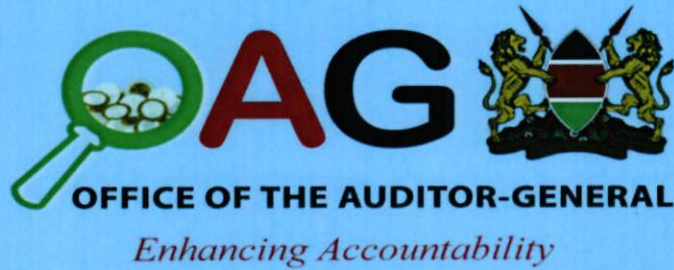


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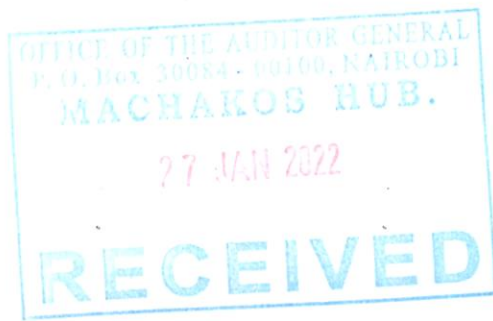
THE AUDITOR-GENERAL

ON

COUNTY ASSEMBLY OF KITUI

**FOR THE YEAR ENDED
30 JUNE, 2021**





Revised template of 30th June 2021



COUNTY ASSEMBLY OF KITUI

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2021

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

COUNTY ASSEMBLY OF KITUI
Reports and Financial Statements
For the year ended June 30, 2021

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COUNTY ASSEMBLY OF KITUI
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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 40 Members of County Assembly (MCAs) elected to represent members of the public from their respective wards and 14 Members nominated to represent different parties and groups. The MCAs are responsible for making any laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

(b) Key Management

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

No.	Designation	Name
1.	Speaker of the County Assembly	George Ndotto
2.	Clerk of the County Assembly	Elijah Mutambuki
3.	Deputy Clerk	Lucy Waema
4.	Head of Departments-Accounts	Augustus Kyenze
5.	Procurement	Yvonne Mwendwa
6.	Communication	Mutetei Mutisya
7.	Works	Samuel Kanyi
8.	Legislative procedure and practice	Cyrus Kiema
9.	Human Resource	Erastus Ndeleva
10.	Security	Lawrence Kirigwi
11.	Information Communication and Technology	Kelvin Ndeto

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(c) Fiduciary Management

The key management personnel who held office during the year ended 30th June, 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer- Clerk of Assembly	Elijah Mutambuki
2.	Deputy Clerk	Lucy Waema
3.	Principal Finance Officer	Augustus Kyenze

KEY ENTITY INFORMATION AND MANAGEMENT (CONTINUED)

(d) Fiduciary Oversight Arrangements

Audit committee activities

- *Examine internal and External Audit reports.*
- *Evaluate the status of implementation of recommendations by PIAC Committee*
- *Review Annual Financial Statements*

Finance committee activities

- *Developing and implementing financial management and economic planning policies.*
- *Generating county finance management bills*
- *Mobilising resources for funding the County budget.*
- *Issuing circulars with respect to finance matters.*
- *Custodian of County Assets.*

Public Accounts and Investment committee

- *Examination of accounts showing the appropriations of sum voted by the Assembly.*
- *Examination of the reports, accounts and working of public investments.*
- *Examination, in the context of the autonomy and efficiency of the county public investments.*

Budget and Appropriation committee

- *Investigate, inquire into and report on all matters related to coordination, control and monitoring of the county budget.*
- *Discuss and review the estimates and make recommendations to the county Assembly.*
- *Examine the county Budget policy statement presented to the County Assembly.*
- *Examine bills related to the national budget*

COUNTY ASSEMBLY OF KITUI
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(e) County Assembly of Kitui Offices
Mutomo-Kibwezi Road
P.O BOX 694-90200
Kitui, Kenya

(f) County Assembly Contacts

Telephone: 044-22914
E-mail: Kituiassembly@gmail.com
Website: www.Kituicountyassembly.org

(g) County Assembly Bankers

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

2. Kenya Commercial Bank
P.O Box 683-90200
Kitui, Kenya

(h) Independent Auditors

Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(i) Principal Legal Adviser

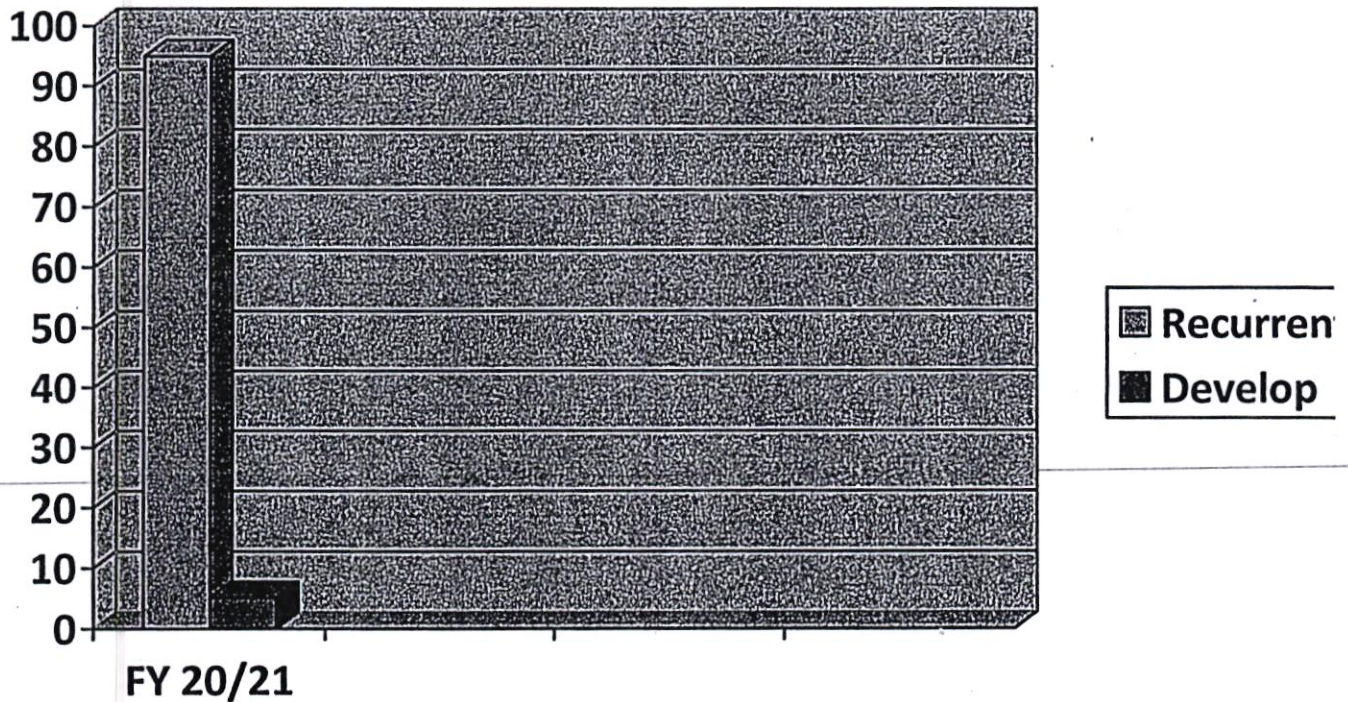
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

2. FORWARD BY THE CLERK OF THE ASSEMBLY

2.1 Budget performance

The County Assembly of Kitui had an approved budget of Kshs 881,002,159 for the FY 2020/21 comprising of Kshs 836,025,472 for recurrent expenditure and Kshs 44,976,687 for development as shown below.

Budget for FY 2020/21

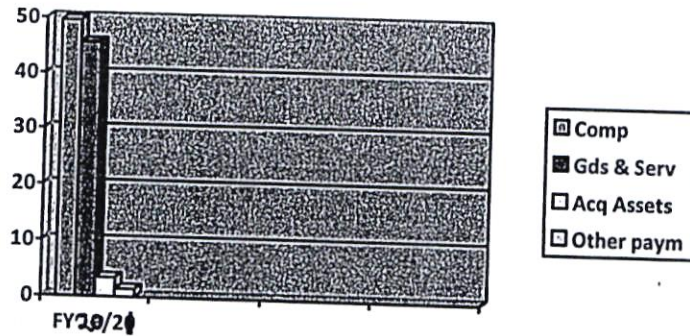


Source: County Assembly Budget FY 2020/21

The Assembly received Kshs 791,841,400 as transfers from County Treasury/Exchequer release. The total expenditure for FY 20/21 amounts to Kshs 787,812,236, which was 89.4% of the total budget. The County Assembly spent Kshs 383,384,737 (48.7%) on employee's compensation, Kshs 334,096,194 (44.9%) on use of goods and services, Kshs 21,581,499 (2.7%) on acquisition of assets and Kshs 48,749,806 (3.7%) on other payments as presented below.

COUNTY ASSEMBLY OF KITUI
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For the year ended June 30, 2021

Expenditure FY 2020/21



Source: County Assembly Financial statements FY 2020/21

2.2 Operational Performance

Assembly has passed 27 bills, 215 motions, 48 statutory reports, 21 statements, 2 petitions, and 13 Regulations.

Laws and policies passed by members of assembly provided clear guidelines in operations at Assembly and County Government as a whole.

Members are expecting to attend trainings in areas surrounding their core mandates so as to improve their efficiency of operations at the County Government as well as benefit the population of the county and especially in carrying out inspection of initiated projects to ensure the said projects improves the citizen's standards of living.

Under PFM Act 128, the CECM Finance issue a circular to all County Government entities on the budget process including budget circular not later than 30th August of each year. Preparation of departmental and committee work plans follow, the clerk of Assembly gives guidelines to the respective heads of departments setting out key priority areas to be captured in the work plan. All heads of department submit the work plans to the office of the Clerk by 30th August. Head of finance then compile all the departmental and committee work plans into Annual County Assembly work plan. The County Assembly annual work plan will form part of the County Annual development plan.

The clerk of Assembly convenes the Board to discuss, amend and adopt the County Assembly Annual work plan by 30th September. Upon submission of the County Fiscal Strategy paper clerk

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Reports and Financial Statements
For the year ended June 30, 2021

then instruct the head of finance to draft the budget estimates in line with ceilings as provided by the County Fiscal Strategy Paper.

The budget estimates are then submitted to County Assembly service board by the county assembly clerk for approval by 1st April. After approval by CASB the estimates are submitted to the County Assembly and a copy to the CECM Finance.

County Assembly budget for the year under review was passed on 30th June, 2020. 1st supplementary was passed on 1st December 2020, 2nd supplementary on 28th April 2021 and third supplementary on 16th June 2021.

The Assembly Committees

In achieving its mandate, the County Assembly undertakes her business through the plenary and committee sittings as contained in the County Assembly Annual Calendar and a Schedule of Committee Sittings as adopted by the Assembly.

There are two accepted types of Committees of County Assembly: Committees of the Whole County Assembly and Select Committees which comprises of Standing, Ad hoc and Sectoral Committees. The Sectoral Committees conduct an oversight role over the County Executive Ministries while the Select Committees perform the role of housekeeping of the Assembly.

The First County Assembly of Kitui initially had seventeen (17) committees; *10 Sectoral Committees and 7 Standing Committees*. On 21st July 2015 four committees were additionally constituted (*3 Sectoral and 1 Standing Committee*) and thus forming at total of (twenty-one) 21 committees.

~~The Committee on Health and Sanitation has carried out an assessment exercise on service delivery at the County Health facilities and compiled a report which is used in monitoring and evaluating the success of devolution on matters health.~~

The committee on public investment and Accounts has interrogated financial statements FY 15/16- 18/19. The reports produced will help in identifying and improving weak areas of operations in Assembly.

The committee on Procedure and rules has successfully reviewed the county Assembly interim standing orders and were customized as the County Assembly of Kitui Standing Orders.

2.3 Performance of key development projects

Infrastructural Renovations

- a) The renovation of Assembly Offices which was partly complete when the Assembly began in 2013.

The renovation of the existing chamber which began in May 2015 to be able to accommodate eighty (80) members of county assembly and equip it with modern equipment to better facilitate its key role of legislation.

- b) The laying of cabro blocks in the Assembly car park.
c) Erecting a main gate at the entrance into the Assembly.

Internet Connectivity

The county assembly is served with fibre optic link for fast and effective use of IFMIS and internet banking (IB). There is a reliable and operational Wi-Fi internet for easy access and internet connection. The network bandwidth has been increased from 2mbps to 4 mbps thus enabling a very efficient connectivity. The network technology has also been upgraded from WIMAX to microwave network technology for reliable, secure and stable connectivity.

ICT Equipment

A number of ICT tools of engagement such as PCs, laptops, smartphones and iPads for both members of county assembly and staff members has enhanced performance.

MINOR CIVIL WORKS

The Assembly has undertaken some important civil works continuously since inception which included;

- a) Construction of a walkway heading to the chambers and toilets.
b) Completion of construction of the new toilet block
c) Renovation of the sentry house to beef up security
d) Installation of an elevated tank for sufficient supply of water to the compound
e) Installation of air-conditioning facilities/systems.
f) Upgrading electricity to three phase power load.

- a) List the key development projects included in the Assembly's strategic plan, procurement plan and work plan and indicate the progress made and how if completed, will improve the effectiveness and efficiency of operations.
- b) Describe efforts outlined to ensure responsible competition practices (issues include Anti-corruption, responsible political involvement, fair competition, respect for competitors and their products. Efforts by the County Assembly to treat its own suppliers responsibly (honouring contracts, respecting payment schedules etc.)

2.4 Comment on value-for-money achievements

Renovation of Debating Chamber

This will offer Members a conducive environment in carrying out their main work which is, to scrutinize the county government policies and proposed legislations of the county government, consider committee reports and to monitor their implementation, representing the citizenry of Kitui and ensuring that they get the best quality that our county could offer equitably.

Purchase of Vehicles

Vehicles purchased have enhanced service delivery to the members. Most notably the ten (10) seater Nissan Urvan and twenty-six (26) seater Toyota Coaster Bus that can traverse the terrain within Kitui County during public participation engagements and other official events.

Give specific examples of how some of the projects undertaken as listed above have positively improved the lives of the citizens of the County.

2.5 Challenges and Recommended Way Forward

ASSEMBLY COMMITTEES TRAINING

Committees within an Assembly are very critical in processing of Assembly work. Each County Assembly committee has its role specified within the Standing Orders. In order to enable the Assembly, undertake its legislative agenda the mandate of the committees should be adhered to. Lack of adequate training for the members of the Assembly to fully understand their legislative, representation and oversight as articulated in the Constitution and other laws hampers this. It is coupled by inadequate committee exposure and benchmarking from other assemblies.

COUNTY ASSEMBLY OF KITUI
Reports and Financial Statements
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BUDGETARY CONSTRAINTS

In order to effectively conduct its role of legislation, oversight and representation, the Assembly needs quite a substantive amount of budgetary allocation per fiscal year. Budget constraints to adequate to facilitate all County Assembly Committee operations as proposed by committee operation budgets hampered the same.

STAFFING CAPACITY IN THE ASSEMBLY SERVICE

The staffing levels especially in key departments within the Assembly Service leads to low levels of productivity, fatigue, stress and depression given the huge workload an Assembly has. There is need to enhance the same.

INFRASTRUCTURAL ISSUES

The Assembly's infrastructure lacks the capacity to handle the voluminous personnel for both the members and the staff. It lacks sufficient committee rooms that are well equipped with state of the art equipment for audio recording. The members also require offices; especially the Assembly leadership that is furnished with necessary equipment to enhance their legislative roles. The Assembly also lacks enough and designated parking space for the leadership of the Assembly MCA's and staff.

ASSEMBLY LIBRARY AND RESEARCH SERVICES

The Assembly does not have library services that can be used by members for their own review of periodicals and other issues. There are also low levels of awareness on the availability of Research Service to the members of parliament. This is compounded by the slow pace in setting up Research Services Section.

CONSTITUTIONAL OFFICES INTERFERANCE

The issue of fiscal ceilings that were fixed by the Commission on Revenue Allocation resulted to gross underfunding and the ensuing court case affected the operations of the Assembly in the Financial Year 2014/15 since the budget could not be implemented as was approved and had to be reviewed to comply with the ceilings. This delayed the implementation of the budget.

RECOMMENDATIONS

ASSEMBLY BROADCASTING OF PROCEEDINGS

Access to information and public communication should be integrated in all development activities. One of the objectives of county communications according to the County Governments Act is to create awareness on devolution and good governance. Section 95 of the CGA provides that a county government shall establish mechanisms to facilitate public communication and access to information in the form of media with the widest public outreach. This read along with the First Schedule of the Standing Order necessitates the establishment of an Assembly Broadcasting Unit to broadcast the proceedings and provide access to assembly information.

BIOMETRIC MEMBERS REGISTRATION

It is imperative to introduce use of biometric controls for the members of county assembly during plenary sessions and during the committee sittings to alleviate the hiccup of quorum, reduce the paperwork done through manual signing of registers and deal with legitimacy issues in terms of record keeping.

ASSEMBLY SURVEILLANCE SYSTEMS

There is a need to improve on the security surveillance of the institution by installing CCTV monitors and other systems as this is a key institution within the county and may be prone to insecurity issues relating to crime. This has been an emerging issue to many commonwealth assemblies including Canada and the House of Commons following recent security breaches within the assemblies.

PARLIAMENTARY RESEARCH SERVICES

Parliamentarians need to have access to accurate, up-to-date, and well-researched information in order to be able to assess legislation and policies in an efficient and effective manner. To achieve this objective, the Assembly needs a fully-fledged Research Section. This shall assist in providing Members with readily processed and factual information to enable them carry out their duties effectively, especially that they are too busy to do their own research given their numerous functions

STAFF MEMBERS LEGISLATIVE CAPACITY BUILDING

In order to attain the best standards within the commonwealth parliamentary system there is need for frequent capacity building within the Assembly Service as there is no formal degree/diploma

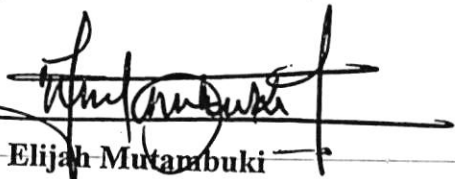
COUNTY ASSEMBLY OF KITUI
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on parliamentary practice. Much of the training has been on the job and on need basis. With this in mind there is need to frequently collaborate with institutions, consultants and other bodies which offer such trainings so as to enable the members of staff bring out the required output and assist the assembly achieve its mandate within the committees and the plenary.

ASSEMBLY TEAM BUILDING EXERCISES

Poor interpersonal relations lead to low performance and mistrust. Trainings should be conducted with the sole aim of boosting this. Team building sessions for all members of staff should be held occasionally to boost the morale, improve on interpersonal skills and realize the potentials hidden within.

Sign:



Name: Elijah Mutambuki

Clerk of the County Assembly

COUNTY ASSEMBLY OF KITUI
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**3. STATEMENT OF PERFORMANCE AGAINST COUNTY ASSEMBLY
 PREDETRMINED OBJECTIVES**

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer prepare financial statements of each County Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

The key mandate of the County Assembly of Kitui is legislation, oversight, and representation. To achieve this, the assembly's program was documented in terms of objective, key performance indicators, and output.

Below were the expected outputs of the assembly in FY 20/21

Program 1	Objective	Outcome	Indicator	Performance
Legislation, oversight and representation	Enhanced professional development of MCAs – Provide ongoing professional development of MCAs and to approve policies and enact progressive and relevant laws.	Increased ability of MCA in legislation	No of bills passed in the County Assembly	In FY 2020/21 MCA were trained on how to enhance public participation in legislation, promote quality debate in the assembly and how to ensure adherence to good governance practices.
	Enhanced professional development of MCAs – Review standing orders	Review standing orders	% increase in efficient Assembly operation	The process of reviewing standing orders is ongoing
Program 2	Objective	Outcome	Indicator	Performance

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Institutional Capacity	To develop competent and motivated human capital, to put in place appropriate infrastructure and equipment	Improved productivity	Provision of Quality reports	Employees were trained in their specific areas of professionalism
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4. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

County Assembly of Kitui exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on three pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile –

The County Assembly has developed a Strategic Plan, which is a product of a comprehensive process of consultation and deliberations within the political and administrative arms of the Assembly. It also includes a substantial input from key stakeholders. As much as possible, the process involved many players in pursuit of transparency and representative democracy. The document demonstrates the Assembly's focus on its course to strengthen Representation, Legislation and Oversight and brings out appropriate Institutional Capacity.

It is worth noting that since the inception of the Assembly, significant achievements have been made. These include establishment of the County Assembly Service Board (CASB), capacity building of Members of the County Assembly (MCAs) and staff, establishment of a working organizational structure, employment of additional staff, renovation of offices, improvement of infrastructure and acquisition of working equipment amongst others.

The Assembly will dedicate all efforts and resources in its jurisdiction to its achievement by using this broad implementation framework to develop realistic annual work plans as whole as well as specific annual departmental work plans, while closely monitoring performance in its implementation as a core management responsibility. To support this, performance benchmarks will be directly linked to the Strategic Plan and performance of all staff evaluated accordingly.

2. Environmental performance

The Assembly is in the process of developing sustainable agribusiness related policies, introduce appropriate mitigation measures, provide serene environment, develop sound and sustainable environmental policies and develop appropriate disaster management policies. The above policies if enacted and implemented will address the issues of food insecurity, unsustainable development, noise and dust pollution, Health hazards, depletion of water towers and threat to livelihood.

3. Employee welfare

The County Assembly analyse Institutional capacity and resource mobilization to determine the organizational structure and staffing levels. The County Assembly service board has an approved establishment, which dictates the number of employees to recruit. During recruitment gender and regional balance is put into consideration. Afterwards staff appraisal is carried out to assess the training needs of every employee. Training is done on rotation basis to improve skills and manage employee's careers

4. Market place practices-

The assembly has established a corruption reporting channels, it is also in the process of establishing a corruption reporting link in the website and constitute an audit corruption committee. The Assembly has dedicated members of staff who handles our suppliers with respect and due diligence.

Assembly has also build trust with our customers, suppliers and other stakeholders through transparency

5. Community Engagements-

During this period of covid-19, the Members of county assembly engaged the community through supplying masks and hand sanitizers. They also carried out a sensitization programme to make the public aware of the existence of the pandemic and how to keep safe.

6. Others

The ultimate purpose of Corporate social responsibility is to maximize shared value among organizations, employees, customers, shareholders and community members.

COUNTY ASSEMBLY OF KITUI

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For the year ended June 30, 2021

Members of County Assembly have organized and sponsored ball games teams in their wards, this brings youths together who are able to share problems they are facing with suggested solutions for implementation by the County Government.

Members of Assembly do also organise for guidance and counselling lessons in their wards. This bring children from different schools together and especially during holidays. The During these time children are encouraged to ward hard in school as well as maintaining discipline in their schools for they are the leaders of tomorrow.

5. 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, 2021. 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, 2021, and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the County Assembly which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control.

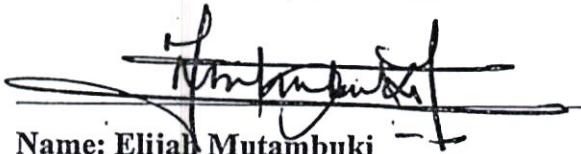
The Clerk confirms that the County Assembly has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Assembly's funds received during the quarter under audit were used for the eligible purposes for

COUNTY ASSEMBLY OF KITUI
Reports and Financial Statements
For the year ended June 30, 2021

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's financial statements were approved and signed by the Clerk of the County Assembly on 30.11. 2021.



Name: Elijah Mutambuki

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 KITUI FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal control, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Kitui set out on pages 1 to 37, which comprise of the statement of financial assets and liabilities as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a

summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the County Assembly of Kitui as at 30 June, 2021, 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, and the County Governments Act, 2012.

Basis for Qualified Opinion

1. Difference Between Financial Statements and IFMIS Trial Balance

Review of the financial statements provided and balances obtained from Integrated Financial Management System (IFMIS) trial balance revealed discrepancies as shown in the table below:

Item Description	Financial Statements - 30 June, 2021 (Kshs.)	IFMIS Trial Balance - 30 June, 2021 (Kshs.)	Variance (Kshs.)
Transfers from the County Treasury/Exchequer Releases	791,841,400	3,235,320,712	(2,443,479,312)
Communication, Supplies and Services	10,326,493	10,140,493	186,000
Domestic Travel and Subsistence	147,743,904	147,587,704	154,200
Printing, Advertising and Information Supplies and Services	5,354,542	3,674,942	1,679,600
Training Expenses	8,737,920	8,129,500	608,420
Hospitality Supplies and Services	60,335,186	59,544,761	790,425
Other Operating Expenses	44,455,837	65,334,063	(20,878,226)
Routine Maintenance - Other Assets	1,143,480	1,127,080	16,400
Development Bank Account	0	11,454,607	(11,454,607)
Recurrent Bank Account	50,018	0	50,018
KCB-Operating Account	3,978,700	0	3,978,700
Cash in Hand - Domestic Currency	446	4,577,338,995	(4,577,338,549)

No reconciliation was provided between the two sets of records.

In the circumstances, the accuracy, validity and completeness of the balances as reflected in the financial statements for the year ended 30 June, 2021 could not be confirmed.

2. Inaccurate Cash and Bank Balances

The statement of financial assets and liabilities and as disclosed in Note 13A and B to the financial statements reflects cash and equivalents totaling Kshs.4,029,164.

However, the following anomalies were noted;

- i. Bank reconciliation statements for the operations account maintained at KCB revealed an adjusted cashbook balance as at 30 June, 2021 of Kshs.3,979,145 resulting in unexplained difference of Kshs.445.
- ii. Bank reconciliation for June, 2021 included as reconciling items receipts and payments for July, 2021 amounting to Kshs.9,975,078 and Kshs.4,747,435 respectively which are outside the reporting period implying that the balance is misstated by their net effect of Kshs.5,227,643.
- iii. Bank reconciliation statements for the recurrent account at CBK reflects a balance of Kshs.50,018 as both balance in the bank statement and cashbook with no reconciling items. However, the bank certificate presented for audit reflected a balance of Kshs.86,693 as at 30 June, 2021 on the same account resulting in unexplained variance of Kshs.36,675.

Consequently, the accuracy and completeness of the reported cash and bank balances as at 30 June, 2021 could not be ascertained.

3. Misstatement in Exchequer Receipts

The statement of receipts and payments and as disclosed in Note 1 to the financial statements reflects Kshs.791,841,400 in respect of Exchequer Releases. However, included in this amount are receipts totalling Kshs.126,369,559 received in July, 2021 which do not relate to the year under audit.

In view of the foregoing, the Exchequer Releases for the year ended 30 June, 2021 are overstated in the financial statements by Kshs.126,369,559.

4. Unaccounted for and Undisclosed Fixed Assets

Annex 4 to financial statements reflects historical cost of assets balance carried forward of Kshs.627,012,836 which differs from the Kshs.545,022,232 confirmed from the fixed assets register resulting to a variance of Kshs.81,990,604. It was further noted that, the fixed assets register provided did not include some of the assets acquired during the year such as, ten (10) laptops acquired at Kshs.1,200,000, an office chair costing Kshs.28,800, a cabinet valued at Kshs.30,000, mobile phones worth Kshs.260,000, a network access point of Kshs.338,000 and camera matrix of Kshs.800,000. This implies that the fixed assets register is not properly updated and its cost value is understated by a total of Kshs.2,656,800.

In addition, the County Assembly's land was not included as part of the fixed assets in Annex 4. Further, Management did not present for audit the title deed for the land and its ownership could not be ascertained.

Consequently, it was not been possible to confirm the accuracy and completeness of the fixed assets reflected under Annex 4 and the ownership the land on which the County Assembly is built.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Assembly of Kitui Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison budget and actual amounts - recurrent and development combined reflects budgeted and actual receipts for the year of Kshs.881,002,159 and Kshs.791,841,400 respectively resulting to a variance of Kshs.89,160,759 or 10% of the budget. Similarly, the County Assembly expended Kshs.787,812,236 against an approved budget of Kshs.881,002,159 resulting to an under-expenditure of Kshs.93,189,923 or 11% of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is however not modified in respect of the above matter.

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. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in 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. Non-Compliance with the One Third of Basic Salary Rule

During the year ended 30 June, 2021, twenty-three (23) employees earned a net salary of less than a third (1/3) of the basic salary contrary to Section C.1(3) of the Public Service Commission (PSC) Human Resource Policies, 2016. The Management has not given explanation for failure to comply with the policy.

In the circumstances, the County contravened Section C.1(3) of the Public Service Commission (PSC) Human Resource Policies, 2016 as this may expose the staff to pecuniary embarrassment.

2. Non-Compliance with Law on Ethnic Composition

During the year under review, the total number of employees was eighty-one (81) out of which seventy-seven (77) or 95 % of the total number were members of the dominant ethnic community in the county. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community.

To this extent, the County Assembly is in breach of the law.

3. Irregular Expenditure on Staff in Acting Capacity

Review of June, 2021 payroll and human resource records revealed that, four (4) officers of the County Assembly had been holding positions in acting capacity and earning related allowances for periods exceeding six (6) months.

This is contrary to provisions of paragraph 4.7.4 of the County Assembly's Human Resource Policies and Procedures Manual which stipulates that acting allowance will not be payable to an officer for more than six (6) months, and if need be, it must be procedurally renewed through County Assembly Service Board.

In the circumstances, the Management is in breach of the law.

4. Irregular Engagement of Casual Workers

During the year under audit the County Assembly paid a total of Kshs.1,420,400 as casual wages as detailed in Appendix 2. However, it was noted that there were no formal requisitions from the concerned departments justifying the hiring of casual workers and therefore it was not possible to confirm if the hiring of casuals was based on existing needs. Further, it was noted that one officer had worked as casual worker for more than three (3) months which is beyond the time stipulated in Section 37 (b) of the Employment Act, 2007 which states that where a casual employee performs work which cannot reasonably be expected to be completed within a period, or a number of working days amounting in the aggregate to the equivalent of three months or more, the contract of service of the casual employee shall be deemed to be one where wages are paid monthly.

In the circumstances, the Management is in breach of the law.

5. Failure to Prepare Training Needs Assessment and Training Plan

Note 5 to the financial statements reflects expenditure of Kshs.8,737,920 in respect of training. However, Management did not provide evidence to show that training need assessments and training plans were prepared as the basis of the expenditure.

In the circumstances, effectiveness and value for money from the Kshs.8,737,920 expenditure as at 30 June, 2021 could not be ascertained.

6. Irregular Payment to the County Assembly Forum and Clerks Society

Note 5 to the financial statements on use of goods and services reflects an amount of Kshs.44,455,837 as other operating expenses which includes payments of

Kshs.5,000,000 and Kshs.750,000 totalling Kshs.5,750,000 in respect of subscriptions paid to County Assemblies Forum and Society of Clerks respectively as detailed in Appendix 3. However, these entities are not established in law and the payments may have been done irregularly

In the circumstances, Management was in breach of the law by paying irregular subscriptions.

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 matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Lack of Risk Management Policy

Audit revealed that the County Assembly does not have in place a Risk Management Policy and there was also no evidence to show that formal risk assessment was undertaken. This is contravention of the provisions of Regulation 158(1)(a) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer to develop risk management strategies, which include fraud prevention mechanism and (b) develops a system of risk management and internal controls that build robust business operations.

Consequently, the County Assembly is exposed to losses and interruption of operations in the event a disaster occurs.

2. Lack of a Disaster Recovery and Business Continuity Plans

During the year under review, the County Assembly operated without Disaster Recovery and Business Continuity plans contrary to the provisions of Section 99 of the Public Finance Management Act, 2012. The Act stipulates that the role of a Disaster Recovery Plan is to secure the County Government's ability to meet its obligations to provide basic services or its financial commitments, identify the financial problems and be designed to place the County Government in a sound and sustainable financial condition as quickly as possible.

In the circumstances, the County Assembly is exposed to interruption of operations and loss of critical information in case of a disaster.

3. Failure to Tag Fixed Assets

During the year under review, the County Assembly incurred a total of Kshs.21,581,499 on acquisition of assets. However, physical verification of selected office equipment and furniture revealed that no tagging or labelling was done on County Assembly's assets. This impacts negatively on the ability of the County Assembly to manage and safeguard its assets.

Failure to tag assets exposes the County Assembly to possibility of loss assets without detection.

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 overall 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 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. Management is aware of 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 governance are responsible for overseeing the County Assembly's financial reporting process, reviewing the effectiveness of how the Management 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 noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the County Assembly's policies and procedures may deteriorate.


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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the Management's use of applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County Assembly's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the County Assembly to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the County Assembly to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

20 May, 2022

APPENDICES

Appendix 1

Two Third Deductions Rule

	Employee Number	Gross pay (Kshs.)	Deductions (Kshs.)	Net Pay (Kshs.)	1/3 rule (Kshs.)
1.	20140095218	64,000.00	48,663.35	15,336.65	16,333.33
2.	20040000217	82,370.00	64,579.45	17,790.55	18,790.00
3.	20170021066	156,430.00	116,471.45	39,958.55	40,476.67
4.	20110000498	119,360.00	90,495.60	28,864.40	29,120.00
5.	20120000419	67,000.00	51,372.95	15,627.05	16,333.33
6.	20040000655	173,430.00	135,061.85	38,368.15	40,476.67
7.	20120000428	70,170.00	54,112.65	16,057.35	17,056.67
8.	19940007812	119,360.00	90,681.20	28,678.80	29,120.00
9.	20170021137	37,870.00	28,862.45	9,007.55	10,006.67
10.	20010001564	93,120.00	73,085.45	20,034.55	21,706.67
11.	20170021057	94,560.00	72,706.40	21,853.60	22,853.33
12.	20150150575	59,490.00	45,526.50	13,963.50	14,963.33
13.	20170021093	37,870.00	28,862.45	9,007.55	10,006.67
14.	20140095085	93,120.00	72,412.45	20,707.55	21,706.67
15.	19890002552	93,120.00	72,412.45	20,707.55	21,706.67
16.	20140006006	93,120.00	72,412.45	20,707.55	21,706.67
17.	20000008542	67,000.00	50,866.35	16,133.65	6,333.33
18.	19990001226	93,120.00	72,101.40	21,018.60	21,706.67
19.	20170021075	37,870.00	28,862.45	9,007.55	10,006.67
20.	20140095101	107,940.00	83,472.50	24,467.50	25,313.33
21.	20010008947	83,620.00	64,912.45	18,707.55	19,706.67
22.	20140095165	93,120.00	73,559.45	19,560.55	21,706.67
23.	1997023015	173,430.00	133,466.45	39,963.55	40,476.67

Appendix 2

Payment for Casual Wages

GL Date	Event Class	Transaction Number	Line Description	Debit (Kshs.)
8 October, 2020	Invoices	IB153/10/2020	Casual wages	64,800
8 October, 2020	Invoices	IB150/10/2020	Casual wages	60,600
8 October, 2020	Invoices	IB151/10/2020	Casual wages	60,000
8 October, 2020	Invoices	IB152/10/2020	Casual wages	63,600
14 October, 2020	Invoices	IB512/10/2020	Casuals	63,600
28 October, 2020	Invoices	IB695/10/2020	Casuals	60,000
9 October, 2020	Invoices	IB1038/12/2020	Casuals	56,800
21 December, 2020	Invoices	IB1188/12/2020	Casuals	63,000
8 January, 2021	Invoices	IB1256/1/2021	Casuals	57,000
19 January, 2021	Invoices	IB1269/1/2021	Casuals	48,000
17 February, 2021	Invoices	IB1577/2/2021A	Casuals	61,800
3 March, 2021	Invoices	IB1759/3/2021	Casuals	56,400
12 March, 2021	Invoices	IB1791/3/2021	Casuals	56,400
31 March, 2021	Invoices	IB1999/3/2021	Casuals	58,200
28 April, 2021	Invoices	IB2169/4/2021	Casuals	60,000
28 April, 2021	Invoices	IB2168/4/2021	Casuals	45,000
8 June, 2021	Invoices	IB2451/6/2021	Casuals	60,600
23 June, 2021	Invoices	IB2651/6/2021	Casuals	58,800
30 June, 2021	Invoices	IB2797/6/2021	Casuals	52,200
29 November, 2020	Invoices	IB977/11/2020	Casuals wages	62,800
8 October, 2020	Invoices	IB154/10/2020	Casuals wages	63,600
8 October, 2020	Invoices	IB149/10/2020	Casuals wages	60,000
11 November, 2020	Invoices	IB776/11/2020	Casuals wages	64,800
1 February, 2021	Invoices	IB1414/1/2021	Casuals wages	62,400
		Total		1,420,400

Appendix 3

Payments to County Assembly Forum and Clerks Society

GL Date	Event Class	Transaction Number	Line Description	Amount (Kshs.)
14 October, 2020	Invoices	IB528/10/2020	Annual Subscriptions FY 2020/2021 County Assembly Forum	750,000
23 February, 2021	Invoices	IB1697/2/2021	Subscription Fees to County Assembly Forum	4,250,000
23 February, 2021	Invoices	IB1697/2/2021	Subscription Fees to Clerks Society	750,000
		Total		5,750,000

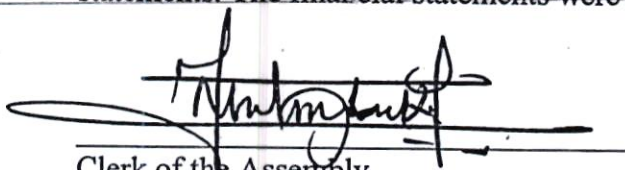
COUNTY ASSEMBLY OF KITUI
Reports and Financial Statements
For the year ended June 30, 2021

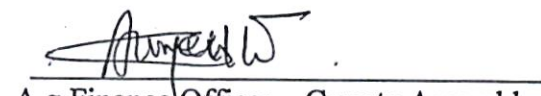
7. FINANCIAL STATEMENTS

7.1. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2021

	Note	2020-2021 KShs	2019-2020 KShs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	791,841,400	876,406,892
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		791,841,400	876,406,892
PAYMENTS			
Compensation of Employees	4	383,384,737	411,083,261
Use of goods and services	5	334,096,194	400,164,031
Subsidies	6	-	-
Transfers to Other Government Entities	7	-	5,000,000
Other grants and transfers	8	-	-
Social Security Benefits	9	27,792,786	26,468,696
Acquisition of Assets	10	21,581,499	29,534,662
Finance Costs	11	17,373	17,493
Other Payments	12	20,939,647	4,118,418
TOTAL PAYMENTS		787,812,236	876,386,561
SURPLUS/DEFICIT		4,029,164	20,331

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30-11-2021 and signed by:


 Clerk of the Assembly
 Name: Elijah Mutambuki

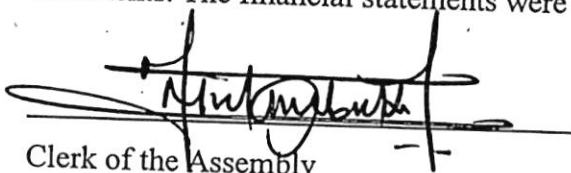

 A.g Finance Officer – County Assembly
 Name: Augustus Kyenze
 ICPAK Member Number: 9667

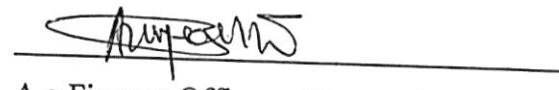
COUNTY ASSEMBLY OF KITUI
 Reports and Financial Statements
 For the year ended June 30, 2021

7.2. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30TH JUNE 2021

FINANCIAL ASSETS	Note	2020-2021 KShs	2019-2020 KShs
Cash and Cash Equivalents			
Bank Balances	13A	4,028,718	18,310
Cash Balances	13B	446	2,021
Total Cash and cash equivalents		4,029,164	20,331
Accounts receivables	14	-	-
TOTAL FINANCIAL ASSETS		-	-
FINANCIAL LIABILITIES			
Accounts Payables	15	-	-
NET FINANCIAL ASSETS		-	-
REPRESENTED BY			
Fund balance b/fwd	16	20,331	1,916
Prior year adjustment	17	-20,331	-1,916
Surplus/(Deficit) for the year		4,029,164	20,331
NET FINANCIAL POSITION		4,029,164	20,331

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30.11.2021 and signed by:


 Clerk of the Assembly
 Name: Elijah Mutambuki

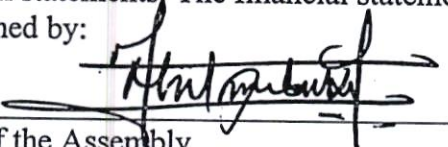

 A.g Finance Officer – County Assembly
 Name: Augustus Kyenze
 ICPAK Member Number:9667

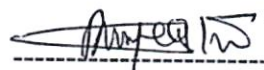
COUNTY ASSEMBLY OF KITUI
Reports and Financial Statements
For the year ended June 30, 2021

7.3. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30TH JUNE
2021

	Note	2020-2021 KShs	2019-2020 KShs
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operating income			
Transfers from the County Treasury/Exchequer Releases	1	791,841,400	876,406,892
Other Receipts	3	-	-
Payments for operating expenses			
Compensation of Employees	4	-383,384,737	-411,083,261
Use of goods and services	5	-334,096,194	-400,164,031
Subsidies	6	-	-
Transfers to Other Government Entities	7	-	-5,000,000
Other grants and transfers	8	-	-
Social Security Benefits	9	-27,792,786	-26,468,696
Finance Costs	11	-17,373	-17,493
Other Payments	12	-20,939,647	-4,118,418
Adjusted for:			
Prior year adjustment-Funds unspent and remitted to CRF	17	-20,331	-1,916
Decrease/(Increase) in Accounts receivable: (outst. Impre)	18	-	-
Increase/(Decrease) in Accounts Payable: (dep and reten)	19	-	-
Net cash flows from operating activities		25,590,332	29,553,077
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	- 21,581,499	-29,534,662
Net cash flows from investing activities		-21,581,499	-29,534,662
NET INCREASE IN CASH AND CASH EQUIVAL			
Cash and cash equivalent at BEGINNING of the year	13	20,331	1,916
Cash and cash equivalent at END of the year	13	4,029,164	20,331

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30.11.2021 and signed by:


 Clerk of the Assembly
 Name: Elijah Mutambuki


 A.g Finance Officer – County Assembly
 Name: Augustus Kyenze
 ICPAK Member Number: 9667

COUNTY ASSEMBLY OF KITUI
 Reports and Financial Statements
 For the year ended June 30, 2021

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

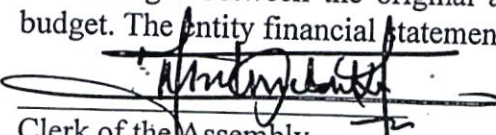
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization
	KShs	KShs	KShs	KShs	KShs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	881,002,159	-	881,002,159	791,841,400	10.12%
Proceeds from Sale of Asset	-	-	-	-	-
Other Receipts	-	-	-	-	-
TOTAL	881,002,159	-	881,002,159	791,841,400	10.12%
PAYMENTS					
Compensation of Employee	401,585,617	6,200,000	407,785,617	383,384,737	5.98%
Use of goods and services	393,870,880	(11,700,000)	382,170,880	334,096,194	12.58%
Subsidies	-	-	-	-	-
Transfers to Other Govt En	-	-	-	-	-
Other grants and transfers	-	-	-	-	-
Social Security Benefits	27,947,975	-	27,947,975	27,792,786	0.6%
Acquisition of Assets	57,497,687	5,500,000	62,997,687	21,581,499	65.74%
Finance Costs	100,000	-	100,000	17,373	82.6%
Other Payments	-	-	-	20,939,647	-
TOTAL	881,002,159	-	881,002,159	787,812,236	7.67%
SURPLUS/ DEFICIT				4,029,164	

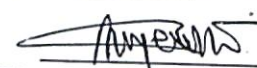
Reasons for Underutilization

(a) Acquisition of Assets-This relates to construction of Speaker's residence and Office Block. This was not done because the Assembly is still sourcing for land for speaker's residence. Procurement process was not complete for the construction of office block to begin.

(b) Finance costs- This relates to bank operational costs. During the year under review, travelling of members abroad was minimal hence low bank charges on conference fees transfers.

The changes between the original and final budget are as a result of reallocations within the budget. The entity financial statements were approved on 30.11.2021 and signed by:


 Clerk of the Assembly
 Name: Elijah Mutambuki


 A.g Finance Officer – County Assembly
 Name: Augustus Kyenze
 ICPAK Member Number: 9667

COUNTY ASSEMBLY OF KITUI
Reports and Financial Statements
For the year ended June 30, 2021

7.5. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS:

RECURRENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilisation difference
	A	B	a+b	a+c	
RECEIPTS					
Transfers from the County Treasury/ Exchequer Releases	836,025,472	-	836,025,472	783,041,631	6.34%
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	-	-
TOTAL	836,025,472	-	836,025,472	783,041,631	6.34%
PAYMENTS					
Compensation of Employees	401,585,617	6,200,000	407,785,617	383,384,737	5.98%
Use of goods and services	393,870,880	(11,700,000)	382,170,880	334,096,194	12.58%
Subsidies	-	-	-	-	-
Transfers to Other Govt Entit	-	-	-	-	-
Other grants and transfers	-	-	-	-	-
Social Security Benefits	27,947,975	-	27,947,975	27,792,786	0.6%
Acquisition of Assets	12,521,000	5,500,000	18,021,000	12,781,730	29.07%
Finance Costs	100,000	-	100,000	17,373	82.6%
Other Payments	-	-	-	20,939,647	-
TOTAL	836,025,472	-	836,025,472	779,012,467	6.82%
Surplus/ Deficit	-	-	-	4,029,164	-

Reasons for Underutilization

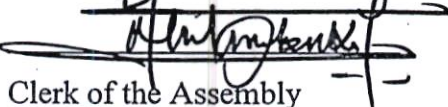
(a) *Acquisition of Assets- This relates to purchase of Computers, Printers and Office Furniture.*

Procurement process was not complete as at 30th June, 2021.

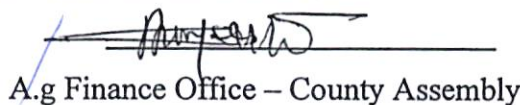
(b) *Finance costs- This relates to bank operational costs. During the year under review, travelling of members abroad was minimal hence low bank charges on conference fees transfers.*

The changes between the original and final budget are as a result of reallocations within the budget.

The entity financial statements were approved on 30.11.2021 and signed by:


 Clerk of the Assembly

Name: Elijah Mutambuki


 A.g Finance Office – County Assembly

Name: Augustus Kyenze

ICPAK Member Number:9667

COUNTY ASSEMBLY OF KITUI
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7.6. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS:

DEVELOPMENT

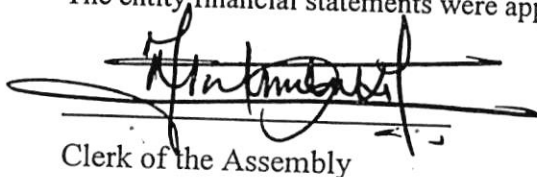
Receipts/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Utilization Difference
	KShs	KShs	KShs	KShs	KShs
RECEIPTS					
Transfers from County Treasury/ Exchequer Rel	44,976,687	-	44,976,687	8,799,769	80.43%
Proceeds from Sale of Ass	-	-	-	-	-
Other Receipts	-	-	-	-	-
TOTAL	44,976,687	-	44,976,687	8,799,769	80.43%
PAYMENTS					
Compensation of Employ	-	-	-	-	-
Use of goods and services	-	-	-	-	-
Subsidies	-	-	-	-	-
Transfers to Other Govt Entities	-	-	-	-	-
Other grants and transfers	-	-	-	-	-
Social Security Benefits	-	-	-	-	-
Acquisition of Assets	44,976,687	-	44,976,687	8,799,769	80.43%
Finance Costs	-	-	-	-	-
Other Payments	-	-	-	-	-
TOTAL	44,976,687	-	44,976,687	8,799,769	80.43%
SURPLUS/ DEFICIT	-	-	-	-	-

Reasons for Underutilization

- (a) Speaker's Residence- Assembly is still sourcing for land to construct Speaker's residence
- (b) Office Block-Procurement process was not complete at the end of financial year for the project to begin.

The changes between the original and final budget are as a result of reallocations within the budget.

The entity financial statements were approved on 30.11 2021 and signed by:



Clerk of the Assembly
 Name: Elijah Mutambuki



A.g Finance Office – County Assembly
 Name: Augustus Kyenze
 ICPAK Member Number: 9667

7.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget KShs	Adjustments KShs	Final Budget KShs	Actual on comparable basis KShs	Budget utilization difference KShs
Programme 1	297,003,008	(10,800,000)	286,203,008	235,508,587	17.7%
Programme 2	583,999,151	10,800,000	594,799,151	552,303,649	7.1%
Total	881,002,159	-	881,002,159	787,812,236	10.58%

7.8. 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 County Assembly of Kitui. 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 been received by the Assembly.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) 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.

ii) 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.

i) Compensation of employees

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

ii) 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

iii) 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 *County Assembly* in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the *County Assembly* 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. Third Party Payments

This relates to payments done directly to supplier on behalf of the county governments such as; national government may fund the operation of health or education program, a donor may pay directly for construction of a given market etc. Details of payments by third parties on behalf of the county government is detailed in the notes to this financial statement.

6. 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 2021, this amounted to KShs Nil compared to KShs Nil in prior period as indicated on note 15. *There were no other restrictions on cash during the year.*

7. 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. 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.

9. 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.

10. 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 *County Assembly* at the end of the year. Pending bill form a first charge to the subsequent year budget and when they are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
 - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities, Letters of comfort/ support, insurance, Public Private Partnerships. The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Annex 6 of this financial statement is a register of the contingent liabilities in the year.

Section 185 (2) (i) of the PFM Act requires the County Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial year, including payments made in respect of loan write-offs or waiver of interest on loans.

12. Contingent Assets

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

13. Budget

The budget is prepared on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *Assembly's* budget was approved as required by Law. The original budget was approved by the County Assembly on 30th June, 2020 for the period 1st July 2020 to 30 June 2021 as required by law. There was three number of supplementary budgets passed in the year. The supplementary budgets were approved on 01/12/20, 28/04/21 and 16/06/21. A high-level assessment of the *Assembly's* actual performance against the comparable budget for the financial year under review has been included in the Statement of Comparison between actual and budgeted amounts included in these financial statements.

14. Comparative figures

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

15. Subsequent events

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

16. 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.

17. 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.

COUNTY ASSEMBLY OF KITUI
Reports and Financial Statements
For the year ended June 30, 2021

7.9. NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from the County Treasury/Exchequer Releases

	2020-2021	2019-2020
	KSh	KSh
Transfers from the County Treasury for Q1	-	197,232,337
Transfers from the County Treasury for Q2	314,443,316	187,884,792
Transfers from the County Treasury for Q3	131,450,001	253,087,271
Transfers from the County Treasury for Q4	345,948,083	238,202,492
Cumulative Amount	791,841,400	876,406,892

2. PROCEEDS FROM SALE OF ASSETS

	2020-2021	2019-2020
	KSh	KSh
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	-	-
Total	-	-

3. OTHER RECEIPTS

	2020-2021	2019-2020
	KSh	KSh
Tender fees received	-	-
Other Receipts II	-	-
Other Receipts III	-	-
Other Receipts IV	-	-
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS

4. COMPENSATION OF EMPLOYEES

	2020 - 2021	2019 - 2020
	KSh	KSh
Basic salaries of permanent employees	271,171,863	275,186,257
Basic wages of temporary employees	-	-
Personal allowances paid as part of salary	111,769,474	135,431,404
Personal allowances paid as reimbursements	-	-
Personal allowances provided in kind	-	-
Employer Contribution to compulsory National Social Schemes	443,400	465,600
Employer Contribution to Compulsory National health Insurance Schemes	-	-
Pension and other social security contributions	-	-
Social benefit schemes outside government	-	-
Other personnel payments	-	-
Total	383,384,737	411,083,261

COUNTY ASSEMBLY OF KITUI
Reports and Financial Statements
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. USE OF GOODS AND SERVICES

	2020 - 2021	2019 - 2020
	KShs	KShs
Utilities, supplies and services	861,075	1,094,709
Communication, supplies and services	10,326,493	7,932,616
Domestic travel and subsistence	147,743,904	108,838,926
Foreign travel and subsistence	5,953,605	48,247,235
Printing, advertising and information supplies & services	5,354,542	14,395,615
Rentals of produced assets	-	-
Training expenses	8,737,920	10,046,675
Hospitality supplies and services	60,335,186	85,964,587
Insurance costs	32,967,975	35,527,916
Specialized materials and services	26,000	2,718,340
Office and general supplies and services	9,840,897	11,103,380
Fuel, oil and lubricants	2,999,758	3,013,431
Other operating expenses	44,455,837	67,995,712
Routine maintenance – vehicles and other transport equipment	3,349,522	2,497,956
Routine maintenance – other assets	1,143,480	786,933
Total	334,096,194	400,164,031

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. SUBSIDIES

Description	2020-2021	2019-2020
	KShs	KShs
Subsidies to County Corporations		
<i>See list attached</i>	-	-
(insert name)	-	-
Subsidies to Private Enterprises		
<i>See list attached</i>	-	-
(insert name)	-	-
TOTAL	-	-

(Provide explanations as to what subsidies relate to)

7. TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2020-2021	2019-2020
	KShs	KShs
Transfers to National Government entities	-	-
Transfers to other County Assembly entities		
Car Loan Scheme fund	-	-
Mortgage	-	5,000,000
Others (insert name of budget agency)	-	-
TOTAL	-	-

The transfer is for Members mortgage loans which is recovered from their monthly salary.

COUNTY ASSEMBLY OF KITUI
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. OTHER GRANTS AND TRANSFERS

	2020-2021 KShs	2019-2020 KShs
Scholarships and other educational benefits	-	-
Membership Fees and Dues and Subscriptions to Organizations	-	-
Emergency relief and refugee assistance	-	-
Subsidies to small businesses, cooperatives, and self employed	-	-
Total	-	-

9. SOCIAL SECURITY BENEFITS

	2020-2021 KShs	2019-2020 KShs
Government pension and retirement benefits	27,792,786	23,794,657
Social security benefits	-	-
Employer Social Benefits	-	2,674,039
Total	27,792,786	26,468,696

This relates to pension money deducted from Members and their partisan employee's earnings and remitted to Lap fund to be paid as a benefit after expiry of their term.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. ACQUISITION OF ASSETS

<u>Non-Financial Assets</u>	2020 - 2021	2019 - 2020
	KShs	KShs
Purchase of Buildings	-	-
Construction of Buildings	8,799,769	10,654,275
Refurbishment of Buildings	-	-
Construction of Roads	-	-
Construction and Civil Works	-	9,750,923
Overhaul and Refurbishment of Construction and Civil Works	-	-
Purchase of Vehicles and Other Transport Equipment	8,390,000	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	4,391,730	7,847,210
Purchase of Specialized Plant, Equipment and Machinery	-	1,282,253
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 acquisition of non- financial assets	21,581,499	29,534,662
Financial Assets		
Domestic Public Non-Financial Enterprises	-	-
Domestic Public Financial Institutions	-	-
Total acquisition of financial assets	-	-
Total acquisition of assets	21,581,499	29,534,662

COUNTY ASSEMBLY OF KITUI
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. FINANCE COSTS

	2020 - 2021	2019 - 2020
	KShs	KShs
Bank Charges	17,373	17,493
Interest Payments on Foreign Borrowings	-	-
Interest Payments on Guaranteed Debt Taken over by Govt	-	-
Interest on Domestic Borrowings (Non-Govt)	-	-
Interest on Borrowings from Other Government Units	-	-
Total	17,373	17,493

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

12. OTHER PAYMENTS

	2020 - 2021	2019 - 2020
	KShs	KShs
Budget Reserves	-	-
Civil Contingency Reserves	-	-
Other payments	20,939,647	4,118,418
Total	20,939,647	4,118,418

Other payments relate to monies paid to Kenya Revenue Authority to settle for unpaid taxes.

The Assembly has requested for waiver of accrued penalties and interest.

COUNTY ASSEMBLY OF KITUI
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. CASH AND BANK BALANCES

13A. BANK BALANCES

Name of Bank & currency	Account Name & Number	Initiate whether Rec. Dev. Deposit	2020 - 2021	2019 - 2020
			KShs	KShs
Central Bank of Kenya, Kitui County Assembly Development Account	1000197919	Development	0.35	5,092
Central Bank of Kenya, Kitui County Assembly Recurrent Account	1000197927	Recurrent	50,018	11,250
Central Bank of Kenya, Kitui County Assembly Deposit Account	1000363711	Deposit	-	-
Kenya Commercial Bank, Kitui County Assembly Operations Account	1143459695	Recurrent	3,978,700	1,968
Total			4,028,718	18,310

13B. CASH IN HAND

	2020 - 2021	2019 - 2020
	KShs	KShs
Cash in Hand – Held in domestic currency	446	2,021
Cash in Hand – Held in foreign currency	-	-
Total	446	2,021

Cash in hand should be analysed as follows:

Description	2020 - 2021	2019 - 2020
	KShs	KShs
Location 1 Cash Office	446	2,021
Location 2	-	-
Total	446	2,021

COUNTY ASSEMBLY OF KITUI
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. ACCOUNTS RECEIVABLE

<i>Description</i>	2020 - 2021	2019 - 2020
	KShs	KShs
Government Imprests		
Salary Advance	-	-
Clearance accounts	-	-
Total	-	-

<i>Breakdown of Imprests and salary advance per department</i>	2020 - 2021	2019 - 2020
<i>Imprests</i>	KShs	KShs
Department xx		
Department xx	-	-
Department xx	-	-
Sub-Total	-	-
Salary advance		
Department xx		
Department xx	-	-
Sub-Total	-	-
Grand Total	-	-

15. ACCOUNTS PAYABLE

<i>Description</i>	2020 - 2021	2019 - 2020
	KShs	KShs
Deposits		
Retentions	-	-
Total	-	-

COUNTY ASSEMBLY OF KITUI
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. FUND BALANCE BROUGHT FORWARD

Description	2020 - 2021	2019 - 2020
	KShs	KShs
Bank accounts	18,310	926
Cash in hand	2,021	990
Accounts Receivables	-	-
Accounts Payables	-	-
Total	20,331	1,916

The fund balances brought forward refers to the previous financial year's closing balances

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. PRIOR YEAR ADJUSTMENTS

Description of the error	Balance by FY 2019/2020 Financial Statements	Adjustments being the reversing to prior periods	Adjusted Balance by FY 2019/2020
	Kshs	Kshs	Kshs
Bank account Balances	18,310	(18,310)	-
Cash in hand	2,021	(2,031)	-
Accounts Payables	-	-	-
Receivables	-	-	-
Others (specify)	-	-	-
	20,331	(20,331)	-

(prior period adjustment applies to unspent monies remitted back to County Revenue Fund Account at the closure of the Financial year.

18. CHANGES IN RECEIVABLE

Description	2020 - 2021	2019 - 2020
	KShs	KShs
Opening Account Receivables as at 1 st July 2020	-	-
Closing Account Receivables as at 30 th June 2021	-	-
Change in Account Receivables	-	-

COUNTY ASSEMBLY OF KITUI
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For the year ended June 30, 2021

19. CHANGES IN ACCOUNTS PAYABLE

Description	2020-2021	2019-2020
	Kshs	Kshs
Opening Accounts Payables as at 1 st July 2020	-	-
Closing Accounts payables as at 30 th June 2021	-	-
Change in Accounts payables	-	-

COUNTY ASSEMBLY OF KITUI
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For the year ended 30 June 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

OTHER DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 1)

Description	Balance b/f FY 2020/2021 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2021/2022 Kshs
Construction of buildings	8,701,268	-	(8,701,268)	-
Construction of civil works	-	-	(-)	-
Supply of goods	3,645,500	156,700	(3,645,500)	156,700
Supply of services	-	203,000	(-)	203,000
Total	12,346,768	359,700	(12,346,768)	359,700

2. PENDING STAFF PAYABLES (See Annex 2)

Description	Balance b/f FY 2020/2021 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2021/2022 Kshs
Senior management	-	-	(-)	-
Middle management	-	-	(-)	-
Unionisable employees	-	-	(-)	-
Others	-	-	(-)	-
Total	-	-	(-)	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. OTHER PENDING PAYABLES (See Annex 3)

Description	Balance of/	Additions for	Paid during the	Balance of/
	FY 2019/2020			FY 2020/2021
	KShs	KShs	KShs	KShs
Amounts due to National Government entities	-	-	(-)	-
Amounts due to County Government entities	-	-	(-)	-
Amounts due to third parties	-	-	(-)	-
Total	-	-	(-)	-

4. EXTERNAL ASSISTANCE

Description	FY 2020/2021	FY 2019/2020
	KShs	KShs
External assistance received in cash	-	-
External assistance received as loans and grants	-	-
External assistance received in kind- as payment by third parties	-	-
Total	-	-

a) External assistance relating loans and grants

Description	FY 2020/2021	FY 2019/2020
	KShs	KShs
External assistance received as loans	-	-
External assistance received as grants	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b) Undrawn external assistance

Description	Purpose for which the undrawn external assistance may be used	FY 2020/2021	FY 2019/2020
		Kshs	Kshs
Undrawn external assistance - loans		-	-
Undrawn external assistance - grants		-	-
Total		-	-

c) Classes of providers of external assistance

Description	FY 2020/2021	FY 2019/2020
	Kshs	Kshs
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

d. Non-monetary external assistance

Description	FY 2020/2021	FY 2019/2020
	KSh	KSh
Goods	-	-
Services	-	-
Total	-	-

This may occur when goods such as vehicles, computers, medical equipment, food aid etc are contributed to a county by donors, NGO etc.

N/B: Disclose the basis on which the value of goods and services were determined (This may be by: depreciated historical cost of physical assets, price attached on the goods, an assessment of value by the management of transferor, recipient on Third Party, Fair value measurement.

e. Purpose and use of external assistance.

Description	FY 2020/2021	FY 2019/2020
	KSh	KSh
Compensation of Employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to Other Government Units	-	-
Other grants and transfers	-	-
Social Security Benefits	-	-
Acquisition of Assets	-	-
Finance Costs, including Loan Interest	-	-
Repayment of principal on Domestic and Foreign borrowing	-	-
Other Payments	-	-
TOTAL	-	-

N/B The above sub-classification will be adopted based on the purpose of the external assistance and how the external assistance was used.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

f. External Assistance paid by Third Parties on behalf of the Entity by Source

This relates to external assistance paid directly by third parties to settle obligations on behalf of the entity

Description	FY 2020/2021		FY 2019/2020	
	Kshs		Kshs	
National government	-	-	-	-
Multilateral donors	-	-	-	-
Bilateral donors	-	-	-	-
International assistance organization	-	-	-	-
NGOs	-	-	-	-
National Assistance Organization	-	-	-	-
Total	-	-	-	-

5. PAYMENTS BY THIRD PARTY ON BEHALF OF THE COUNTY ASSEMBLY

This relates to payments done directly to supplier on behalf of the county governments such as; national government may fund the operation of health or education program, a donor may pay directly for construction of a given market etc.

Classification by Source

Description	FY 2020/2021		FY 2019/2020	
	Kshs		Kshs	
National government	-	-	-	-
Multilateral donors	-	-	-	-
Bilateral donors	-	-	-	-
International assistance organization	-	-	-	-
NGOs	-	-	-	-
National Assistance Organization	-	-	-	-
Total	-	-	-	-

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Classification of payments made by Third Parties by Nature of expenses

PAYMENTS MADE BY THIRD PARTIES		
Description	TY 2020/2021	TY 2019/2020
	Kshs	Kshs
Compensation of Employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to Other Government Units	-	-
Other grants and transfers	-	-
Social Security Benefits	-	-
Acquisition of Assets	-	-
Finance Costs, including Loan Interest	-	-
Other Payments	-	-
TOTAL	-	-

6. 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:

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

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Related party transactions:

	2020-2021	2019-2020
	KShs	KShs
Compensation to Key Management		
Compensation to the Speaker, Deputy Speaker and the MCAs	-	-
Key Management Compensation (Clerk and Heads of departments)	-	-
Total Compensation to Key Management	-	-
<u>Transfers to related parties</u>		
Transfers to other County Government Entities such as car and mortgage schemes		5,000,000
Transfers to County Corporations	-	-
Transfers to non reporting entities e.g ECD centres, welfare centres etc	-	-
Total Transfers to related parties	-	5,000,000
<u>Transfers from related parties</u>		
Transfers from the County Executive- Exchequer	791,841,400	876,406,892
Payments made on behalf of the County Assembly by other Government Agencies	-	-
(Insert any other transfers received)	-	-
Total Transfers from related parties	791,841,400	876,406,892

7. Contingent Liabilities

Contingent liabilities	2020-2021	2019-2020
	KShs	KShs
Court case xxx against the entity	-	-
Bank guarantees in favour of subsidiary	-	-
contingent liabilities arising from PPPs	-	-
Total	-	-

(Give details- Update ANNEX 6 Contingent liabilities register)

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8. PROGRESS ON FOLLOW ON PRIOR YEAR AUDITOR'S 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 original audit Report	Issue / Observation from Auditor	Management comments	Focal Person responsible to resolve the issue (Name and designation)	Status (Resolved/ Not Resolved)	Timeframe (Please state when you expect the issue to be resolved)
	Unexplained variance in the statements of receipts and payments, Expenditure controlled outside IFMIS	Lack of auto reconciliation has resulted to variances between amounts reflected in IFMIS and Financial statements. However, the assembly has requested for assistance from the National treasury to help in addressing this issue.	Elijah Mutambuki Clerk of Assembly	Not Resolved	FY 21/22
1.1	Basis for the monthly allocation of Kshs 100,000 for ward operation imprest could not be established.	The Kshs 100,000 monthly imprest to the wards caters for the costs involved in running the wards in view of the new governance structure. However the matter on the amount of imprest has been fully addressed by the CRA through their circular	County Assembly Service Board.	Resolved	

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Reference No. on the external audit Report	Issue/Observations from Auditor	Management Commitments	Facilitator/ person to resolve the issue (Name and designation)	Status (Resolved/ Not Resolved)	Timeline (Put a date when you expect the issue to be resolved)
		CRA/CSO/CMG/9/VOL V/59 that has given the ceilings on ward office expenditure.			
1.2	County Assembly Service Board set transport allowances payable to Members without seeking for approval from the Salaries and Remuneration Commission	The County Government Act mandates the County Assembly Service Board to ensure efficient and effective functioning of the County Assemblies and on these premises therefore, the board did set the rates to ensure smooth running of the Assembly. The rates were arrived at after the board compared the Automobile Association rates, cost of air tickets and cost of fuel.	County Assembly Service Board	Not Resolved	FY 21/22
1.3	The Assembly did not avail a training policy and it was not possible to ascertain the relevance of trainings and conferences to the Assembly in line with its mandate.	The County Assembly Committees identify member's specific areas of training needs during the preparation of committee work plans which are ratified by the liaison committee and later communicated to the office of the Speaker for approval and subsequent facilitation. Going forward, the Board has signed an MOU with ESAMI to prepare Training Needs	County Assembly Service Board	Not Resolved	FY 21/22

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Reference Number of the external audit Report	Issue/Observations from Auditor	Management comments	Responsible person to resolve the issue (Name and designation)	Status (Resolved/ Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
		Assessment policy. Once this is done, trainings will be conducted based on the training needs assessment.			
1.4	The County Assembly appointed an Audit committee, However, there is no evidence by way of committee meetings minutes to signify that the committee had met since it was constituted.	The management concurs with the auditors, that the committee had not met since its appointment as at the time of audit. However, the management wishes to confirm that the Committee has since been inaugurated, trained and started its official meetings.	County Assembly Service Board	Resolved	
1.5	The County Assembly does not have a functional internal audit department	The management wish to state that, the head of audit is reporting to audit committee since the committee is now operational.	County Assembly Service Board.	Resolved	

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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.

Clerk of the County Assembly

Sign

Date: 30.11.21

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ANNEXES

ANNEX 1 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

Statement of Goods or Services	Date Contracted	Original Amount	Balance at the beginning of the year	Withdrawn During the year	Amount paid during the year	Current Day Balance	Comments
			a	b	c	d=a+b-c	
Construction of buildings							
1.							
2.							
3.							
Sub-Total							
Construction of civil works							
4.							
5.							
6.							
Sub-Total							
Supply of goods							
7. Hafvej Investment Ltd	21.06.21	156,700	-	-	-	156,700	
8.							
9.							
Sub-Total		156,700				156,700	
Supply of services							
10. Pride Inn Flaming Hotel	8.04.21	203,000	-	-	-	203,000	
11.							
12.							
Sub-Total		203,000				203,000	
Grand Total							
		359,700				359,700	

Note: Pending bills comprise goods and services rendered and invoiced but not yet settled and does not include commitments

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ANNEX 2 – ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Category	Date Contracted	Original Amount	Amount Paid for Date	Outstanding Balance 30/06/21	Outstanding Balance 30/06/20	Comments
			a	b	c=a-b		
Senior Management							
1.							
2.							
3.							
Sub-Total							
Middle Management							
4.							
5.							
6.							
Sub-Total							
Unionisable Employees							
7.							
8.							
9.							
Sub-Total							
Others (specify)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

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ANNEX 3 – ANALYSIS OF OTHER PENDING PAYABLES

Name	Basic Information Description	Due Conditional	Original Amount	Amount Paid to Date	Outstanding Balance 2020/21	Outstanding Balance 2021/22	Comments
			a	b	c=a-b		
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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ANNEX 4 – SUMMARY OF NON-CURRENT ASSET REGISTER

Asset class	Historical Cost at (KSh) 2019/20	Additions during the year (KSh)	Disposals during the year (KSh)	Transfers in/out	Historical Cost at (KSh) 2020/21
Land					
Buildings and structures	526,110,936	8,799,769	-	-	534,910,705
Transport equipment	32,386,889	8,390,000	-	-	40,776,889
Office equipment, furniture and fittings	25,935,606	28,800	-	-	25,964,406
ICT Equipment	16,861,402	2,339,730	-	-	19,201,132
Machinery and Equipment	4,136,504	2,023,200	-	-	6,159,704
Biological assets	-	-	-	-	-
Infrastructure Assets	-	-	-	-	-
Heritage and cultural assets	-	-	-	-	-
Intangible assets	-	-	-	-	-
Work In Progress	-	-	-	-	-
Total	605,431,337	21,581,499	-	-	627,012,836

NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the County Assembly. Additions during the year should tie to note 10 on acquisition of assets during the year. Ensure a complete fixed asset register is separately prepared in line with guidelines from The National Treasury.

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ANNEX 5 – ANALYSIS OF ACCOUNTS RECIVABLES

(a) Government Imprest

<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>
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
Total		-	-	-

(b) Salary Advance

<i>Name of Officer</i>	<i>Date Advanced</i>	<i>Amount Advanced</i>	<i>Amount Received</i>	<i>Balance</i>
		<i>KShs</i>	<i>KShs</i>	<i>KShs</i>
<i>Name of Officer</i>	dd/mm/yy	-	-	-
<i>Name of Officer</i>	dd/mm/yy	-	-	-
<i>Name of Officer</i>	dd/mm/yy	-	-	-
<i>Name of Officer</i>	dd/mm/yy	-	-	-
Total		-	-	-

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ANNEX 7 – BANK RECONCILIATION/FO 30 REPORT

(Attach FO 30 Reports from IFMIS)