bank of Kenya
P.O. Box 170
Kiambu, Kenya

(h) Independent Auditors

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

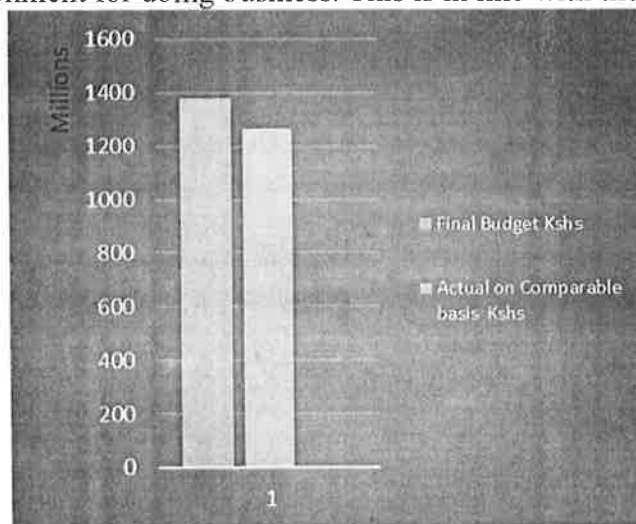
(i) Principal Legal Adviser

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

I. FORWARD BY THE CLERK OF THE ASSEMBLY

Budget performance

Going by the allocations in the Budget the Kiambu County Assembly has utilized 92% of the budget considering the limited resources in the County Assembly and the competing programs for funding. Priority for funding in the FY 2017/18 was given to efficient and productive projects/programs that seek to improve the general welfare of Kiambu residents as well as improving the environment for doing business. This is in line with the County's objective.



Operational Performance

1. Laws passed by the Members of County Assembly and their impact on improvement of efficiency of operations and benefits to the citizens

During the period under review, the Assembly passed the following legislations;

| No | LEGISLATION | INTENDED BENEFIT |
|----|--|--|
| 1. | Kiambu County Supplementary Appropriation (No.1) Bill, 2017 Passed on 15th Dec 2017 | To allow reallocation of fund to enable the Second County Government fund priority areas for the benefit of the county residents. |
| 2. | Kiambu County Education Bursary Fund (Amendment) (No.2) Bill, 2018 Passed on 28th February 2018 | To provide education grants, bursaries or scholarships to eligible students enrolled in secondary schools, Universities and colleges and special primary or secondary schools in the County. |
| 3. | Kiambu County Office of the County | To establish the office of the county attorney including provision of the functions and powers of the County |

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For the year ended June 30, 2018

| | | |
|----|--|--|
| | Attorney Bill, 2018 Passed on 28th March 2018 | Attorney; to provide for the discharge of duties and the exercise of powers of the County Attorney. County Attorney is the principal adviser to the Governor, handling of the public interest litigation or represent any member of the public responsible for negotiating, drafting, vetting and interpreting legal documents For The County |
| 4. | Kiambu County Water and Sanitation Services (Amendment) Bill, 2018 Passed on 6th March 2018 | Facilitated the merger of water companies in Kiambu so as to improve provision of water services in the County |
| 5. | Kiambu County Finance Bill, 2018 Passed on 15th March 2018 | To allow the county government collect revenue to fund the county budget in order to provide services to the county residents |
| 6. | Kiambu County Alcoholic Drinks Control Bill, 2018 Passed on 6th March 2018 | To regulate sell of alcoholic drinks and substances so as to curb alcoholism, drugs and substance abuse among the youth in the county. |
| 7. | Kiambu County Supplementary Appropriation (No.2) Bill, 2018 Passed on 12th April 2018 | To allow the county to reallocate funds in order to establish Ward Development Fund which was intended to ensure equitable distribution of resources and development across the county. |
| 8. | Kiambu County Jijenge Fund Bill 2018 Passed on 13th June 2018 | To empower the youth, men, women and People Living with Disabilities (PLWDS) in the County through funding and mentoring of their small and medium scale enterprises. |
| 9. | Kiambu County Supplementary Appropriation (No.3) Bill, 2018 Passed on 13th June 2018 | To allow reallocation of funds set aside to establish Ward Development Fund to essential departments critical for provision of services to the public e.g roads, health services and public administration. |

2. Mandate of Assembly Committees

Committee on Selection

The Committee nominates Members to serve in Committees, save for the membership of the Assembly Business Committee, Committee on Appointments and the Speaker's Committee.

Committee on Appointments

(1) There shall be a committee to be designated the Committee on Appointments to be appointed by the Assembly, consisting of the Speaker as a Chairperson, the Leader of the Majority Party, the Leader of the Minority party and not more than three other Members nominated by the Assembly Business Committee, on the basis of proportional Party Membership in the Assembly taking into consideration the numerical strength of the Parties and interests of Independent Members.

(2) The Committee on Appointments shall be appointed within seven days on assembly of a new Assembly and shall serve for period of three years and that appointed thereafter shall serve for the remainder of the term of the Assembly.

3) In the absence of the Speaker, the Committee shall elect a member, from amongst its members to chair the meeting.

(4) The Committee on Appointments shall consider, for approval by the Assembly, appointments under Articles 179(2) of the Constitution (*Members of County Executive Committees*).

(5) The quorum of the Committee on Appointments shall be one half of the Members of the Committee, but the Speaker shall not be counted for the purposes of quorum and shall not vote.

County Public Investment and Accounts Committee

The Committee is responsible for-

(a) in respect of the accounts of the County Government-

(i) the examination of the annual reports of the Auditor General on the accounts relating to the appropriations of the sum voted by the Assembly to meet the public expenditure for the County Government, including the Assembly; and,

(ii) the examination of any other reports of the Auditor General on public funds relating to the County, including specialized reports and special reports submitted by the Auditor General on his own motion or following a request of the Assembly in accordance with the law relating to Public Audit.

(b) In respect of County Government Entities-

(i) The examination of the annual reports of the Auditor General on the accounts of county government entities, including county corporations;

(ii) The examining of any recommendation from the Auditor General relating to withholding of funds to a county government entity or a county corporation;

(iii) The examination of proposals from the county executive to declare a county corporation to be a county government entity; and,

(iv) Where a report is not available, the examination, in the context of the autonomy and efficiency of the county public investments, whether the affairs of the county public investments, are being managed in accordance with sound financial or business principles and

prudent commercial practices.

(3) The Committee may, in respect of a County Government-Linked Entity, inquire into the commercial affairs of the entity with a view to examining the prudence and commercial effectiveness of the continued investment of the County in the entity.

4) The Public Investments and Accounts Committee may examine the commercial effectiveness of the County Government's investment in a county government entity or a county corporation, including proposals for divestiture.

County Finance, Budget and Appropriations Committee

The functions of the Committee include; –

(a) Investigate, inquire into and report on all matters related to coordination, control and monitoring of the county budget;

(b) Discuss and review the estimates and make recommendations to the Assembly;

(c) Examine the County Fiscal Strategy Paper presented to the Assembly;

(d) Examine Bills related to the County budget, including Appropriation Bills and the Finance Bill;

(e) Examine and consider all matters related to public finance, monetary policies and public debt;

(f) Evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays;

(g) Consider the reports of the Controller of Budget on the implementation of the annual county budget; and,

(h) In accordance with the Public Finance Management Act, examine the levels of county public debt and proposals for limitation of expenditure on the wages of public officers serving in the county.

County Innovation, Communications and Technology Committee

The Committee is mandated to;-

(a) provide opportunities for systematic and progressive consultations with the County Executive to facilitate the development of policies and conducive environment to attract and retain innovation and investment in the County including the use of appropriate technology;

(b) examine and inquire into matters related to development, retention and advancement of policies, programmes, skills and expertise aimed at attracting and retaining innovation and investments in the County;

(c) inquire into mechanisms availed by the County Government to facilitate public communication and access to information as required under sections 95 and 96 of the County Governments Act;

(d) advise the Assembly on any matters relating to the broadcast rules contained in the Third Schedule including the review of the broadcasting rules and development of procedures for the enforcement of the broadcasting rules; and,

(e) Consider, on its own motion, or following direction of the Speaker or the Assembly, any matter relating to the breach of broadcasting rules, including proposing sanctions.

The County Innovation, Communications and Technology Committee may make reports and recommendations to the Assembly on any matter falling within its mandate as prescribed

under paragraph (1), including proposing legislation on innovation, communications or technology but shall not deal with matters related to procurement of items or services of the broadcast, or any matter falling within a function of the Assembly Service Board.

The process dates when County Budget was passed including the Supplementary Budgets

The budget related documents for the period under review include;

- a) Approval of 2017/18 ADP – approved on 30th August 2017
- b) Approval of the County Fiscal Strategy Paper 2017/18 – approved on **3rd February, 2017**
- c) Approval of the County Budget Estimates FY 2017/18 – approved on **4th May, 2017**
- d) Passage of the Appropriation Act 2017- enacted on **31st May 2017**
- e) Supplementary Estimates I FY 2017/18- **11th December 2017**
- f) Supplementary Appropriation Act (1)- submitted **15th December 2017**
- g) Supplementary Estimates II FY 2017/18- submitted on **12th April, 2018**
- h) Supplementary Appropriation bill (1)- submitted on **12th April, 2018**
- i) Supplementary Estimates III FY 2018/19- submitted on **13th June, 2018**
- j) Supplementary Appropriation Act (1)- enacted **15th June 2018**
- k) Passage of the Finance Bill, 2018- enacted on **15th March 2018**

County Assembly Committees and their mandates

The County Assembly has the following Committees;

Committee on Implementation and Law Affairs

The functions of the Committee are:

- (1) to scrutinize the resolutions of the Assembly (including adopted committee reports), petitions and the undertakings given by the County Executive Committee and examine –
 - (i) whether or not such decisions and undertakings have been implemented and where implemented, the extent to which they have been implemented; and whether such implementation has taken place within the minimum time necessary; and
 - (ii) Whether or not legislation passed by the Assembly has been operationalized and where operationalized, the extent to which such operationalization has taken place within the minimum time necessary.
- (2) to oversee matters concerning intergovernmental and inter-county relations;
- (3) to oversee the county sector/department responsible for legal affairs;
- (4) To provide a forum for the consideration of proposed amendments to National laws affecting County Governments for which a formal request for views has been received, but whose subject does not fall under the mandate of any other Committee of the Assembly; and,
- (5) To consider any matter concerning the amendment of the Constitution for which the action of the County Government is required.
- 6) The Committee may follow up on assurances made by the Executive by way of response to statements under Standing Order 55 (*Time for statements requests and response statements*) but such follow-up shall be limited to assurances contained in the response as signed by the responsible County Executive Committee Member.
- (7) The Committee may propose to the Assembly, sanctions against any member of the County Executive Committee who fails to report to the relevant committee on implementation status without justifiable reasons.

Sectoral Committees

The functions of the Sectoral Committees include;

- (a) investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned departments;
- (b) study the programme and policy objectives of departments and the effectiveness of the implementation;
- (c) study and review all county legislation referred to it;
- (d) Consideration of statutory instruments as provided under the Statutory Instruments Act, any other law relating to statutory instruments and Part XXV (*Statutory Instruments*) of these Standing Orders.
- (e) study, assess and analyze the relative success of the departments as measured by the results obtained as compared with their stated objectives;
- (f) investigate and inquire into all matters relating to the assigned departments as they may deem necessary, and as may be referred to them by the Assembly;
- (g) to vet and report on all appointments where the Constitution or any law requires the Assembly to approve, except those under Standing Order 218 (*Committee on Appointments*)
- (h) Make reports and recommendations to the Assembly as often as possible, including recommendation of proposed legislation.

The County Assembly Sectoral Committees include;

- a) Agriculture, Livestock and Fisheries
- b) County Public Service and Administration
- c) Education, Science and Technology
- d) Health Services
- e) Planning and Urbanization
- f) Trade, Tourism and Cooperatives
- g) Transport, Public Works and Infrastructure
- h) Water, Environment and Natural Resources
- i) Youth, Sports and Social Services

Liaison Committee

The Liaison Committee shall;

- (a) guide and co-ordinate the operations, policies and mandates of all Committees;
- (b) deliberate on and apportion the annual operating budget among the Committees;
- (c) consider the programmes of all Committees,;
- (d) ensure that Committees submit reports as required by these Standing Orders;
- (e) subject to paragraph (3) of Standing Order 15 (Speaker may refer a matter to any committee), determine, whenever necessary, the committee or committees to deliberate on any matter; and,
- (f) give such advice relating to the work and mandate of committees as it may consider necessary;
- (g) The Liaison Committee shall consider reports of Committees that have been referred to them by the Speaker or those that have not been deliberated by the Assembly and may submit a consolidated report containing the summaries of such reports for noting by the Assembly.

Adhoc Committees

- (1) The Assembly may, by a resolution establish an adhoc Committee for purposes of enquiring into a matter or matters specified in the resolution.

3. Success of the Committees during the period under review

The County Assembly Committees achieved the following during FY 2017/18;

A. The committees considered and adopted the following reports during period under review, namely:

- 1) Report on public petition by residents of Kanjai Church Ngewa ward; (Report Tabled on 19th February , 2018)
- 2) The Committee considered the Report on the prepublication scrutiny of the Kiambu County Jijenge Fund, Bill, 201;(Report tabled on 14th June, 2018)
- 3) Report on County Fiscal strategy paper FY 2018/2019 Department of Education, Youth Affairs and Sports; (Report Tabled in March, 2018)
- 4) Report on Supplementary Budget estimates II FY 2018/2019 Department of Education, Youth Affairs and Sports; (Report Tabled in March, 2018)
- 5) Report on County Integrated Development plan FY 2018/2019 Department of Education, Youth Affairs and Sports; (Report Tabled in April, 2018)
- 6) Report on Annual Development plan FY 2018/2019 Department of Education, Youth Affairs and Sports; (Report Tabled in May, 2018)
- 7) Report on Budget Estimates FY 2018/2019 Department of Education, Youth Affairs and Sports; (Report Tabled on 8th May, 2018)
- 8) Report on Supplementary Budget estimates III FY 2018/2019 Department of Education, Youth Affairs and Sports; (Report Tabled in May, 2018)
- 9) Report of the Committee while undertaking an inspection visit to Waruhiu Agricultural Training Center and Githunguri Dairy Cooperative.
- 10) Report of the Committee on the vetting of Dr. David Kamundia Ndung'u, the nominee for the position of Chief Officer in the department of Livestock, Fisheries and Veterinary Services.
- 11) Reports of the Committee on the capacity building workshops (four).
- 12) Report on the Inspection Visit held on 22nd January 2018;
- 13) Report on Capacity Strengthening workshop held from 24th to 28th June 2018;
- 14) Report on Consultative Forum with the County Executive Committee Member in charge of the department of Education, Youth and Sports, Gender, Culture and Social Services held in Naivasha from 12th to 14th April 2018; and,

- 15) Report on Consultative Forum with the County Executive Committee Member in charge of the department of Education, Youth and Sports, Gender, Culture and Social Services held in Naivasha from 13th to 15th May 2018.
- 16) Report on field inspection visit to Githunguri CBD roads and the fire station in Githunguri Sub County;
- 17) Report on field inspection visit to Githunguri – Ndumberi road in Githunguri Sub County;
- 18) Report on induction workshop themed “Strengthening of the Committee Members capacity through a transformative and efficient Transport, Public Works and Infrastructure Committee;”
- 19) Report on capacity strengthening workshop themed “Strengthening of the Committee Members capacity through enhanced budget making process and the legislative process;”
- 20) Report on capacity strengthening workshop themed “Strengthening of the Committee Members capacity through enhanced public procurement process;”
- 21) Report on functional interface between KeRRA, KURA & devolved governments;
- 22) Committee reports on County Fiscal Strategy Paper; County Integrated Development Plan 2018 – 2022; Annual Development Plan 2018/19; Supplementary II and III budget estimates for FY 2017/2018; Budget Estimates for FY 2018/2019.
- 23) Report on supplementary I budget estimates for the FY 2017/2018 for the Roads, Transport and Public Works Department.
- 24) Report on the County Government of Kiambu Supplementary II Budget Estimates for the 2017/18 financial year.
- 25) Report on the Public Petition by residents of Kiambu regarding KIST.
- 26) Report on the Public Petition by Ndenderu Residents regarding Cemetery Road.
- 27) Report on the County Fiscal Strategy Paper 2018.
- 28) Report on the County Annual Development Plan 2018.
- 29) Report on the Budget Estimates for the FY 2018/19.
- 30) Report on the establishment of six urban areas in the County.

Performance of key development projects

The County Assembly has been able to build capacity to assist the members in their legislative work and oversight responsibilities. In a nutshell, the Assembly has been able to enact key legislation that has helped the County Government achieve its objectives. The Assembly has also been able to effectively oversight the County Executive.

The Assembly has deliberately build capacity amongst the Members of the County Assembly to equip them with necessary skills of legislating and oversight.

Comment on value-for-money achievements

Some of the projects undertaken have positively improved the lives of the citizens of the County by ensuring there is proper planning and guiding of county on various programmes thus ensuring that there is improvement of social infrastructure facilities and also developing citizen engagement framework.

By building capacity among the Members of the County Assembly, the Assembly has equipped them with skills and capacity to adequately interrogate policy proposed and legislature agenda emanating from the county executive.

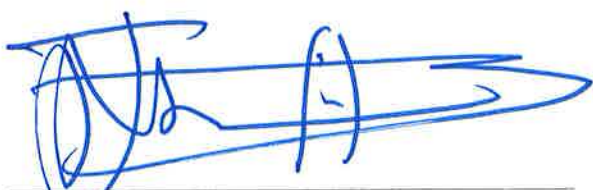
In this regard, therefore quality legislation to govern citizen of the county is enacted and well thought policies that positively impact on the citizens of the county are implemented.

Challenges and Recommended Way Forward

The Assembly has experienced some challenges while implementing its strategic objectives. These challenges include:

- i. Inadequate financial resources
- ii. Capacity gaps within its staff establishment
- iii. Unexploited opportunities for Partnerships and collaborations

The Assembly has put in place robust interventions which includes but not limited to lobbying the county executive for allocation of more development funds, putting in place a staff training committee to address capacity gaps, cultivating mutual and cordial relationship with the county executive and benchmarking with other model county Assembly among other deliberate efforts.



Clerk of the County Assembly

STATEMENT OF MANAGEMENT RESPONSIBILITIES

KIAMBU COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2018

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 2018. This responsibility includes:

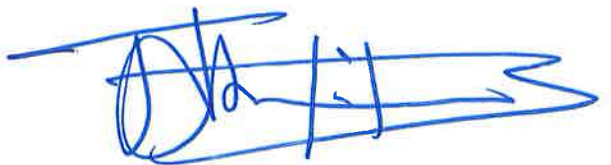
- i. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period
- ii. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Assembly
- iii. Designing, 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
- 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 on 30th June 2018, and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained by the County Assembly which have been relied upon in the preparation of the 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 that the County Assembly's funds received 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 Assembly financial statements were approved and signed by the Clerk of the County Assembly on 30th September 2018.



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 KIAMBU FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Kiambu set out on pages 15 to 43, which comprise the statement of financial assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and statements of comparison of budget and actual amounts – recurrent, development and combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 Kiambu County Assembly as at 30 June 2018, 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.

Basis of Qualified Opinion

1. Variances Between Integrated Financial Management System (IFMIS) Records and Financial Statements

Integrated Financial Management System records reflects an amount of Kshs.1,343,283,554.45 against total payments for the year ended 30 June 2018 which differs from the amounts of Kshs.1,266,241,118.85 and Kshs.1,264,915,775 reflected in the ledger maintained by the County Assembly and statement of receipts and payments, respectively.

In addition, IFMIS records reflects amounts of Kshs.1,336,317,224 and Kshs.6,966,330.20 against recurrent and development expenditure while the statements of comparison of budget and actual amount reflects amounts of Kshs.1,264,089,325 and Kshs.826,450 against recurrent and development expenditure, respectively.

Report of the Auditor-General on the Financial Statements of County Assembly of Kiambu for the year ended 30 June 2018

The above differences between Integrated Financial Management System records, the ledger and financial statements have not been reconciled or explained.

2. Variances in Actual Receipts

The statements of comparison of budget and actual amounts reflects amounts of Kshs.1,264,089,325 and Kshs.826,450 against recurrent and development actual receipts while records maintained in respect of exchequer receipts reflect Kshs.1,264,539,825 and Kshs.2,118,690 for recurrent and development, respectively. The resulting differences of Kshs.450,500 and Kshs.1,292,240 in respect of recurrent and development receipts, respectively have not been reconciled or explained.

3. General Suspense Account

Integrated Financial Management System Ledger reflects an expenditure of Kshs.1,534,063 under the general suspense account which includes a payment of Kshs.813,063 to County Assembly Clerk. However, payment voucher and documents relating to the payment of Kshs.813,063 have not been provided for audit verification contrary to the provisions of Section 9 (1) (e) of the Public Audit Act, 2015. In addition, the County Assembly management has not given reasons for classifying the expenditure of Kshs.1,534,063 in the general suspense account.

As a result, the propriety and validity of the expenditure of Kshs.813,063 can not be confirmed.

4. Payment Vouchers

Examination of four payment vouchers revealed that payees disclosed in the Integrated Financial Management System ledger differs from payees named on the payment vouchers. In addition, the amounts indicated in the schedules attached to the payment vouchers differs from the amount on the face of the vouchers as summarized below:

| PV. No. | IFMIS Payee | PV Payee | PV Amount Kshs. | Supporting Schedules Amount Kshs. | Variance Kshs. |
|---------|--------------------------|--------------------------------|--------------------|--|-------------------|
| 0061 | County Assembly Clerk | MCA Induction Training 2017 | 6,984,000 | 7,728,000 | (744,000) |
| 0067 | County Assembly Clerk | MCA Induction Training 2017 | 4,000,000 | 2,487,800 | 1,512,200 |
| 0198 | County Assembly Clerk | Cooperative Bank of Kenya | 1,000,000 | 617,444 | 382,556 |
| 0431 | County Assembly Clerk | Cooperative Bank of Kenya | 1,327,100 | 1,466,600 | (139,500) |
| | | | 13,311,100 | 12,299,844 | 1,894,756 |

No satisfactory explanation has been provided for the above irregularities.

The County Assembly management has not provided for audit payment vouchers No.40013001, 40014705 and 40017947 for amounts totalling Kshs.1,273,870 :

Consequently, the propriety and validity of the above expenditure cannot be confirmed.

5. Use of Goods and Services

5.1. Domestic Travel and Subsistence

During the year under review, payments totalling Kshs.9,425,175 were made to Members of County Assembly (MCAs) in respect of attending committee meetings and training sessions and the expenditure charged to domestic travel and subsistence. However, portable biometric devices purchased at a cost of Kshs.1,316,020 were not being used, and thus creating a loophole in attendance control. Consequently, it has not been possible to confirm the propriety and validity of the payments totalling Kshs. 9,425,175 made to the MCAs.

5.2. Unsupported Expenditure on Foreign Travel and Subsistence

Examination of temporary imprests surrender vouchers revealed that expenditure totalling Kshs. 4,634,884 as tabulated below was incurred in Tel Aviv to hire halls and pay facilitators.

| PV. No | Payee | Details | Amount Kshs |
|--------|------------------------|--|------------------|
| 1342 | Paul Mwaura Mucheru | Surrender of imprest for a seminar in Israel | 1,527,328 |
| 1607 | Godfrey Muriuki Kimani | Surrender of imprest for a seminar in Israel | 1,553,778 |
| 1540 | Lillian Wangui Nuthu | Surrender of imprest for a seminar in Israel | 1,553,778 |
| | | Total | 4,634,884 |

However, the expenditure was supported with hand written receipts which were not dated.

In addition, the County Assembly management has not justified the choice of Tel Aviv as the destination for training. Consequently, the propriety and validity of the Kshs. 4,634,884 expenditure cannot be confirmed.

6. Misclassification of Expenses

Disclosed under Note 5 to the financial statements is an amount of Kshs. 27,820,871 relating to other operating expenses. A review of the ledger postings revealed that included in this figure is an amount of Kshs.15,467,382 described as imprests issued either to County Assembly wards for running the ward offices or to other staff members within the Assembly

Headquarters. In the circumstances, the validity and accuracy of other operating expenses amounting Kshs.15,467,382 cannot be confirmed.

7. Cash and Cash Equivalents

7.1. Unreconciled Balances

Cash and cash equivalents balance of Kshs.1,742,740 as at 30 June 2018 reflected in the statement of assets and liabilities differs with the negative cash book balance of Kshs.495,707,730 as of that date. The resulting difference of Kshs.497,450,470 has not been reconciled or explained.

Further, no evidence has been provided for audit review to confirm that the County Assembly carried out a board of survey at the end of the financial year to verify the actual cash and bank balances.

In the circumstances, the validity and accuracy of cash and cash equivalents balance of Kshs.1,742,740 cannot be confirmed.

7.2. Bank Reconciliation Statement

Examination of the bank reconciliation statements revealed that the recurrent bank reconciliation statement for the month of June, 2018 was not supported by schedules of payments totalling Kshs.28,614,524 in bank statement not yet recorded in the cash book and unexplained negative receipts of Kshs.204,326,038.40 in cash book not yet recorded in the bank statement.

8. Pending Bills

The financial statements under Annex 1 and 2 shows pending bills totalling Kshs.60,234,731 which were not paid as of 30 June 2018 but were instead carried forward to be settled from the budgetary allocations for 2018/2019 financial year. Had the bills been paid in 2017/2018 financial year, the statement of receipts and payments for the year ended 30 June 2018 would have reflected a deficit of Kshs.58,491,991 instead of a surplus of Kshs.1,742,740 now shown.

Further, included in the above pending bills is an amount of Kshs.15,034,400 for allowances, workshops and training expenses. However, no documentary evidence has been provided on how the workshop and training venues were identified.

9. Failure to Keep and Maintain Assets Register

The financial statements under Note 10 and Annex 4-summary of fixed assets register shows acquisition of assets at a total cost of Kshs.405,726,089, which includes an amount of Kshs.38,738,539 relating to motor vehicles, office furniture and ICT equipment, during the

year under review. However, the County Assembly during the year under review did not keep and maintain assets register where details of assets acquired such as date of acquisition, value and disposals were expected to be recorded.

Consequently, it has not been possible to verify and confirm ownership, existence, value and completeness of the assets acquired, issued or disposed-off as of 30 June 2018.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kiambu County Assembly 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. Budget Performance

During the financial year ended 30 June 2018, the County Assembly of Kiambu had an approved budget of Kshs.1,381,745,034 comprising of recurrent vote of Kshs.1,373,745,034 and development vote of Kshs.8,000,000. The summary statement of appropriation recurrent and development combined reflects overall actual expenditure Kshs.1,264,915,775 which is equivalent to 92% utilization. The analysis below indicates that the development funds were grossly under-utilized resulting in under expenditure of Kshs.7,173,550 or 89.7% of the amount allocated.

| Vote | Approved Budget 2017/18 Kshs | Actual Expenditure 2017/18 Kshs | Variance Kshs | % Variance to Budget |
|--------------|---|--|--------------------------|---|
| Recurrent | 1,373,745,034 | 1,264,089,325 | 109,655,709 | 7.98% |
| Development | 8,000,000 | 826,450 | 7,173,550 | 89.7% |
| Total | 1,381,705,034 | 1,264,915,775 | 116,829,259 | 8.45% |

The table below further helps to analyze recurrent revenue and expenditure performance for the year under review:

| Detailed Analysis | 2017/2018 Final Budget Figures | 2017/2018 Actual Expenditure | Variance (Under- Receipts /Under- Expenditure) | Variance As a Percentage of the Budget |
|----------------------------------|--------------------------------------|------------------------------------|--|--|
| Components | Kshs. | Kshs. | Kshs | % |
| Revenue | | | | |
| Transfers from National Treasury | 1,381,745,034 | 1,266,658,515 | 115,086,519 | 8% |
| Expenditure | | | | |
| Compensation of Employees | 410,622,000 | 396,048,410 | 14,573,590 | 4% |
| Use of Goods and Services | 490,138,434 | 459,941,276 | 30,197,158 | 6% |
| Other Grants and Transfers | 3,450,000 | 3,200,000 | 250,000 | 7% |
| Acquisition of assets | 469,494,600 | 404,899,639 | 64,594,961 | 14% |
| Total | 1,373,745,034 | 1,264,089,325 | 109,615,709 | 92% |

2. Failure to Implement One Third Rule on Staff Establishment

A review of human resource records maintained by the Kiambu County Assembly revealed that the assembly had 84 employees and 3 staff members seconded from the county executive making a workforce of 87 as at 30 June, 2018.

The dominant ethnic community in Kiambu County comprised 79.3% of the staff while the remaining balance of 20.7% of positions were shared among the other five ethnic communities contrary to the provision of the County Government Act, 2012 which provides that atleast 30% of the employees should not be from the dominant community in the County.

3. Recruitment of the Clerk to the County Assembly

Although, the financial statements of the County Assembly were signed and delivered for audit by the Clerk to the Kiambu County Assembly, no information and documentary evidence including personal file have been provided to show how the position of the clerk was filled. Further, no documentary evidence has been provided to confirm personal emoluments paid to the clerk during the year under review.

REPORT ON COMPLIANCE WITH LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusions on compliance with lawfulness and effectiveness in use of public resources section of my report, I confirm that, nothing else

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

Basis for Conclusion

1. Insurance Costs

Audit of insurance costs revealed that an insurance company was awarded a tender to provide both group and staff medical insurance covers for both Members of County Assembly (MCAs) and the assembly staff at a total cost of Kshs.25,438,187. However, a review of internal memo dated 28 August 2018 and minutes of the 53rd meetings held on Thursday 23 August 2018 revealed that the company was performing below expectations. Records further show that Memorandum of Understanding between the insurance company and hospitals has been suspended and, therefore unable to provide the required services. In the circumstances, value for money may not be achieved as regards the insurance cost of Kshs. 25,438,187.

2. Expired Contract Agreement on Fuel Oil and Lubricants

As shown under Note 5 to the financial statements an amount of Kshs.3,571,459 was paid for fuel, oil and lubricants. However, examination of the respective payment vouchers and other underlying documents revealed that contract for supply of fuel between Total Kenya and Kiambu County Assembly was for the period from February 2015 to February 2016. Therefore, the fuel was supplied in 2017/2018 financial year without a valid contract contrary to Sections 88 and 139 (2) (a) of the Public Procurement and Asset Disposal Act 2015 which prescribes on how tender validity periods may be extended.

3. Rentals of Produced Assets

Although tenancy agreements for various ward offices were provided for audit review, the County Assembly management has not explained how rent totalling Kshs.10,955,649 paid in respect of the ward offices was determined.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusions on effectiveness of

internal controls, risk management and governance sections of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Risk Management

A review of governance, Information Technology (IT) and risk management environment revealed the following weaknesses:

- i. The County Assembly has not constituted both IT Plan and Strategic Committees to manage ICT matters. Environmental controls on fire suppression systems and air conditioning on server rooms are not in place.
- ii. Formal documented and tested emergency procedures were not provided for audit review. The County Assembly has no back up and retention strategy to ensure continuity of operations in case of system failure. The management does not conduct regular reviews on risk assessment of operational areas.
- iii. The County Assembly has not constituted a Public Finance Management Standing Committee in accordance with the Public Finance Management (County Government Regulations, 2015), regulation 19(1) to ensure there is prioritization of resource allocation, regular review of budget implementation, identify risks and implementation of appropriate measures to mitigate such risks.

In the absence of IT policy, IT strategic plan and risk assessment committees, IT goals implemented may not contribute to the objectives of the County Assembly. There may be interruptions, assets of the Assembly may not be safeguarded well and operational risks may not be determined.

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit so as to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Those Charged with Governance

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

In preparing the financial statements, management is responsible for assessing the County Assembly ability to sustain service, disclosing, as applicable, matters related to sustainability of service and using the applicable basis of accounting unless the management either intends 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.

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the 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 sustaining 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

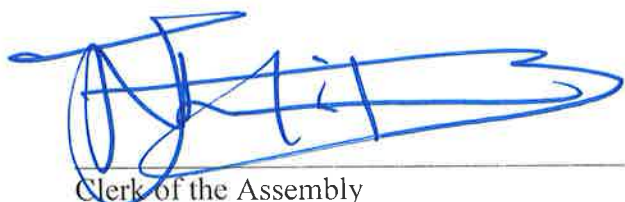
18 February 2019

KIAMBU COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended 30 June 2018

II. STATEMENT OF RECEIPTS AND PAYMENTS

| | Note | 2017/2018 | 2016/2017 |
|---|------|----------------------|--------------------|
| | | Kshs | Kshs |
| RECEIPTS | | | |
| Transfers from the County Treasury/Exchequer Releases | 1 | 1,266,658,515 | 941,889,139 |
| Proceeds from Sale of Assets | 2 | - | - |
| Other Receipts | 3 | - | - |
| TOTAL RECEIPTS | | 1,266,658,515 | 941,889,139 |
| PAYMENTS | | | |
| Compensation of Employees | 4 | 396,048,410 | 440,105,393 |
| Use of goods and services | 5 | 459,941,276 | 392,044,066 |
| Subsidies | 6 | - | - |
| Transfers to Other Government Entities | 7 | - | - |
| Other grants and transfers | 8 | 3,200,000 | 3,300,000 |
| Social Security Benefits | 9 | - | 41,000,000 |
| Acquisition of Assets | 10 | 405,726,089 | 64,902,873 |
| Finance Costs | 11 | - | - |
| Other Payments | 12 | - | - |
| TOTAL PAYMENTS | | 1,264,915,775 | 941,352,332 |
| SURPLUS/DEFICIT | | 1,742,740 | 536,807 |

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30th September 2018 and signed by:



Clerk of the Assembly
 Joseph Igogo Ndirangu



Director Finance – County Assembly
 Daniel Karani Gichuki
 ICPAK Member Number: 8965

KIAMBU COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2018

I. STATEMENT OF CASH FLOWS

| | Note | 2017/18 Kshs | 2016/17 Kshs |
|--|------|--------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Transfers from the County Treasury/Exchequer | | | |
| Releases | 1 | 1,266,658,515 | 941,889,139 |
| Other Receipts | 3 | | |
| Payments from Operating Expenses | | | |
| Compensation of Employees | 4 | 396,048,410 | 440,105,393 |
| Use of goods and services | 5 | 459,941,276 | 392,044,066 |
| Subsidies | 6 | - | - |
| Transfers to Other Government Entities | 7 | - | - |
| Other grants and transfers | 8 | 3,200,000 | 3,300,000 |
| Social Security Benefits | 9 | - | 41,000,000 |
| Finance Costs | 11 | - | - |
| Other Payments | 12 | - | - |
| Adjusted for: | | | |
| Adjustments during the year | | - | - |
| Net cash flows from operating activities | | 407,468,829 | 65,439,680 |
| CASHFLOW FROM INVESTING ACTIVITIES | | | |
| Proceeds from Sale of Assets | 2 | - | - |
| Acquisition of Assets | 10 | 405,726,089 | 64,902,873 |
| Net cash flows from investing activities | | 405,726,089 | 64,902,873 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | | |
| | | 1,742,740 | 536,807 |
| Cash and cash equivalent at BEGINNING of the year | | - | - |
| Cash and cash equivalent at END of the year | | 1,742,740 | 536,807 |

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30th September 2018 and signed by:

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Joseph Igogo Ndirangu

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Daniel Karani Gichuki
ICPAK Member Number: 8965

KIAMBU COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2018

II. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: 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 | Kshs |
| RECEIPTS | | | | | |
| Transfers from the County Treasury/Exchequer Releases | 626,622,517 | 755,122,517 | 1,381,745,034 | 1,266,658,515 | 92% |
| Proceeds from Sale of Assets | - | - | - | - | - |
| Other Receipts | - | - | - | - | - |
| TOTAL | 626,622,517 | 755,122,517 | 1,381,745,034 | 1,266,658,515 | 92% |
| PAYMENTS | | | | | |
| Compensation of Employees | 298,706,000 | 111,956,000 | 410,622,000 | 396,048,410 | 96% |
| Use of goods and services | 198,166,517 | 291,971,917 | 490,138,434 | 459,941,276 | 94% |
| Subsidies | - | - | - | - | - |
| Transfers to Other Government Entities | - | - | - | - | - |
| Other grants and transfers | 2,000,000 | 1,450,000 | 3,450,000 | 3,200,000 | 93% |
| Social Security Benefits | - | - | - | - | - |
| Acquisition of Assets | 127,750,000 | 349,744,600 | 477,494,600 | 405,726,089 | 85% |
| Finance Costs | - | - | - | - | - |
| Other Payments | - | - | - | - | - |
| TOTAL | 626,622,517 | 755,122,517 | 1,381,705,034 | 1,264,915,775 | 92% |

The entity financial statements were approved on 30th September 2018 and signed by:

Clerk of the Assembly
Joseph Igogo Ndirangu

Director Finance – County Assembly
Daniel Karani Gichuki
ICPAK Member Number: 8965

KIAMBU COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2018

III. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: 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 | 626,622,517 | 747,122,517 | 1,373,745,034 | 1,264,089,325 | 92% |
| Proceeds from Sale of Assets | | | | | |
| Other Receipts | | | | | |
| TOTAL | 626,622,517 | 747,122,517 | 1,373,745,034 | 1,264,089,325 | 92% |
| PAYMENTS | | | | | |
| Compensation of Employees | 298,706,000 | 111,956,000 | 410,622,000 | 396,048,410 | 96% |
| Use of goods and services | 198,166,517 | 291,971,917 | 490,138,434 | 459,941,276 | 94% |
| Subsidies | - | - | - | - | - |
| Transfers to Other Government Entities | - | - | - | - | - |
| Other grants and transfers | 2,000,000 | 1,450,000 | 3,450,000 | 3,200,000 | 93% |
| Social Security Benefits | - | - | - | - | - |
| Acquisition of Assets | 127,750,000 | 341,744,600 | 469,494,600 | 404,899,639 | 86% |
| Finance Costs | | | | | |
| Other Payments | | | | | |
| TOTAL | 626,622,517 | 747,122,517 | 1,373,745,034 | 1,264,089,325 | 92% |

The entity financial statements were approved on 30th September 2018 and signed by:

Clerk of the Assembly
Joseph Igogo Ndirangu

Director Finance – County Assembly
Daniel Karani Gichuki
ICPAK Member Number: 8965

KIAMBU COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2018

IV. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: 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 | | 8,000,000 | 8,000,000 | 826,450 | 10% |
| Proceeds from Sale of Assets | | | | | |
| Other Receipts | | | | | |
| TOTAL | | 8,000,000 | 8,000,000 | 826,450 | 10% |
| 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 | | 8,000,000 | 8,000,000 | 826,450 | 10% |
| Finance Costs | | | | | |
| Other Payments | | | | | |
| TOTAL | | 8,000,000 | 8,000,000 | 826,450 | 10% |

The underutilization of below 50% was due to a contract of Kes 6,100,000 that was issued during the last quarter of the financial year 2017/18. The 1st certificate for payment was issued late hence could not be paid and became a pending bill.

The entity financial statements were approved on 30th September 2018 and signed by:

Clerk of the Assembly
Joseph Igogo Ndirangu

Director Finance – County Assembly
Daniel Karani Gichuki
ICPAK Member Number: 8965

V. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

| Programme/Sub-programme | Original Budget | Adjustments | Final Budget | Actual on comparable basis | Budget utilization difference |
|--|------------------------|--------------------|----------------------|-----------------------------------|--------------------------------------|
| | 2017/2018 | | 2017/2018 | 30th June 2018 | |
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Sub-programme 1: General Administration and support services | 626,622,517 | 755,122,517 | 1,381,745,034 | 1,264,915,775 | 92% |
| Totals | 626,622,517 | 755,122,517 | 1,381,745,034 | 1,264,915,775 | 92% |

VI. 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 Kiambu County Assembly. The financial statements encompass the reporting entity as specified in section 164 of PFM Act 2012.

3. Recognition of receipts and payments

a) Recognition of receipts

The County Assembly recognises all receipts from the various sources when the event occurs and the related cash has 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 entity in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the entity includes such value in the statement of receipts and payments both as receipts and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

5. Cash and cash equivalents

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

Restriction on cash

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

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits.

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 is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

7. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted and 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 entity at the end of the year. Pending bill form a first charge to the subsequent year budget and when they are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

10. Budget

The budget is prepared on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The entity's budget was approved as required by Law .The original budget was approved by the County Assembly on 22nd June 2017 for the period 1st July 2017 to 30 June 2018 as required by law. There were 3 number of supplementary budgets passed in the year. A high-level assessment of the entity's actual performance against the comparable budget for the financial year under review has been included in the Statement of Comparison between actual and budgeted amounts included in these financial statements.

KIAMBU COUNTY ASSEMBLY
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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.

KIAMBU COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2018

VII. NOTES TO THE FINANCIAL STATEMENTS

1 Transfers from the County Treasury/Exchequer Releases

| | 2017/18 | 2016/17 |
|---|----------------------|--------------------|
| | Kshs | Kshs |
| Transfers from the County Treasury for Q1 | 103,804,000 | 150,520,427 |
| Transfers from the County Treasury for Q2 | 309,000,000 | 229,000,000 |
| Transfers from the County Treasury for Q3 | 200,163,130 | 235,000,000 |
| Transfers from the County Treasury for Q4 | 653,691,385 | 327,368,712 |
| Cumulative Amount | 1,266,658,515 | 941,889,139 |

2 PROCEEDS FROM SALE OF ASSETS

| | 2017/18 | 2016/17 |
|---|----------------|----------------|
| | 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

| | 2017/18 | 2016/17 |
|----------------------|----------------|----------------|
| | Kshs | Kshs |
| Tender fees received | | |
| Other Receipts II | | |
| Other Receipts III | | |
| Other Receipts IV | | |
| Other Receipts | | |
| Total | | |

KIAMBU COUNTY ASSEMBLY
Reports and Financial Statements
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 COMPENSATION OF EMPLOYEES

| | 2017/18 | 2016/17 |
|---|--------------------|--------------------|
| | Kshs | Kshs |
| Basic salaries of permanent employees | 301,659,507 | 289,535,284 |
| Basic wages of temporary employees | 33,904,385 | 42,500,000 |
| Personal allowances paid as part of salary | 55,085,207 | 103,112,000 |
| Personal allowances paid as reimbursements | | |
| Personal allowances provided in kind | | |
| Pension and other social security contributions | 5,399,311 | - |
| Compulsory national social security schemes | | |
| Compulsory national health insurance schemes | | |
| Social benefit schemes outside government | | 4,958,109 |
| Other personnel payments | | |
| Total | 396,048,410 | 440,105,393 |

5 USE OF GOODS AND SERVICES

| | 2017/18 | 2016/17 |
|--|--------------------|--------------------|
| | Kshs | Kshs |
| Utilities, supplies and services | 76,731 | 1,850 |
| Communication, supplies and services | 7,971,942 | 9,796,588 |
| Domestic travel and subsistence | 198,450,259 | 227,817,422 |
| Foreign travel and subsistence | 72,728,518 | 15,006,680 |
| Printing, advertising and information supplies & services | 12,518,243 | 4,490,377 |
| Rentals of produced assets | 12,939,649 | 14,058,079 |
| Training expenses | 55,869,619 | 26,824,433 |
| Hospitality supplies and services | 23,276,296 | 20,096,810 |
| Insurance costs | 26,314,829 | 32,267,311 |
| Specialized materials and services | 2,553,706 | 5,942,214 |
| Office and general supplies and services | 8,245,096 | 6,073,710 |
| Fuel Oil and Lubricants | 3,571,459 | 2,997,030 |
| Other operating expenses | 27,820,871 | 21,673,118 |
| Routine maintenance – vehicles and other transport equipment | 7,604,059 | 1,948,548 |
| Routine maintenance – other assets | - | 3,049,896 |
| Total | 459,941,276 | 392,044,066 |

KIAMBU COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended 30 June 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 SUBSIDIES

| Description | 2017/18 | 2016/17 |
|----------------------------------|----------------|----------------|
| | Kshs | Kshs |
| Subsidies to County Corporations | | |
| | | |
| | | |
| Subsidies to Private Enterprises | | |
| | | |
| | | |
| | | |
| TOTAL | | |

7 TRANSFERS TO OTHER GOVERNMENT ENTITIES

| Description | 2017/18 | 2016/17 |
|---|----------------|----------------|
| | Kshs | Kshs |
| Transfers to National Government entities | | |
| | | |
| Transfers to Counties | | |
| | | |
| TOTAL | | |

8 OTHER GRANTS AND TRANSFERS

| | 2017/18 | 2016/17 |
|--|------------------|------------------|
| | Kshs | Kshs |
| Scholarships and other educational benefits | | |
| Membership fees and dues and subscriptions to int. organizations | 3,200,000 | 3,300,000 |
| Emergency relief and refugee assistance | | |
| Subsidies to small businesses, cooperatives, and self employed | | |
| Other current transfers, grants | | |
| Other capital grants and transfers | | |
| Total | 3,200,000 | 3,300,000 |

KIAMBU COUNTY ASSEMBLY
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9 SOCIAL SECURITY BENEFITS

| | 2017/18 | 2016/17 |
|--|----------------|-------------------|
| | Kshs | Kshs |
| Government pension and retirement benefits | - | 41,000,000 |
| Social security benefits in cash and in kind | | |
| Employer Social Benefits in cash and in kind | | |
| | | |
| Total | | 41,000,000 |

KIAMBU COUNTY ASSEMBLY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 ACQUISITION OF ASSETS

| Non-Financial Assets | 2017/18 | 2016/17 |
|--|--------------------|-------------------|
| | Kshs | Kshs |
| Purchase of Buildings | - | 13,000,000 |
| Construction of Buildings | - | 34,324,756 |
| Refurbishment of Buildings | 826,450 | - |
| Construction of Roads | | |
| Construction and Civil Works | | |
| Overhaul and Refurbishment of Construction and Civil Works | | |
| Purchase of Vehicles and Other Transport Equipment | 13,000,000 | - |
| Overhaul of Vehicles and Other Transport Equipment | | |
| Purchase of Household Furniture and Institutional Equipment | - | 6,512,374 |
| Purchase of Office Furniture and General Equipment | 4,826,900 | |
| Purchase of ICT Equipment, Software and Other ICT Assets | 20,911,639 | 3,065,743 |
| Purchase of Specialized Plant, Equipment and Machinery | - | |
| Rehabilitation and Renovation of Plant, Machinery and Equip. | - | |
| Purchase of Certified Seeds, Breeding Stock and Live Animals | - | |
| Research, Studies, Project Preparation, Design & Supervision | - | |
| Rehabilitation of Civil Works | - | |
| Acquisition of Strategic Stocks and commodities | - | |
| Acquisition of Land | - | |
| Acquisition of Intangible Assets | - | |
| Financial Assets | | |
| Domestic lending and on-lending | 366,161,100 | 8,000,000 |
| Domestic Public Non-Financial Enterprises | | |
| Domestic Public Financial Institutions | | |
| Foreign financial Institutions operating Abroad | | |
| Other Foreign Enterprises | | |
| Foreign Payables - From Previous Years | | |
| Total | 405,726,089 | 64,902,873 |

KIAMBU COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended 30 June 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 FINANCE COSTS

| | 2017/18 | 2016/17 |
|------------------------|---------|---------|
| | Kshs | Kshs |
| Bank Charges | | |
| Exchange Rate Losses | | |
| Other Finance costs | | |
| Interest on borrowings | | |
| Total | | |

12 OTHER PAYMENTS

| | 2017/18 | 2016/17 |
|---|---------|---------|
| | 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 | | |

13 A BANK ACCOUNTS

| Name of Bank, Account No. & Currency | Indicated whether recurrent or development | 2017/18 | 2016/17 |
|--|--|---------------------|-------------------|
| | | Kshs | Kshs |
| Kiambu County Assembly Recurrent A/C No 1000216603. Kenya shilling | Recurrent | 450,500 | 217,549.95 |
| Kiambu County Assembly Development A/C No 1000291087. Kenya shilling | Development | 1,292,240 | 319,257 |
| Co-operative Bank, Kiambu K 011413712200. Kenya shilling | Recurrent | - | - |
| Total | | 1,742,740.00 | 536,806.95 |

KIAMBU COUNTY ASSEMBLY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 B CASH IN HAND

| | 2017/18 | 2016/17 |
|--|----------------|----------------|
| | 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:

| | 2017/18 | 2016/17 |
|--------------|----------------|----------------|
| | Kshs | Kshs |
| Location 1 | | |
| Location 2 | | |
| Location 3 | | |
| Total | | |

14 ACCOUNTS RECEIVABLE

| | 2017/18 | 2016/17 |
|---------------------|----------------|----------------|
| | Kshs | Kshs |
| Government Imprests | | |
| Clearance Accounts | | |
| Staff Advances | | |
| Other Advances | | |
| Total | | |

15 ACCOUNTS PAYABLE

| | 2017/18 | 2016/17 |
|-------------------------|----------------|----------------|
| | Kshs | Kshs |
| Deposits and Retentions | - | 813,063 |
| Total | - | 813,063 |

KIAMBU COUNTY ASSEMBLY
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For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 FUND BALANCE BROUGHT FORWARD

| | 2017/18 | 2016/17 |
|----------------------|---------|---------|
| | Kshs | Kshs |
| Bank accounts | | |
| Cash in hand | | |
| Accounts Receivables | | |
| Accounts Payables | | |
| Total | | |

17 FUND BALANCE BROUGHT FORWARD

| | 2017/18 | 2016/17 |
|----------------------|---------|---------|
| | Kshs | Kshs |
| Bank accounts | | |
| Cash in hand | | |
| Accounts Receivables | | |
| Accounts Payables | | |
| Total | | |

18 PRIOR YEAR ADJUSTMENT

| Description of the adjustment | 2017/18 | 2016/17 |
|--------------------------------------|---------|---------|
| | Kshs | Kshs |
| Adjustments on bank account balances | | |
| Adjustments on cash in hand | | |
| Adjustments on payables | | |
| Adjustments on receivables | | |
| Others (<i>specify</i>) | | |
| Total | | |

DISCLOSURE NOTES

18.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

| | 2017/18 | 2016/17 |
|---|-------------------|---------|
| | Kshs | Kshs |
| Construction of buildings and Renovations | 12,814,543 | - |
| Construction of civil works | - | |
| Supply of goods and Services | 32,385,788 | - |
| Total | 45,200,331 | |

KIAMBU COUNTY ASSEMBLY
Reports and Financial Statements
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18.2: PENDING STAFF PAYABLES (See Annex 2)

| | 2017/18 | 2016/17 |
|-----------------------------------|-------------------|----------------|
| Name of Staff | Kshs | Kshs |
| County assembly members and Staff | 15,034,400 | - |
| Total | 15,034,400 | |

18.3: OTHER PENDING PAYABLES (See Annex 3)

| | 2017/18 | 2016/17 |
|---|----------------|----------------|
| | Kshs | Kshs |
| Amounts due to National Government entities | | |
| Amounts due to County Government entities | | |
| Amounts due to third parties | | |
| Total | | |

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.

KIAMBU COUNTY ASSEMBLY
Reports and Financial Statements
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Related party transactions:

| | 2017/18 | 2016/17 |
|--|-----------------------------|-----------------------------|
| | Kshs | Kshs |
| Compensation to the MCAs | 253,072,825 | 116,963,473.80 |
| Key Management compensation | - | - |
| | <u> </u> | <u> </u> |
| Transfers from the County Treasury | 1,266,658,515 | 941,889,139 |
| 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 | - | - |
| | <u> </u> | <u> </u> |

KIAMBU COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2018

VIII. 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) |
|---|--|----------------------------|---|--|---|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

NOTE: By the time of approving these financial statement the Assembly had not received the audited financial statements report for the financial year ending June 30, 2017.

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

KIAMBU COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended 30 June 2018

IX. ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

| Supplier of Goods or Services | Original Amount | Date Contracted | Amount Paid To-Date | Outstanding Balance 2017 | Outstanding Balance 2018 | Comments |
|--|-------------------|--------------------|---------------------|--------------------------|--------------------------|----------|
| | A | b | c | d=a-c | | |
| Construction and Refurbishment of buildings | | | | | | |
| 1. Jokato Enterprise | 431,810 | 23rd March 2017 | | | 431,810 | |
| 2. Kariuwa Building Contractors | 1,732,540 | 2018 | | | 1,732,540 | |
| 3. Peeves Ltd | 4,266,965 | 23rd March 2017 | | | 4,266,965 | |
| 4. Naaro Builders Ltd | 564,070 | 15th May 2017 | | | 564,070 | |
| 5. Zeicon Holding Ltd | 4,373,600 | 2018 | | | 4,373,600 | |
| 6. Zohari Construction and Engineering Ltd | 367,327 | 22nd March 2017 | | | 367,327 | |
| 7. Marlin Enterprises | 1,078,231 | 22nd March 2017 | | | 1,078,231 | |
| Sub-Total | 12,814,543 | | | | 12,814,543 | |
| Construction of civil works | | | | | | |
| 8. | - | | | | | |
| 9. | - | | | | | |
| 10. | - | | | | | |
| Sub-Total | - | | | | | |
| Supply of goods or Services | | | | | | |
| 11. Advantage Travel | 2,996,735 | 2018 | | | 2,996,735 | |
| 12. Magnet Adventures Ltd | 1,522,395 | 23rd November 2017 | | | 1,522,395 | |
| 13. Mashel Travel and Tours | 986,850 | 23rd November 2017 | | | 986,850 | |
| 14. Pride inn Paradise Hotel | 1,617,000 | 2017 | | | 1,617,000 | |
| 15. City Blue Hotel and Suites | 1,118,000 | 2017 | | | 1,118,000 | |
| 16. Flamingo Beach Resort and Spa | 196,000 | 2017 | | | 196,000 | |
| 17. Masada Hotel | 1,041,000 | 23rd November 2017 | | | 1,041,000 | |
| 18. Sawela Lodges | 2,851,250 | 2017 | | | 2,851,250 | |
| 19. Sweet lake Resort | 816,000 | 23rd November 2017 | | | 816,000 | |

KIAMBU COUNTY ASSEMBLY
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For the year ended June 30, 2018

| Supplier of Goods or Services | Original Amount | Date Contracted | Amount Paid To-Date | Outstanding Balance 2017 | Outstanding Balance 2018 | Comments |
|--|-----------------|--------------------|---------------------|--------------------------|--------------------------|----------|
| 20. Westwood Hotel Ltd | 198,000 | 2017 | | | 198,000 | |
| 21. Eclat Enterprises Ltd | 363,800 | 23rd November 2017 | | | 363,800 | |
| 22. Kamiti Prison Industries | 7,200,000 | 2018 | | | 7,200,000 | |
| 23. Merkim Enterprises | 730,500 | 23rd November 2017 | | | 730,500 | |
| 24. Nairobi sports House Ltd | 237,850 | 2017 | | | 237,850 | |
| 25. Raytech ventures | 126,850 | 23rd November 2017 | | | 126,850 | |
| 26. Reindeer Ventures | 1,054,500 | 23rd November 2017 | | | 1,054,500 | |
| 27. Rene industries Ltd | 508,000 | 23rd November 2017 | | | 508,000 | |
| 28. Salpat Limited | 453,000 | 2018 | | | 453,000 | |
| 29. Shiko Caterers | 626,980 | 23rd November 2017 | | | 626,980 | |
| 30. Sprint Ventures Ltd | 150,000 | 23rd November 2017 | | | 150,000 | |
| 31. Terry Touch Enterprises | 45,700 | 2017 | | | 45,700 | |
| 32. Victorious General Merchants | 329,000 | 2017 | | | 329,000 | |
| 33. Bejus Enterprises | 76,000 | 23rd November 2017 | | | 76,000 | |
| 34. Bunny tech systems | 418,000 | 23rd November 2017 | | | 418,000 | |
| 35. Seven seals Agencies | 473,100 | 23rd November 2017 | | | 473,100 | |
| 36. Airtel Kenya Networks Ltd | 1,008,540 | 2017 | | | 1,008,540 | |
| 37. B Mbai & Assocites | 113,925 | 2017 | | | 113,925 | |
| 38. Car & General (Trading) Ltd | 235,016 | 23rd November 2017 | | | 235,016 | |
| 39. Chege Kibati and Advocates | 696,000 | 2017 | | | 696,000 | |
| 40. CIC insurance Group | 122,945 | 2017 | | | 122,945 | |
| 41. Citizen Marketing | 20,491 | 2017 | | | 20,491 | |
| 42. CMC Motor Group Ltd | 208,983 | 2017 | | | 208,983 | |
| 43. College of Human Resource Management | 50,000 | 2017 | | | 50,000 | |
| 44. Copy Cat Group Ltd | 413,528 | 2017 | | | 413,528 | |
| 45. Geokam Limited | 720,000 | 2017 | | | 720,000 | |
| 46. Heritage Insurance Company | 60,704 | 2017 | | | 60,704 | |
| 47. Institute of Internal Auditors Kenya | 261,000 | 2017 | | | 261,000 | |

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| Supplier of Goods or Services | Original Amount | Date Contracted | Amount Paid To-Date | Outstanding Balance 2017 | Outstanding Balance 2018 | Comments |
|--|-------------------|--------------------|---------------------|--------------------------|--------------------------|----------|
| 48. Kenya school of Government | 208,336 | 2013 | | | 208,336 | |
| 49. Mediamax Network Ltd | 116,000 | 2017 | | | 116,000 | |
| 50. Nation Media Group Ltd | 142,680 | 2017 | | | 142,680 | |
| 51. National Industrial Training Authority | 14,500 | 2017 | | | 14,500 | |
| 52. Royal Media Services | 150,800 | 2017 | | | 150,800 | |
| 53. Simba Corporation Ltd | 56,390 | 2017 | | | 56,390 | |
| 54. The Standard Group Ltd | 423,400 | 2017 | | | 423,400 | |
| 55. Waithaka and Associates | 1,049,800 | 2017 | | | 1,049,800 | |
| 56. Naaro Builders Ltd | 74,500 | 2017 | | | 74,500 | |
| 57. Belafric Enterprises | 70,180 | 2017 | | | 70,180 | |
| 58. Basil Logistics Limited | 57,000 | 23rd November 2017 | | | 57,000 | |
| Sub-Total | 32,385,788 | | | | 32,385,788 | |
| Grand Total | 45,200,331 | | | | 45,200,331 | |

KIAMBU COUNTY ASSEMBLY
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X. ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

| Name of Staff | Job Group | Original Amount | Date Payable Contracted | Amount Paid To-Date | Outstanding Balance 2016 | Outstanding Balance 2017 | Comments |
|--------------------------------------|-------------|-----------------|-------------------------|---------------------|--------------------------|--------------------------|----------|
| | | a | b | c | d=a-c | | |
| 1. County assembly Members and Staff | | 15,034,400 | | | | 15,034,400 | |
| 2. | | | | | | | |
| 3. | | | | | | | |
| 4. | | | | | | | |
| 5. | | | | | | | |
| 6. | | | | | | | |
| 7. | | | | | | | |
| 8. | | | | | | | |
| 9. | | | | | | | |
| 10. | | | | | | | |
| 11. | | | | | | | |
| 12. | | | | | | | |
| | Sub-Total | 15,034,400 | | | | 15,034,400 | |
| | Grand Total | 15,034,400 | | | | 15,034,400 | |

KIAMBU COUNTY ASSEMBLY
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XI. 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. | | | | | | | |
| 2. | | | | | | | |
| 3. | | | | | | | |
| | Sub-Total | | | | | | |
| Amounts due to County Govt Entities | | | | | | | |
| 4. | | | | | | | |
| 5. | | | | | | | |
| 6. | | | | | | | |
| | Sub-Total | | | | | | |
| Amounts due to Third Parties | | | | | | | |
| 7. | | | | | | | |
| 8. | | | | | | | |
| 9. | | | | | | | |
| | Sub-Total | | | | | | |
| Others (specify) | | | | | | | |
| 10. | | | | | | | |
| 11. | | | | | | | |
| 12. | | | | | | | |
| | Sub-Total | | | | | | |
| | Grand Total | | | | | | |

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XII. ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

| Asset class | Historical Cost b/f (Kshs) 2016/2017 | Additions during the year (Kshs) | Disposals during the year (Kshs) | Historical Cost c/f (Kshs) 2017/2018 |
|--|---|---|---|---|
| Land | 34,324,756 | | | 34,324,756 |
| Buildings and structures | 13,000,000 | 826,450 | | 13,826,450 |
| Transport equipment | - | 13,000,000 | | 13,000,000 |
| Office equipment, furniture and fittings | 6,512,374 | 4,826,900 | | 11,339,274 |
| ICT Equipment, Software and Other ICT Assets | 3,065,743 | 20,911,639 | | 23,977,382 |
| Other Machinery and Equipment | | - | | |
| Heritage and cultural assets | | - | | |
| Intangible assets | 8,000,000 | 366,161,100 | | 374,161,100 |
| Total | 64,902,873 | 405,726,089 | | 470,628,962 |

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XIII. ANNEX 5 – ANALYSIS OF OUTSTANDING IMPREST

There no outstanding imprests by the time of the audit

Government Imprest Holders

| <i>Name of Officer or Institution</i> | <i>Date Imprest Taken</i> | <i>Amount Taken</i> | <i>Amount Surrendered</i> | <i>Balance</i> |
|---------------------------------------|---------------------------|---------------------|---------------------------|----------------|
| | | <i>Kshs</i> | <i>Kshs</i> | <i>Kshs</i> |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Total | | | | |

REPUBLIC OF KENYA

BANK RECONCILIATION

AS AT 30TH JUNE 2018 KIAMBU COUNTY ASSEMBLY RECURRENT ACCOUNT 1000216603

| | Kshs/Cts |
|---|--|
| Balance as per bank certificate | 51,883.20 |
| <i>Less-</i> | |
| 1 Payments in cash book not yet recorded in bank statement(unpresented cheques) | 276,772,278.30 |
| 2 Receipts in bank statements not yet recorded in cash book... | 43,275,821.40 |
| <i>Add-</i> | |
| 3 Payments in bank statement not yet recorded in cash book | 28,614,524.40 |
| 4 Receipts in cash book not yet recorded in bank statement. | (204,326,038.40) |
| Balance as per Cash book | (495,707,730.50) |

I certify that I have verified the bank balance in the cashbook with the bank statement and that the above reconciliation is correct



Signature

15/07/18

Director Finance & Administration



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XIV. ANNEX 6 – BANK RECONCILIATION/FO 30 REPORT