REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

COUNTY ASSEMBLY OF MACHAKOS

FOR THE YEAR ENDED 30 JUNE, 2019

MACHAKOS COUNTY ASSEMBLY

AMENDED REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2019

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

1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The County is constituted as per the constitution of Kenya is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The County Assembly constitutes 59 Members of County Assembly (MCAs), 40 elected and 19 nominated to represent members of the public from their respective wards. The MCAs are responsible for making any laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

(b) Key Management

The County Assembly's day-to-day management is under the County Assembly Service Board.

(c) Fiduciary Management

No.	Designation	Name
1.	Accounting Officer	**Felix Gitari Mbiuki**
2.	Chief Finance Officer	**Benson Mulinge Mutua**

(d) Fiduciary Oversight Arrangements

- Audit and finance committee activities- N/A
- Parliamentary committee activities- N/A
- Development partner oversight activities- N/A
- Other oversight activities
    - The County Assembly Service Board does the oversight role on the management of the entire Assembly and during the Financial Year it held several meeting concerning the running of the County Assembly.

(e)Entity Headquarters

P.O. Box 1168-90100
Machakos –Kenya County Hall
Along Mwatu wa Ngoma Rd.
Email:assemblymks@gmail.com
Info@machakosassembly.com

(f) Entity Contacts

Telephone: (254) 95-017-034/ (254) 76-645-659
E-mail: assemblymks@gmail.com
Website: www.go.ke

(g) Entity Bankers

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

2. Kenya Commercial Bank
   Address: P.O. Box 30 Machakos
   City/Town: Machakos.
   Telephone Number: 044-21780/1, 21817

3. Co-operative Bank
   Address: P.O. Box 1259-90100
   City/Town: Machakos.

4. SBM Bank
   City/Town: Machakos

(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

2. FORWARD BY THE CLERK OF THE ASSEMBLY

During the Financial Year ended 30th June 2019, Machakos County Assembly performed its role of legislative and oversight alongside other development projects. Among the achievements during the year are as highlighted below;

Budget performance

The County Assembly was able to utilise Ksh. 950,682,254.45 of the annual budget out of the approved budget of Ksh. 1,172,776,339.00. This translates to 77% total budgetary utilization.

Performance of key development projects

During the FY, the assembly initiated some development projects which were not completed by the end of the year but are still on going. Some of these projects include;

- Supply and installation of Assembly Broadcasting Unit (ABU)
- Supply and installation of lift to the new office block
- Supply and installation of gym equipment.

The assembly also purchased computers, Printers, office furniture to create a more conducive working environment and performance of its core role which is legislative and oversight.

Comment on value-for-money achievements

In effort to ensure that we get value for money, the assembly has ensured that purchases are done through the approved procurement processes.

Challenges and Recommended Way Forward

The County Assembly is not fully under e-procurement hence this function was not operational since the module is still being re-engineered by the National Treasury, and this was beyond the Assembly control.

Sign
Clerk of the County Assembly

3. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Sections 164 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer of a County Government 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 June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Assembly; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Assembly; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Clerk accepts responsibility for the County Assembly's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Clerk is of the opinion that the County Assembly's financial statements give a true and fair view of the state of the County Assembly's transactions for the year ended June 30, 2019, and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the County Assembly which have been relied upon in the preparation of the its financial statements as well as the adequacy of the systems of internal financial control.

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

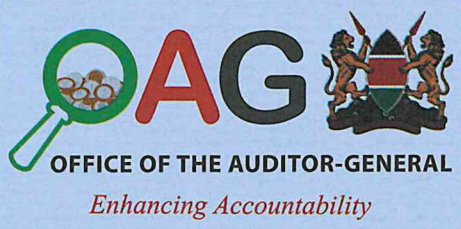
Approval of the financial statements

The County Government's financial statements were approved and signed by the Clerk of the County Assembly on 21/11/ 2019.

Clerk of the County Assembly

REPUBLIC OF KENYA

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



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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of County Assembly of Machakos set out on pages 1 to 25, which comprise the statement of financial assets and liabilities as at 30 June, 2019, statement of receipts and payments, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the County Assembly of Machakos as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with the Public Finance Management Act, 2012 and the County Governments Act, 2012.

Basis for Adverse Opinion

1. Variances between Financial Statement and IFMIS Balances

Several balances reflected in the financial statements presented for audit differ with those shown against identical accounts in the trial balance extracted from the Integrated Financial Management Information Systems (IFMIS) as at 30 June, 2019, as detailed in the attached Appendix 1.

Management did not provide reconciliations for the variances and as a result, the accuracy, validity and completeness of the account balances, and the financial statements in whole, has not been confirmed.

2. Unconfirmed Bank Balances

The statement of assets and liabilities as at 30 June, 2019 reflects bank balances totaling Kshs.421,325, as disclosed in Note 13 A to the financial statements. The balance is comprised of account balances in development, recurrent and imprest bank accounts

amounting to Kshs.141,001, Kshs.140 and Kshs.280,183 respectively. However, the cash books presented in support of the balance were dated 31 July, 2019 instead of 30 June, 2019 which was the reporting date. Further, the bank balance reflected in the respective cashbook as at 30 June, 2019 was Kshs.1,903,770 comprised of Kshs.150,001 development vote account, Kshs.1,175,858 recurrent vote account, and Kshs.577,911 imprests account.

In view of these anomalies, the accuracy and completeness of the bank balance totaling Kshs.421,325 reflected in the statement of assets and liabilities as at 30 June, 2019 has not been confirmed.

3. Unconfirmed Accuracy of Statement of Cash Flows

The statement of cash flows reflects nil opening cash and cash equivalents balance for the year which, however, differs with the closing cash and cash equivalents credit (negative) balance amounting to (Kshs.43,725,317) for the financial year ended 30 June, 2018. No restatements have been disclosed in the financial statements that would explain the reported change of the opening balance. In addition, the reported comparative balance amounting to Kshs.43,725,317 differed with the audited balance of Kshs.31,627,749 by Kshs.75,353,067 which has not been explained.

In view of the unexplained variances, the accuracy of the statement of cash flows for the year ended 30 June, 2019 has not been confirmed.

4. Incomplete Compensation of Employees Balance

The statement of receipts and payments for the year ended 30 June, 2019 reflects compensation of employees costs totaling Kshs.360,447,006, as further disclosed under Note 4 to the financial statements. However, salaries totaling Kshs.342,778,508 incurred on staff employed on permanent terms incorrectly included several sub-items. These were; basic wages for temporary employees, personal allowances paid as part of salary as well as pension and social benefits contributions.

In the absence of sufficient disclosure, the completeness and accuracy of the expenditure totaling Kshs.360,447,006 shown in the financial statements as having been incurred on compensation of employees during the year under review has not been confirmed.

5. Insufficient Disclosure of Pending Bills

Annex 1 to the financial statements reflects pending accounts payables totaling Kshs.76,066,531 as at 30 June, 2019. However, the pending bills have not been disclosed in the financial statements under other disclosures as required by the International Public Sector Accounting Standards (Cash Basis) accounting framework. Had the pending bills been paid and charged to the relevant budget lines in the year under review, the statement of receipts and payments would have reflected a deficit of Kshs.75,645,207 instead of the surplus amounting to Kshs.421,325 reported in the year under review.

Further, examination of the pending bills schedule revealed a debt amounting to Kshs.3,123,500 owed to a local University. The bill arose from training services rendered to the County Assembly's Budget Appropriation, Public Investment and Accounts committees during a trip to South Africa in 2014. Management has not explained why the pending bill was not disclosed and paid in previous years even though the University is reported to have issued several demand notices on the debt, over the years.

In the circumstance Management has breached the law and has not managed its pending bills in an effective way.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of County Assembly of Machakos Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse 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 Adverse Opinion Section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Budgetary Control and Performance

The statement of comparison of budget: recurrent and development combined for the year ended 30 June, 2019 reflects final revenue budget and actuals on comparable basis amounting to Kshs.1,230,776,339 and Kshs.951,103,579 respectively resulting in a shortfall of Kshs.279,672,760 or 23% of the budget. Management explained the underfunding as having resulted from delay in receipt of Exchequer releases.

In addition, the County Assembly incurred expenditure totaling Kshs.360,447,006 on compensation of employees against its budget amounting to Kshs.354,795,858 resulting in over-expenditure of Kshs.5,651,148. In the circumstance, Management did not adhere to the approved budget. No plausible explanation has been provided for the anomaly.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, based

on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Inter-Account Borrowing Classified as Receipts

The statement of receipts and payments for the year ended 30 June, 2019 reflects other receipts totalling Kshs.10,000,000, as further disclosed in Note 3 to the financial statements. Examination of records of the receipts revealed that these were funds borrowed from the County Assembly Housing Fund. Although, Management explained that the borrowing was occasioned by delays in receipt of Exchequer releases, the County Assembly was not requested to approve the transaction before it was effected. In addition, there was no evidence to show that the borrowed funds were refunded to the Fund by the County Assembly.

In view of the foregoing, the borrowing amounting to Kshs.10,000,000 made by Management from the County Assembly Fund was irregular. Further, Management has not explained why the monies were not paid back to the Fund.

2. Irregular Reallocation of Compensation of Employees Budget

During the year under review, Management reallocated funds totaling Kshs.75,040,000 budgeted for compensation of employees. The reallocations were made contrary to the provisions of Section 154(1c) of the Public Finance Management Act, 2012 which prohibits Accounting Officers from reallocating funds meant for wages to other expenditure items.

In the circumstance, Management acted contrary to the Law.

3. Non-Adherence to a One Third of Basic Pay Rule

Review of monthly payrolls during the year revealed that non-statutory deductions on the salaries of two employees exceeded two-thirds (2/3) of their basic pay contrary to Section19(3) of the Employment Act, 2007. Management therefore, acted contrary to Law and exposed the staff to the risk of pecuniary embarrassment.

4. Failure to Promote Equitable Staffing

Analysis of the County Assembly staff compliment revealed that out of two hundred and twelve (212) employees, employed by the County Assembly as at 30 June, 2019, one hundred and ninety-eight (198) representing 93% of the establishment were from the dominant ethnic community in the County. This was contrary to the requirements of Section 7(2) of the National Cohesion and Integration Act, 2008 which provides that no public establishment shall have more than a third (1/3) of its employees from one ethnic community.

In the circumstance, the County Assembly has breached the Law on retention of a staff compliment that promotes national cohesion.

5. Non-Adherence to End of Year Cut-off Date

Examination of expenditure records indicated that payments totaling Kshs.13,849,114 were made to various suppliers and contractors after the end of year cut-off date of 30 June, 2019, as detailed in the attached Appendix II.
The payments were made contrary to Regulation 97(1) of the Public Financial Management (County Government) Regulations of 2015, which states that the accounts of the County Government entities shall record transactions which take place during the financial year running from 01 July to 30 June.

6. Failure to Submit Performance Report

Contrary to the provisions of Section 164 (f) of the Public Finance Management Act, 2012, the annual financial report submitted to the Auditor-General for audit does not discuss the County Assembly's performance against its objectives for the year under review. Therefore, the report does not provide sufficient information on the County Assembly and does not conform to the Law. As a result, it is not possible to confirm whether the County Assembly met its objectives for the year.

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, because of the matters described on the Basis for Adverse Opinion and Basis for Lawfulness and Effectiveness in Use of Resources sections of my report, I confirm that the internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Nancy Gathungu
AUDITOR-GENERAL

Nairobi

12 November, 2020

Appendix I – Unexplained Variances Between Financial Statement and IFMIS Balances

Item	Financial Statements Balance (Kshs.)	IFMIS Balance (Kshs.)	Variance (Kshs.)
Compensation of Employees- basic salaries for permanent staff	342,778,509	279,053,150	63,725,359
Compensation of Employees -Social Benefit Schemes	17,668,497	19,668,497.00	-2,000,000
Use of Goods and Services	481,044,180	447,995,552	33,048.628
Item	**Financial Statements Balance (Kshs.)**	**IFMIS Balance (Kshs.)**	**Variance (Kshs.)**
Acquisition of Assets	24,186,539	81,254,059	-57,067,520
Transfers to other Government units	85,000,000	75,000,000	10,000,000
Bank Balances	421,325	1,922,333,230	-1,921,911,905
Cash in Hand Balance	0	2,407,202,753	-2,407,202,753
Accounts receivables	0	124,021,811	-124,021,811
Accounts payables	0	1,865,638,721	-1,865,638,721

Appendix II – Non-Adherence to Cut-off Dates

Date Paid	Payment Voucher No.	Payment Details	Amount paid (Kshs)
16/7/2019	D 17/1	Payment for Supply and Fixing of Curtain Blinds	2,587,072
16/7/2019	D 15/1	Payment for Supply of Furniture	150,000
16/7/2019	D18/1	Provision of Electrical Works	1,998,700
01/8/2019	D19/1	Provision of Electrical Works	3,167,925
23/7/2019	D20/1	Provision of Building, Plumbing and Civil Engineering Works.	3,892,616
25/7/2019	D21/1	Stair Landing Opening and Aluminum Partition.	2,202,801
Total			**13,849,114**

5. FINANCIAL STATEMENTS

5.1. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2018/19 KShs	2017/18 KShs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	941,103,579	943,986,147.00
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	10,000,000	-
TOTAL RECEIPTS		**951,103,579**	**943,986,147.00**
PAYMENTS			
Compensation of Employees	4	360,447,005.50	343,223,008.23
Use of goods and services	5	481,044,180.10	358,214,427.50
Subsidies	6	-	-
Transfers to Other Government Entities	7	85,000,000.00	60,000,000.00
Other grants and transfers	8	-	-
Social Security Benefits	9	-	-
Acquisition of Assets	10	24,186,538.85	150,920,961.60
Finance Costs	11	-	-
Other Payments	12	4,530.00	-
TOTAL PAYMENTS		**950,682,254.45**	**912,358,397.33**
SURPLUS/DEFICIT		**421,324.55**	**31,627,750.67**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 21/11/ 2019 and signed by:

Clerk of the Assembly
Name: Mbiuki F.G

Chief Finance Office – County Assembly
Name: Benson Mutua
ICPAK Member Number:
5498

5.2. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

FINANCIAL ASSETS	Note	2018/19 KShs	2017/18 KShs
Cash and Cash Equivalents			
Bank Balances	13A	421,324.55	31,627,749.71
Cash Balances	13B	-	-
Total Cash and cash equivalents		**421,324.55**	**31,627,749.71**
Accounts receivables – Outstanding Imprests	14	0	-
TOTAL FINANCIAL ASSETS		**421,324.55**	**31,627,749.71**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	15	-	-
NET FINANCIAL ASSETS		**421,324.55**	**31,627,749.71**
REPRESENTED BY			
Fund balance b/fwd	16	-	-
Surplus/Deficit for the year		421,324.55	31,627,749.71
NET FINANCIAL POSITION		**421,324.55**	**31,627,749.71**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 21/11 2019 and signed by:

Clerk of the Assembly
Name: Felix Mbiuki

Chief Finance Officer – County Assembly
Name: Benson Mutua
ICPAK Member Number: 5498

5.3. STATEMENT OF CASH FLOWS

	Note	2018/19 KShs	2017/18 KShs
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operating income			
Transfers from the County Treasury/Exchequer Releases	1	941,103,579.00	943,986,147.00
Other Receipts	3	10,000,000.00	-
Payments for operating expenses			
Compensation of Employees	4	360,447,005.50	343,223,008.23
Use of goods and services	5	481,044,180.10	358,214,427.50
Subsidies	6	-	-
Transfers to Other Government Entities	7	85,000,000.00	60,000,000.00
Other grants and transfers	8	-	-
Social Security Benefits	9	-	-
Finance Costs	11	4,530.00	
Other Payments	12	-	-
Adjusted for:			
Adjustments during the year		-	-
Net cash flows from operating activities		**24,607,863.40**	**182,548,711.27**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	24,186,538.85	150,920,961.60
Net cash flows from investing activities		**24,186,538.85**	**150,920,961.60**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**421,324.55**	**31,627,749.67**
Cash and cash equivalent at BEGINNING of the year	13	**0**	**-75,353,067.00**
Cash and cash equivalent at END of the year		**421,324.55**	**-43,725,317.33**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 21/11 2019 and signed by:

Clerk of the Assembly
Name: Felix Mbiuki

Chief Finance Office County Assembly
Name: Benson Mutua
ICPAK Member Number 5498

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

Receipt/Expense Item	Original Budget KShs	Adjustments KShs	Final Budget c=a+b	Actual on Comparable Basis e=d-c	% Utilization difference KShs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	1,172,776,339.00	58,000,000.00	1,230,776,339.00	941,103,579.00	76%
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	0			10,000,000.00	
TOTAL	1,172,776,339.00	58,000,000.00	1,230,776,339.00	951,103,579.00	77%
PAYMENTS					
Compensation of Employees	429,835,858.00	-75,040,000.00	354,795,858.00	360,447,005.50	102%
Use of goods and services	421,940,481.00	75,040,000.00	496,980,481.00	481,044,180.10	97%
Subsidies	-	-	-	-	-
Transfers to Other Government Entities	85,000,000.00	-	85,000,000.00	85,000,000.00	100%
Other grants and transfers	-	-	-	-	-
Social Security Benefits	-	-	-	-	-
Acquisition of Assets	236,000,000 .00	58,000,000.00	294,000,000.00	24,186,538.85	8%
Finance Costs	-	-	-	-	-
Other Payments	-	-	-	4,530.00	100%
TOTAL	**1,172,776,339.00**	**58,000,000.00**	**1,230,776,339.00**	**950,682,254.45**	**77%**
SURPLUS/ DEFICIT	-	-	-	**421,324.55**	

(NB: the total under actual on comparable basis should be the same as the totals under the statement of receipts and payments, where the two statements are not in agreement, a reconciliation of these two statements should be prepared as required under IPSAS and presented hereunder).

[Provide below a commentary on significant underutilization (below 10% of utilization) and any overutilization]

(a) Xxxx

(b) Xxxx

(c) Xxxx

(d) Xxxx

(e) Xxxx

(Explain *whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23*) *.Where the result of the statement of receipts and payments is a deficit, the Assembly should explain how the deficit was funded.*

The entity financial statements were approved on 21/11/ 2019 and signed by:

Clerk of the Assembly
Name: Felix Mbiuki

Chief Finance Office – County Assembly
Name: Benson Mutua
ICPAK Member Number: 5498

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilisation difference
	a	b	c=a+b	e=d-c	
RECEIPTS	936,776,339.00	-	936,776,339.00	916,776,039.00	98%
Transfers from the County Treasury/ Exchequer Releases	-	-	-	-	-
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	10,000,000	
TOTAL	**936,776,339.00**	**-**	**936,776,339.00**	**926,776,039.00**	**99%**
PAYMENTS	-	-	-	-	-
Compensation of Employees	429,835,858.00	-75,040,000	354,795,858.00	360,447,005.50	102%
Use of goods and services	421,940,481.00	75,040,000	496,980,481.00	481,044,180.10	97%
Subsidies	-	-	-	-	-
Transfers to Other Government Entities	85,000,000	-	85,000,000.00	85,000,000.00	100%
Other grants and transfers	-	-	-	-	-
Social Security Benefits	-	-	-	-	-
Acquisition of Assets	-	-	-	-	-
Finance Costs	-	-	-	-	-
Other Payments	-	-	-	4,530.00	-
TOTAL	936,776,339.00	-	936,776,339.00	926,495,715.60	99%
Surplus/ Deficit	-	-	-	**280,323.40**	-

[Provide below a commentary on significant underutilization (below 10% of utilization) and any overutilization]

(a) Xxxx

(b) Xxxx
(c) Xxxx
(d) Xxxx
(e) Xxxx

(Explain *whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23*)

The entity financial statements were approved on 21/11/ 2019 and signed by:

Clerk of the Assembly
Name: Felix Mbiuki

Chief Finance Office – County Assembly
Name: Benson Mutua
ICPAK Member Number: 5498

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

Receipt/Expense Item	Original Budget KShs	Adjustments KShs	Final Budget a=a+b	Actual on Comparable Basis c=d-e	% Utilization difference KShs
RECEIPTS					
Transfers from the County Treasury/ Exchequer Releases	236,000,000.00	58,000,000.00	294,000,000.00	24,327,540.00	8%
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	-	-
TOTAL	**236,000,000.00**	**58,000,000.00**	**294,000,000.00**	**24,327,540.00**	**8%**
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	236,000,000.00	58,000,000.00	294,000,000.00	24,186,538.85	8%
Finance Costs	-	-	-	-	-
Other Payments	-	-	-	-	-
TOTAL	**236,000,000.00**	**58,000,000.00**	**294,000,000.00**	**24,186,538.85**	**8%**
SURPLUS/ DEFICIT				**141,001.15**	

[Provide below a commentary on significant underutilization (below 10% of utilization) and any overutilization]

(a) During the financial year, the county assembly had initiated various projects. These projects were not completed by the end of the financial year and hence the underutilisation on the development budget below 10%. These projects included;

1. Installation of Gym equipment, supply.

2. Installation Assembly Broadcasting Unit equipment.
3. Construction of ward offices.

(Explain *whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23*)

The changes between the original and the final budget were as result of supplementary budget passed within the year.

The entity financial statements were approved on 21/11/ 2019 and signed by:

Clerk of the Assembly
Name: Felix Mbiuki

Chief Finance Office – County Assembly
Name: Benson Mutua
ICPAK Member Number: 5498

5.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

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

(NB: This statement is a disclosure statement indicating the utilisation in the same format at the County budgets which are programmatic. Ensure this document is accurately presented to enable consolidation with other County Entities).

5.8. 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 Machakos 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.

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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. As at 30th June 2019, this amounted to KShs 44,472.75. There were no other restrictions on cash during the year.

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 in June 2019 for the period 1st July 2018 to 30 June 2019 as required by law. There was one supplementary budget passed during 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.

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.

5.9. NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from the County Treasury/Exchequer Releases

	2018/19 KShs	2017/18 KShs
Transfers from the County Treasury for Q1	211,372,561.00	70,002,907.00
Transfers from the County Treasury for Q2	267,063,919.00	90,513,298.00
Transfers from the County Treasury for Q3	219,753,566.00	241,314,581.00
Transfers from the County Treasury for Q4	242,913,533.00	542,155,361.00
Cumulative Amount	**941,103,579.00**	**943,986,147.00**

(Where money is transferred to the County Assembly on a monthly basis, include the months instead of quarters. A detailed annex showing the reconciliation of transfers between the County Treasury and County Assembly is included on page 33 annex 6 of this report.)

2. PROCEEDS FROM SALE OF ASSETS

	2018/19 KShs	2017/18 KShs
Receipts from the Sale of Buildings	xxx	xxx
Receipts from the Sale of Vehicles and Transport Equipment	xxx	xxx
Receipts from the Sale Plant Machinery and Equipment	xxx	xxx
Receipts from Sale of Certified Seeds and Breeding Stock	xxx	xxx
Receipts from the Sale of Strategic Reserves Stocks	xxx	xxx
Receipts from the Sale of Inventories, Stocks and Commodities	xxx	xxx
Disposal and Sales of Non-Produced Assets	xxx	xxx
Total	**xxx**	**xxx**

3. OTHER RECEIPTS

	2018/19 KShs	2017/18 KShs
Inter-account Borrowing	10,000,000.00	-
Other Receipts II	-	-
Other Receipts III	-	-
Other Receipts IV	-	-
Total	**10,000,000.00**	**-**

The inter-account borrowing relates to funds borrowed from the MCAs Housing Fund account at KCB bank to our recurrent bank account at KCB to fund assembly operations when there were delays in release of funds.

4. COMPENSATION OF EMPLOYEES

	2018/19 KShs	2017/18 KShs
Basic salaries of permanent employees	342,778,508.50	173,167,007.00
Basic wages of temporary employees	-	27,517,295.00
Personal allowances paid as part of salary	-	100,058,115.00
Personal allowances paid as reimbursements	-	-
Pension and other social security contributions	-	14,851,178.00
Compulsory national social security schemes	-	2,136,708.00
Compulsory national health insurance schemes	-	-
Social benefit schemes outside government	17,668,497.00	25,492,706.00
Other personnel payments	-	-
Total	**360,447,005.50**	**343,223,008.00**

(Provide detailed explanation with regard to the number of employees recruited by the Assembly, new employees and resignations. Explain what other personnel costs relate to)

5. USE OF GOODS AND SERVICES

	2018/19 KShs	2017/18 KShs
Utilities, supplies and services	2,435,297.40	2,166,014.00
Communication, supplies and services	4,379,400.00	3,729,284.00
Domestic travel and subsistence	254,384,626.00	190,156,002.00
Foreign travel and subsistence	57,167,463.35	21,240,013.00
Printing, advertising and information supplies & services	11,039,187.20	7,414,662.00
Rentals of produced assets	-	-
Training expenses	50,209,627.35	51,718,398.00
Hospitality supplies and services	9,675,510.25	2,323,163.00
Insurance costs	20,603,487.00	31,854,130.00
Specialized materials and services	394,240.00	591,415.00
Office and general supplies and services	18,569,873.25	8,107,140.00
Other operating expenses	14,213,455.70	17,422,158.00
Routine maintenance – vehicles and other transport equipment	2,354,635.35	2,242,994.00
Routine maintenance – other assets	3,339,189.00	1,578,740.00
Ward office rent and expenses	28,811,000.00	14,404,000.00
Fuel, oil and lubricants	3,467,188.00	3,266,315.00
Total	**481,044,180.10**	**358,214,428.00**

6. SUBSIDIES

Description	2018/19 KShs	2017/18 KShs
Subsidies to County Corporations		
See list attached	xxx	xxx
(insert name)	xxx	xxx
Subsidies to Private Enterprises		
See list attached	xxx	xxx
(insert name)	xxx	xxx
TOTAL	**xxx**	**xxx**

(Provide explanations as to what subsidies relate to)

7. TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2018/19 KShs	2017/18 KShs
Transfers to Car loan and Housing fund account for MCAs at KCB bank and SBM Bank	40,000,000	50,000,000
Transfers to Car loan and Housing fund account for Staff in Co-operative Bank	45,000,000	10,000,000
TOTAL	**85,000,000**	**60,000,000**

(Explain what the transfers relate to and whether they are to be refunded by the institution referred to)

8. OTHER GRANTS AND TRANSFERS

	2018/19 KShs	2017/18 KShs
Scholarships and other educational benefits	xxx	xxx
Emergency relief and refugee assistance	xxx	xxx
Subsidies to small businesses, cooperatives, and self employed	xxx	xxx
Total	**xxx**	**xxx**

(Give explanations on what other grants and transfers relate to and who the beneficiaries are)

9. SOCIAL SECURITY BENEFITS

	2018/19	2017/18
	KShs	KShs
Government pension and retirement benefits	xxx	xxx
Social security benefits in cash and in kind	xxx	xxx
Employer Social Benefits in cash and in kind	xxx	xxx
Total	**xxx**	**xxx**

(Give explanations and distinguish between NSSF benefits and contributions made to other entities on behalf of staff.)

10. ACQUISITION OF ASSETS

Non-Financial Assets	2018/19	2017/18
	KShs	KShs
Purchase of Buildings	-	-
Construction of Buildings	-	67,928,945.00
Refurbishment of Buildings	8,813,864.00	614,452.00
Construction of Roads	-	-
Construction and Civil Works	11,187,902.85	-
Overhaul and Refurbishment of Construction and Civil Works	-	-
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	827,600.00	-
Purchase of Office Furniture and Equipment	2,587,072.00	58,108,944.00
Purchase of ICT Equipment	171,000.00	24,268,621.00
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Purchase of Certified Seeds, Breeding Stock and Live Animals	-	-
Research, Studies, Project Preparation, Design & Supervision	-	-
Rehabilitation of Civil Works	-	-
Acquisition of Strategic Stocks and commodities	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Total purchase of non-financial assets	-	-
Financial Assets	-	-
Domestic Public Non-Financial Enterprises	-	-
Domestic Public Financial Institutions	-	-
Total purchase of financial assets	-	-
Total	**24,186,538.85**	**150,920,962.00**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. FINANCE COSTS

	2018/19 KShs	2017/18 KShs
Bank Charges	4,530.00	0
Exchange Rate Losses	-	-
Other Finance costs	-	-
Interest on borrowings	-	-
Total	**4,530.00**	**0**

(Provide detailed explanation on finance costs and whether they relate to borrowings on bank overdraft).

12. OTHER PAYMENTS

	2018/19 KShs	2017/18 KShs
Budget Reserves	xxx	xxx
Civil Contingency Reserves	xxx	xxx
Capital Transfers to Non-Financial Public Enterprises	xxx	xxx
Capital Transfer to Public Financial Institutions and Enterprises	xxx	xxx
Capital Transfers to Private Non-Financial Enterprises	xxx	xxx
Total	**xxx**	**xxx**

(Provide detailed explanations for other payments)

13. CASH AND BANK BALANCES

13A. BANK BALANCES

Name of Bank, Account No. & Currency	Indicated whether recurrent or development	2018/19 KShs	2017/18 KShs
Machakos County Assembly Development Ac- 1000264578	Development Acc	141,001.15	22,394,000.00
Machakos County Assembly Recurrent Ac- 1000240393	Recurrent Acc	140.40	9,218,456.00
Machakos County Assembly Imprest Ac- 01141277998902	Commercial Bank Ac	280,183.00	15,293.00
Total		**421,324.55**	**31,627,750.00**

NOTE:

- The County Assembly has a tender Account and several vehicles were disposed and the Revenue deposited in the account. There was a total of Ksh. 13,066,897.40. This money will be swept to the County Revenue Fund Account, and hence the reason as to why the amount was not included in the statement of Receipts and Payments as part of receipts.

- The assembly also holds a deposit account at the Central Bank of Kenya and by the close of the FY, there was a balance of Ksh. 44,472.75. This amount belongs to third party (contractor) and hence the reason why the amount was not included in the statement of Receipts and Payments as part of receipts since the money doesn't belong to the assembly.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13B. CASH IN HAND

	2018/19 KShs	2017/18 KShs
Cash in Hand – Held in domestic currency	0	21,002
Cash in Hand – Held in foreign currency	0	0
Total	**0**	**21,002**

Cash in hand should be analysed as follows:

	2018/19 KShs	2017/18 KShs
Location 1	0	21,002
Location 2	0	0
Location 3	0	0
Total	0	21,002

(Provide locations where cash in hand is held e.g head office, cashier's office, cash office etc)

14. ACCOUNTS RECEIVABLE

	2018/19 KShs	2017/18 KShs
Government Imprests	0	0
Clearance Accounts	0	0
Staff Advances	840,495.00	982,099
Other Advances	0	0
Total	**840,495.00**	**982,099**

**See Annex 6 for a detailed analysis of the outstanding imprests.*

15. ACCOUNTS PAYABLE

	2018/19	2017/18
	KShs	KShs
Deposits		
Retentions	44,472.75	9,620,709
Total	**44,472.75**	**9,620,709**

(NB: Amount under deposits and retentions should tie to cash held in deposit account)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. FUND BALANCE BROUGHT FORWARD

	2018/19	2017/18
	KShs	KShs
Bank accounts	44,472.75	9,620,709
Cash in hand	-	-
Accounts Receivables	-	-
Accounts Payables	-	-
Total	**44,472.75**	**9,620,709**

17. PRIOR YEAR ADJUSTMENTS

Description of the adjustment	2018/19	2017/18
	KShs	KShs
Adjustments on bank account balances	xxx	xxx
Adjustments on cash in hand	xxx	xxx
Adjustments on payables	xxx	xxx
Adjustments on receivables	xxx	xxx
Others (*specify*)	xxx	xxx
Total	**xxx**	**xxx**

(Explain whether the prior year relates to errors noted in prior year, changes in estimates or accounting policy.)

5.10. OTHER DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 1)

Description	Balance b/f FY 2017/2018 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2018/2019 Kshs
Construction of buildings	xxx	xxx	(xxx)	xxx
Construction of civil works	xxx	xxx	(xxx)	xxx
Supply of goods	xxx	xxx	(xxx)	xxx
Supply of services	xxx	xxx	(xxx)	xxx
Total	**xxx**	**xxx**	**(xxx)**	**xxx**

2. PENDING STAFF PAYABLES (See Annex 2)

Description	Balance b/f FY 2017/2018 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2018/2019 Kshs
Senior management	xxx	xxx	(xxx)	xxx
Middle management	xxx	xxx	(xxx)	xxx
Unionisable employees	xxx	xxx	(xxx)	xxx
Others	xxx	xxx	(xxx)	xxx
Total	**xxx**	**xxx**	**(xxx)**	**xxx**

3. OTHER PENDING PAYABLES (See Annex 3)

Description	Balance b/f FY 2017/2018 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2018/2019 Kshs
Amounts due to National Government entities	xxx	xxx	(xxx)	xxx
Amounts due to County Government entities	xxx	xxx	(xxx)	xxx
Amounts due to third parties	xxx	xxx	(xxx)	xxx
Total	**xxx**	**xxx**	**(xxx)**	**xxx**

4. 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.

OTHER DISCLOSURES (CONTINUED)

Related party transactions:

	20xx - 20xx	20xx - 20xx
	Ksh	Ksh
Compensation to Key Management		
Compensation to the Speaker, Deputy Speaker and the MCAs	xxx	xxx
Key Management Compensation(Clerk and Heads of departments)	xxx	xxx
Total Compensation to Key Management	**xxx**	**xxx**
Transfers to related parties		
Transfers to other County Government Entities such as car and mortgage schemes	xxx	xxx
Transfers to County Corporations	xxx	xxx
Transfers to non reporting entities e.g ECD centres, welfare centres etc	xxx	xxx
Total Transfers to related parties	xxx	xxx
Transfers from related parties		
Transfers from the County Executive- Exchequer	xxx	xxx
Payments made on behalf of the County Assembly by other Government Agencies	xxx	xxx
(Insert any other transfers received)	xxx	xxx
Total Transfers from related parties	**xxx**	**xxx**

5. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS- FY 2017/2018

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	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
1.1	Discrepancies between the FS, Supporting documents and IFMIS	We had captured the receipts in the physical register that was availed to the auditors. We had not captured the receipts in IFMIS since we did not have the IFMIS Revenue module but the same will be done.	Benson- Senior Accountant	Not Resolved	November 2020
1.4	Failure to observe cut-off date	We received the funds later in July 2019 and since we had not made a budgetary provision for the projects in FY 2018/2019, this would have disadvantaged the suppliers had we returned the money.	Benson- Senior Accountant	Not Resolved	November 2020
1.	Failure to appoint an audit committee	The recruitment process had been completed but the appointment letters were released during FY 2018/2019. The committee is now in place and working.	Benson- Senior Accountant	Not Resolved	November 2020

Clerk of the County Assembly

Sign.....

Date.....21/11/2019.....

ANNEXES

ANNEX 1 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Details
	A	b	c	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of Goods and Services						
7. Beyond Borders	29,875	9.05.2019		29,875	0	Cost of air tickets
8. Indepth Research Services	1,600,800	07-05.2019		303,600	0	Training fees for MCAs
9. Weston Hotel	303,600	10.05.2019		191,400		Hotel Conference services
10. Weston Hotel	191,400	16.05.2019		297,000		Hotel Conference services
11. Weston Hotel	297,000	25.05.2019		171,000		Hotel Conference services
12. Weston Hotel	171,000	26.03.2019		303,600		Hotel Conference services
13. Weston Hotel	815,100	27.04.2019		815,100		Hotel Conference services
14. Weston Hotel	158,400	29.06.2019		158,400		Hotel Conference services
15. ICPAK	320,0000	15.05.2019		320,0000		Conference fees
16. Orion Contractors	340,000	09.03.2019		340,000		Supply of drinking water
17. Orion Contractors	210,000	17.06.2019		210,000		Supply of drinking water

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Details
18. Orion Contractors	300,000	07.05.2019		300,000		Supply of drinking water
19. Nation Media	128,412	07.05.2019		128,412		Cost of advertisement
20. Nation Media	547,520	16.05.2019		547,520		Cost of advertisement
21. Nation Media	547,520	16.05.2019		547,520		Cost of advertisement
22. Nation Media	279,560	16.05.2019		279,560		Cost of advertisement
23. The Standard Group Limited	646,120	23.05.2019		646,120		Cost of advertisement
24. The Standard Group Limited	133,400	02.05.2019		133,400		Cost of advertisement
25. The Standard Group Limited	255,200	16.10.2018		255,200		Cost of advertisement
26. The Standard Group Limited	336,400	23.05.2019		336,400		Cost of advertisement
27. Simply Prestige Travel & Tours	3,601,570	Various		3,601,570.50		Cost of air tickets
28. Thika Motor Dealers (K) Ltd	54,947	07.03.2019		54,947		Motor vehicle maintenance
29. Trackcom Auto Garage	14,450	22.05.2019		14,450		Motor vehicle maintenance
30. Trackcom Auto Garage	19,500	05.04.2019		19,500		Motor vehicle maintenance
31. Trackcom Auto Garage	14,200	06.05.2019		14,200		Motor vehicle maintenance
32. Sai Rock Hotel and Beach Resort	122,350	22.05.2014		122,350	122,350	Hotel conference services
33. The Star Publication Ltd	169,360	21.05.2019		169,360		Cost of advertisement
34. Institute of Human Resource mgt	208,800	07.05.2019		208,800		Conference fees
35. Kenya School of Government	188,500			188,500		Cost of training fees
36. Machakos Water & Sewerage Co.	202,079	April and May 2019 bill		202,079		Water and sewerage services
37. APA Insurance	11,333,434	19.06.2019		11,333,434		Cost of medical insurance
38. Derl Limited	112,400			112,400		Cost of uniforms
39. Patka General Agencies	585,000	20.06.2019		585,000		Cost of office stationeries
40. Nanet Supplies	770,600	19.06.2019		770,600		Supply of cleaning materials
41. Rosma Tours & Travel	19,875	27.06.2019		19,875		Cost of air tickets
42. Rosma Tours & Travel	149,500			149,500		Cost of air tickets
43. Rosma Tours & Travel	46,948			46,948		Cost of air tickets

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Details
44. Rosma Tours & Travel	342,271	17.06.2019		342,271		Cost of air tickets
45. Rosma Tours & Travel	1,271,500	17.06.2019		1,271,500		Cost of air tickets
46. Agricultural Society of Kenya	90,220	29.06.2019		90,220		Machakos ASK show 2019
47. Mutho and Company	579,400	23.06.2019		579,400		Supply and delivery of Computer stationeries
48. Institute for Capacity Development	975,000	09.05.2019		975,000		Training fees
49. KCA University	3,123,500	May 2014		3,123,500	3,123,500	Training fees
50. Chamwa Motors	44,750	20.06.2019		44,750		Motor vehicle maintenance
51. Chamwa Motors	172,000	04.06.2019		172,000		Motor vehicle maintenance
52. Chamwa Motors	119,850	04.06.2019		119,850		Motor vehicle maintenance
53. ST. John Ambulance	180,000	15.03.2019		180,000		Training fees
54. First Assurance	242,735	08.05.2019		242,735		Cost of general insurance
55. County Assemblies Forum	1,600,000	2018 and 2019		1,600,000		Annual subscription
56. African Association for Public Administration and Management	302,880	02.10.2018		302,880		Training fees
57. Pewin Motors Ltd	230,570	10.06.2019		230,570		Motor vehicle maintenance
58. Institute on Intrenal Auditors	245,000			245,000		Training fees
59. J. Muoki & Company Advocates	1,500,000	09.05.2019		1,500,000		Cost of legal services
60. Kamende D.C & Company advocates	21,842,674	Various dates		21,842,674		Cost of legal services
61. Kilukumi and Co. Advocates	16,910,000	Various dates		16,910,000		Cost of legal services
62. Mazgeomatics fitness	900,000	21.05.2019		900,000		Supply and fitting of rubber Floor for proposed gym
Sub-Total	**76,066,531.48**			**76,066,531.48**		
Grand Total						

ANNEX 2 – ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Comments
		A	b	c	d=a-c		
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							
11.							
12.							
Sub-Total							
Grand Total							

ANNEX 3 – ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2018/19	Outstanding Balance 2017/18	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 (Suppliers)							
7.							
8.							
9.							
Sub-Total							
Others (*specify*)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (KShs) 2017/18	Additions during the year (KShs)	Disposals during the year (KShs)	Transfers in/(out)	Historical Cost c/f (KShs) 2018/19
Land	60,000,000	0	0	0	**60,000,000**
Buildings and structures	299,031,709	20,001,766.85			**319,033,475.85**
Transport equipment	65,455,270	0	0	0	**65,455,270**
Office equipment, furniture and fittings	73,324,800	4,013,772	0	0	**77,338,572**
ICT Equipment	61,710,325	171,000	0	0	**61,881,325**
Machinery and Equipment	9,462,694	0	0	0	**9,462,694**
Biological assets	-				
Infrastructure Assets	-				
Heritage and cultural assets					
Intangible assets					
Work In Progress					
Total	**568,984,798**	**24,186,538.85**			**593,171,336.85**

NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the County Assembly since its inception. Additions during the year should tie to note 10 on acquisition of assets during the year and subsequently the statement of receipts and payments

ANNEX 5 – ANALYSIS OF OUTSTANDING IMPRESTS

Government Imprest Holders

Name of Officer or Institution	*Date Imprest Taken*	*Amount Taken*	*Amount Surrendered*	*Balance*
		KShs	***KShs***	***KShs***
Name of Officer or Institution	dd/mm/yy	xxx	xxx	xxx
Name of Officer or Institution	dd/mm/yy	xxx	xxx	xxx
Name of Officer or Institution	dd/mm/yy	xxx	xxx	xxx
Name of Officer or Institution	dd/mm/yy	xxx	xxx	xxx
Name of Officer or Institution	dd/mm/yy	xxx	xxx	xxx
Name of Officer or Institution	dd/mm/yy	xxx	xxx	xxx
Total				**xxx**

ANNEX 6 – SUMMARY OF EXCHEQUER RELEASES FOR FY 2018/2019

	RECCURRENT VOTE		
	DATE	REFERENCE	AMOUNT
Q1	17.08.2018	FT18229V4MIF	73,359,296.00
	11.09.2018	FT18254ND15G	45,349,173.00
	24.09.2018	FT18267RW841	18,651,979.00
	18.10.2018	FT182913TFOM	28,793,826.00
	27.01.2018	FT18331Z9D4L	45,218,287.00
		TOTAL	**211,372,561.00**
Q2	27.11.2018	FT1833126TBR	48,234,754.00
	30.11.2018	FT18334OHJ3H	60,003,835.00
	17.12.2018	FT18351B4W78	20,466,273.00
	07.01.2019	FT190075CHJT	78,359,057.00
	18.01.2019	FT19018RM0BG	20,000,000.00
	18.01.2019	FT19018V74YY	23,000,000.00
	23.01.2019	FT190238YNT7	17,000,000.00
		TOTAL	**267,063,919.00**
Q3	06.02.2019	FT19037TZJ60	63,342,679.00
	04.03.2019	FT19063Z7YQK	70,014,843.00
	15.3.2019	FT190747BS8G	8,178,522.00
	03.04.2019	FT190932FH4V	71,796,979.00
		TOTAL	**213,333,023.00**
	07.05.2019	FT191272R909	64,519,069.00
	31.05.2019	FT19151BQMFO	71,972,606.00
	25.06.2019	FT1917605K3Z	63,514,861.00
	01.07.2019	FT19182R0XY4	25,000,000.00
		TOTAL	**225,006,536.00**
		TOTAL RECURRENT RECEIPTS	**916,776,039.00**
	DEVELOPMENT VOTE		
Q3	FEBRUARY	FT19050321M9	6,420,543.00
Q4	MAY	FT19130Q47V8	2,996,882.00
Q4	JULY	FT19193LBT7R	14,910,115.00
		TOTAL DEVELOPMENT RECEIPTS	**24,327,540.00**
		GRAND TOTAL	**941,103,579.00**

ANNEX 7- TRIAL BALANCE

MACHAKOS COUNTY ASSEMBLY		
TRIAL BALANCE- FY 2013/2019		
	AMOUNT	AMOUNT
UTILITIES,SUPPLIES AND SERVICES	2,435,297	-
COMMUNICATION, SUPPLIES AND SERVICES	4,379,400	-
DOMESTIC TRAVEL AND SUBSISTENCE	254,384,626	-
FOREIGN TRAVEL AND SUBSISTENCE	57,167,463	-
PRINTING, ADVERTISING AND INFORMATION SUPPLIES AND SERVICES	11,039,187	-
TRAINING EXPENSES	50,209,627	-
HOSPITALITY SUPPLIES AND SERVICES	9,675,510	-
INSURANCE COSTS	20,603,487	-
FUEL	3,467,188	-
SPECIALISED MATERIALS	394,240	-
WARD OFFICE RENT AND EXPENSES	28,811,000	-
OFFICE AND GENERAL SUPPLIES AND SERVICES	18,569,873	-
OTHER OPERATING EXPENSES	14,213,456	-
MCAS AND STAFF COMPESATION	342,778,509	-
GRATUITY	17,668,497	-
REPAIRS OF MOTOR VEHICLE AND OTHER ASSETS	2,354,635	-
REPAIR OF OTHER ASSETS	3,339,189	-
BANK CHARGES	4,530	-
CONSTRUCTION OF BUILDINGS	9,767,578	-
REFURBISHMENT OF BUILDINGS	13,648,861	-
PURCHASE OF FURNITURE AND GENERAL OFFICE EQUIPMENT	599,100	-
PURCHASE OF ICT EQUIPMENT, SOFTWARE AND OTHER ICT ASSETS	171,000	-
ACCOUNT RECEIVABLES- SALARY ADVANCE- 982,099	-	-
SURPLUS CONTRA	421,325	-
HOUSING FUND ACCOUNT	85,000,000	-
DIRECT TRANSFERS FROM COUNTY TREASURY	-	941,103,579
CASH&BANK BALANCES	421,325	-
ACCOUNTS PAYABLES-CONTRA	44,473	
ACCOUNTS PAYABLES-CONTRA		44,473
OTHER CURRENT LIABILITIES- INTER ACCOUNT BORROWING	-	10,000,000
DEFICIT (CONTRA)	-	-
RESERVES	-	421,325
TOTAL	951,569,376	951,569,376

ANNEX 8: OUSTANDING SALARY ADVANCES LIST

SALARY ADVANCE BALANCES FY 2018-2019		
No.	NAME	AMOUNT (Kshs.)
1	Ms.DOREEN MUIA	9,400.00
2	Ms.EVALYNE KYALO	40,000.00
3	Ms.JACINTA DAVID	40,000.00
4	HON.TARIQ MULATYA	33,200.00
5	Ms.FAITH MUTHENGI	30,000.00
6	HON.MARGARET MBITHI	100,000.00
7	Mr.JONATHAN MULATYA	18,000.00
8	Ms.CAROLYNE MUENI MUTUNGA	19,864.00
9	Ms.RAPHAEL KIMEU KITING'U	22,400.00
10	Mr.JOEL KIPTUM	10,000.00
11	Mr.JESSE MUTUA	15,000.00
12	Ms.CAROLYNE MWENDE MUSAU	33,331.00
13	Ms.JULIET MUGAMBI	58,000.00
14	Ms.MWIKALI MWANIKI	40,000.00
15	Mr.FRANCIS MUNUVE	6,000.00
16	HON.MOFFAT MAITHA	100,000.00
17	HON.CHRISTINE KOKI MUOKI	82,000.00
18	CHRISTINE MATEE (LATE)	183,300.00
	TOTAL	**840,495.00**