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REPORT

OF

THE AUDITOR-GENERAL

ON

COUNTY ASSEMBLY OF KAKAMEGA

FOR THE YEAR ENDED
30 JUNE, 2020





KAKAMEGA COUNTY ASSEMBLY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020

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

KAKAMEGA COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2020

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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The County Assembly of Kakamega was constituted as per the constitution of Kenya, it 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 89 Members of County Assembly (MCAs) elected to represent members of the public from their respective wards. The MCAs are responsible for making any laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

(b) Key Management

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

- County Assembly Service Board
- Board of Management composed of all Heads of departments

(c) Fiduciary Management

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

No.	Designation	Name
1.	Accounting Officer	Mr. Laban Atemba
2.	Legal Counsel	Mr. Brian Minishi
3.	Deputy Clerk	Mr. John Simwa
4.	Principal Human Resource	Mrs. Judith Makokha
5.	Principal fiscal analyst	Mrs Beatrice Ilavonga
6.	Principal Accountant	Mr. Pascal Mwanje
7.	Internal Auditor	Mr Nelphat Mbat

(e) Fiduciary Oversight Arrangements

The Assembly has the following oversight arrangements,

- Audit and finance committee activities
- County Assembly committee activities
- Development partner oversight activities
- Other oversight activities

KAKAMEGA COUNTY ASSEMBLY
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For the year ended June 30, 2020

(f) Headquarters

P.O. Box 1470
KAKAMEGA
Opp. Kakamega Law courts

(g) Contacts

Telephone: (254) 715521221
E-mail: kakamegaassembly@kakamega.go.ke

(h) Bankers

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

2. Cooperative Bank of Kenya

(i) Independent Auditors

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

(j) 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

Kakamega County Assembly has 89 Members of County assembly, 60 are elected and 29 nominated. In the Financial Year 2019/2020 the Assembly had a staff establishment of 84 members of staff.

The performance of the Assembly in Financial Year 2019/2020 had so many challenges like under funding and challenges related to COVID 19 pandemic. The performance has been explained below:

Budget performance

The assembly received Kshs 977,375,288 against a budget of Kshs 1,066,936,774. Total expenditure as at 30th June 2020 was Kshs 976,297,816 out of which Kshs 562,224,984 was for personnel cost and Kshs 414,072,832 for operation and maintenance cost.

Operational Performance

KAKAMEGA COUNTY ACTS PASSED FINANCIAL YEAR 2019/20

1. The Kakamega County Community Area Coordination Act, 2019
2. The Kakamega County Environmental Management Act, 2019
3. The Kakamega County Water Act, 2019
4. The Kakamega County Agricultural Produce Cess Act, 2019
5. The Kakamega County Youth Service and Women Empowerment Act, 2019
6. The Kakamega County Appropriation Act, 2019
7. The Kakamega County Finance Act, 2019
8. The Kakamega County Supplementary Appropriation Act, 2019
9. The Kakamega County Supplementary Appropriation Act (No.2) of 2019
10. The Kakamega County Supplementary Appropriation Act, 2020
11. The Kakamega County Supplementary Appropriation Act (No.2) of 2020

BENEFITS OF THESE ACTS TO THE PEOPLE

- To create employment for our youth and women who will be engaged to deliver services to Wananchi.
- To ensure coordination and proper management of the environment for the current and future generations.
- To provide a framework for raising of local revenue to ensure financial stability and independence of the County.
- To reallocate funds from non performing votes to enhance absorption of funds and ensure prudent utilization of resources.
- To provide a framework for the provision of water resources to residents of Kakamega County.

ASSEMBLY COMMITTEES AND MANDATES

1. Environment - Overseeing all matters related implementation of specific county government policies on natural resources and environmental conservation, including soil, water and forestry conservation and control of air and soil pollution, other public nuisances and outdoor

KAKAMEGA COUNTY ASSEMBLY
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advertising.

2. Education - Overseeing all matters related to pre-primary education, village polytechnics, home craft centres and children facilities.
3. Health - Overseeing all matters related to county health services including in particular county health facilities and pharmacies, ambulances services, promotion of primary health care, licensing and control of undertakings that sells food to the public, veterinary services (excluding regulation of the profession) cemeteries, funeral parlours and crematoria and refuse dumps and solid waste disposal.
4. Finance and Economic Planning - Overseeing all matters related to the county treasury and revenue policies including county Annual development plan, county
5. Transport - Overseeing all matters related to county transport, including county roads, street lighting, traffic and parking and public transport and matters related thereto
6. Lands and physical planning- Overseeing all matters related to county planning and development, including statistics, land survey and mapping, boundaries and fencing, housing and electricity and gas reticulation and energy regulation.
7. Trade - Overseeing all matters related to trade development and regulation including the markets, trade licences (excluding regulation of professions) fair trading practices, local tourism and cooperative societies.
8. Agriculture - Overseeing all matters related to agriculture including crops and animal husbandry, livestock sale yards, county abattoirs, plant and animal disease control and fisheries; implementation of specific national government policies on natural resources and environmental conservation, including soil and water conservation and forestry and control of air pollution, noise
9. Labour and youth sports- Overseeing all matters related relating to labour, trade union relations, manpower or human resource planning, gender, culture and social welfare, youth, National Youth Service, children's welfare, national heritage, betting lotteries and sports.
10. Overseeing all matters related to public service and administration, including promotion of good governance and patriotism and establishment and functioning.

BUDGET PROCESS DATES FINANCIAL YEAR 2019/2020

- ↓ Main Budget (Financial Year 2019/20) was passed in June 2019
- ↓ Supplementary Budget 1 (Financial Year 2019/20) was in January 2020
- ↓ Supplementary 2 (Financial Year 2019/20) was in May 2020

Performance of key development projects

In the Financial Year 2019/2020 the Assembly did not have any development project. The Assembly's long-term project is to construct a Chamber and Hon. Speakers residence.

Comment on value-for-money achievements

In the Financial Year 2019/2020 the

assembly in all its activities has achieved value for money. Oversight has increased which has indirectly benefited the community through improved infrastructure and medical care.

Challenges and Recommended Way Forward

Implementation challenges in 2019/2020

1. Under funding made it hard for the assembly to achieve 100% absorption of its budget.
2. Late disbursement of funds leading to increase in pending bills
3. Financial non independent of the assembly. The assembly depend on the county treasury for funds release.
4. COVID-19. It made the assembly to close some of its core activities.

Recommendations

1. A law should be enacted to make assemblies financial autonomy.
2. The National treasury should disburse funds on time.

Sign


Clerk of the County Assembly

3. STATEMENT OF PERFORMANCE AGAINST COUNTY PREDETERMINED OBJECTIVES

Guidance

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government entity Government entities 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 is legislation, oversight, and representation. To achieve this, the assembly's program was document in terms of objective, key performance indicators, and output.

Below were the expected outputs of the assembly in Financial Year 19/20

Program 1	Objective	Outcome	Indicator	Performance
Legislation, oversight and representation	Enhanced professional development of MCAs – Provide ongoing professional development of MCAs	Increased ability of MCA in legislation	No of bills passed in the County Assembly- 15 Bills	In FINANCIAL YEAR 19/20 MCA were trained on legislation process
	Enhanced professional development of MCAs – Review standing orders	Review standing orders	60% increase in efficient Assembly operation	standing orders were reviewed and resulted to increase in oversight
Program 2				

4. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

In the Financial Year under review the Assembly did not engage in any social responsibility activities.

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.

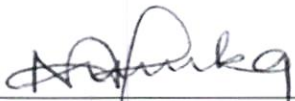
The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended June 30, 2020. This responsibility includes: (i) maintaining adequate financial 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, 2020, 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 which they were intended and were properly accounted for. Further the Clerk confirms that the County Assembly's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

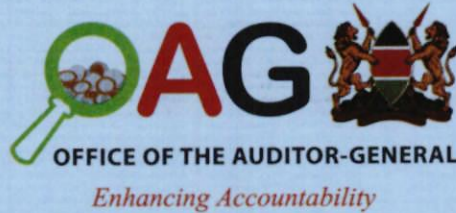
The County Government's financial statements were approved and signed by the Clerk of the County Assembly on 4/12/ 2020.



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 KAKAMEGA FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Kakamega set out on pages 1 to 29, which comprise the statement of financial assets and liabilities as at 30 June, 2020, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts, recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the County Assembly of Kakamega as at 30 June, 2020, 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 County Government Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Inaccuracies in Cash and Cash Equivalents

The statement of financial assets and liabilities and as disclosed under Note 6 to the financial statements reflects bank balances of Kshs.31,843,480. This comprises balances of Kshs.31,803,747 held at Central Bank recurrent account and Kshs.39,733 at Co-operative Bank. The certificate of bank balance for the Central Bank of Kenya recurrent account was not provided for audit review. Further, review of the Co-operative Bank account cashbook revealed that the audited balance carried down from the financial year 2018/2019 was Kshs.571,775 which was at variance with the negative opening balance Kshs.251,485 for the financial year 2019/2020 resulting to an unexplained and unreconciled variance of Kshs.823,260.

In addition, the financial statements reflect a bank balance of Kshs.39,733 in respect of the Co-operative Bank account which was at variance, the Co-operative Bank account cashbook which reflects a closing bank balance of Kshs.4,955,637 resulting to a variance of Kshs.4,915,904.

Consequently, the accuracy of the cash and cash equivalents balance of Kshs.31,843,480 as at 30 June, 2020 cannot be confirmed.

2.0 Unsupported Personal Allowances Paid as Part of Salary

The statement of receipts and payments and as disclosed under Note 2 to the financial statements reflects compensation of employees of Kshs.562,224,984. Included in this amount is personal allowances paid as part of salary of Kshs.284,152,324 in respect of sitting allowances for the Members of County Assembly (MCAs). However, the schedule provided for audit reflected Kshs.131,255,800 resulting to a variance of Kshs.152,896,524. Further, the attendance register for the plenary sittings and minutes of the committee sittings were not provided for audit review.

Consequently, the accuracy and completeness of the reported personal allowances paid as part of salary in respect of sitting allowances for the Members of County Assembly amounting to Kshs.284,152,324 could be confirmed.

3.0 Unsupported Use of Goods and Services Expenditure

The statement of receipts and payments and as disclosed under Note 3 to the financial statements reflects use of goods and services of Kshs.407,248,082. A review of the expenditure records revealed the following:

3.1 Domestic Travel and Subsistence Expenditure

Included in the use of goods and services is Kshs.174,251,984 in respect of domestic travel and subsistence out of which an amount of Kshs.18,104,000 was paid to the COVID-19 Committees. However, there was no evidence that the amounts paid were received and signed for by the beneficiaries

3.2 Foreign Travel and Subsistence Expenditure

Included in the use of goods and services amount is Kshs.10,969,800 in respect of foreign travel and subsistence. Review of the expenditure records revealed that an amount of Kshs.3,525,200 was paid to Members of County Assembly and staff for foreign travel. However, Management did not provide supporting documents for the foreign travel such as letters of invitation, authority by accounting officer to travel, stamped passports, boarding passes and back to office reports.

3.3 Motor Vehicle Insurance Costs

Included in the use of goods and services amount is insurance costs of Kshs.45,314,484. Review of the expenditure records revealed that an amount of Kshs.1,295,760 was incurred by the County Assembly in respect of insurance premiums for two motor

vehicles. However, the motor vehicle valuation reports as well as policy documents were not availed for audit review.

3.4 Rental for Produced Assets Expenditure

Included in the use of goods and services amount is Kshs.36,955,750 in respect to rentals for produced assets. Review of the expenditure records revealed that Kshs.321,000 was spent in respect to rent payment for ward offices. However, the payment was not supported with details of the offices being paid for or the period for which the payment was made. Further, no explanation was provided for paying the amount in excess of the recommended monthly rent of Kshs.10,000 for a county ward.

3.5 Routine Maintenance - Other Assets Expenditure

Included in the use of goods and services amount is Kshs.4,309,118 in respect to routine maintenance - other assets. Review of the expenditure records revealed that transactions worth Kshs.2,123,888 were not supported with local service orders, inspection and acceptance certificates and completion certificates.

Consequently, the accuracy and completeness of the use of goods and services amount of Kshs.407,248,082 as at 30 June, 2020 could not be confirmed.

4.0 Misstatement of Use of Goods and Services

The statement of receipts and payments and as disclosed under Note 3 to the financial statements reflects use of goods and services of Kshs.407,248,082. The following inaccuracies were observed:

- i. Included in the use of goods and services amount is expenditure of Kshs.6,608,075 in respect of specialized materials and services. Review of the supporting schedules revealed an unexplained and unreconciled double posting of Kshs.350,000.
- ii. Included in the use of goods and services amount is expenditure of Kshs.13,952,548 in respect of printing, advertising and information supplies and services. Review of the expenditure records revealed misclassified transactions amounting to Kshs.1,357,800 relating to domestic travel and subsistence.
- iii. Included in the amount of use of goods and services is Kshs.9,027,510 in respect of training expenses. Review of the expenditure records revealed misclassified transactions amounting to Kshs.1,904,000 related to domestic travel and subsistence.

Consequently, the accuracy, completeness and fair statement of the Kshs.407,248,082 expenditure on use of goods and services as at 30 June, 2020 could not be confirmed.

5.0 Unsupported Acquisition of Assets

The statement of receipts and payments and as disclosed under Note 5 to the financial statements reflects acquisition of assets of Kshs.6,074,750. A review of the expenditure records revealed payments totaling to Kshs.5,054,905 were not supported with invoices, delivery notes, inspection and acceptance certificates, goods received notes and local purchase orders. Further, it was also noted that the payment vouchers were not pre-numbered.

Consequently, the validity, accuracy and completeness of Kshs.5,054,905 reported under acquisition of assets cannot be confirmed.

6.0 Undisclosed Payables

It was noted that, the County Assembly of Kakamega made recoveries of Kshs.8,152,880 in the month of June, 2020. However, at the time of audit, in September, 2020, the monies had not been remitted to the Car Loan and Mortgage Fund and not disclosed as pending accounts payable.

Consequently, the accuracy of the and completeness of the pending accounts balance of Kshs.90,790,260 as at 30 June, 2020, cannot be confirmed.

7.0 Doubtful Pending Accounts Payable

Annex 1 of the financial statement reflects an amount of Kshs.90,790,260 in respect of analysis of pending accounts payable. The following was observed:

- i. The County Assembly incurred expenditure of Kshs.1,980,677 on procurement of ICT equipment. However, the ICT equipment could not be traced during physical verification. Management did not provide explanations on the whereabouts of the equipment
- ii. The County Assembly incurred expenditure of Kshs.4,110,000 in respect of provision for sanitizing equipment. A review of the supporting records indicated that the sanitizing equipment was received and taken on charge. However, the items could not be located on physical verification.
- iii. The County Assembly incurred expenditure of Kshs.625,630 in respect of training of personnel on COVID 19 management. However, there was no evidence to support the selection of the service provider and pricing of the training.
- iv. The County Assembly incurred expenditure of Kshs.4,590,000 in respect of fumigation of sixty ward offices. However, there was no evidence to support the selection of the service provider and award was done.

Consequently, the accuracy, completeness and fair statement of the pending accounts payable amount of Kshs.90,790,260 as at 30 June, 2020 could not be confirmed.

8.0 Overstatement of Pending Accounts Payables

Annex 1 of the financial statements reflects an analysis of pending accounts payables of Kshs.90,790,260. Included in this figure is Kshs.18,000,000 in respect of legal services. However, it was observed that the amount related to a contingent liability that was erroneously disclosed as a pending accounts payable instead of a Note to the financial statements in line with Paragraph 1.3.11 of International Public Sector Accounting Standard (IPSAS Cash Basis).

Consequently, the pending accounts payable is overstated by Kshs.18,000,000.

9.0 Incomplete Fixed Asset Register

The summary of fixed asset register at Annex 2 to the financial statements does not disclose the historical costs brought forward from financial year 2018/2019 and historical costs carried forward in the year 2019/2020.

Consequently, the accuracy and completeness of the summary of fixed assets register as at 30 June, 2020, cannot be confirmed.

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

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. I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Delayed Disbursement of Exchequer Releases

The statement of receipts and as disclosed under Note 9 to the financial statements reflects transfers from the county treasury/exchequer releases amount of Kshs.1,066,936,774. However, a review of exchequer issues revealed that the County Assembly had not received Kshs.89,562,486 as at 30 June, 2020 being part of the disbursements expected. The delay in disbursements of funds by The County Treasury adversely affected implementation of projects for financial year 2019/2020.

Further, the statement of receipts and payments and as disclosed under Note 9 to the financial statements reflects transfers from the County Treasury releases figure of Kshs.977,375,288. A review of the exchequer issues revealed a total of Kshs.72,447,049 that was not supported with exchequer notifications and requests for grants from the County Treasury.

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

1.0 Payment of Hospital Bill Outside Medical Scheme

The County Assembly incurred expenditure of Kshs.45,314,484 in respect of insurance costs. Review of expenditure records revealed that an amount of Kshs.36,998,070 was paid in respect of Members of the County Assembly and staff medical cover. However, the County Assembly paid a hospital bill of Kshs.1,708,154 for a Member of County Assembly who was a beneficiary of the medical cover. No explanation was provided why the expenditure was not met through the staff medical insurance cover.

Consequently, the County Assembly was in breach of law.

2.0 Purchase of Biometric Equipment

The County Assembly incurred expenditure of Kshs.2,055,000 in respect of purchase of communication equipment. Included in this amount was Kshs.1,726,000 for supply and installation of biometric attendance equipment. However, although the equipment was delivered, it had not been installed as at the time of the audit.

Consequently, the value for money has not been realised on purchase of the biometric equipment.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

1.0 Failure to Constitute an Audit Committee

During the year under review, the Assembly had not constituted an Audit Committee. This was contrary to Regulation 42(e) of the Public Finance Management (County Governments) Regulations, 2015 which requires an Accounting Officer to ensure that the County Government entity has an Audit Committee in place.

Consequently, oversight over the activities of the County Assembly may not be possible.

2.0 Lack of Information Communication Technology Policies

As reported in the previous year, a review of the Information and Communication Technology (ICT) of the County Assembly revealed that the Assembly did not have an IT Policy, Data Recovery Plan (DRP) and IT security policy in the year 2019/2020. Further, the County Assembly did not have an IT steering committee which is important in performing the oversight function and formulation of policies.

The statement of receipts and payments and as disclosed under Note 9 to the financial statements reflects transfers from the County Treasury releases figure of Kshs.977,375,288. Review of the exchequer issues revealed a total of Kshs.72,447,049 was not supported with exchequer notifications and requests for grants from the County Treasury which is an indication of weak controls over transmission of exchequer releases.

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public money is 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 entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance review is planned and performed to express a conclusion with limited assurance as to 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 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. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

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

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


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the County Assembly to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with 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

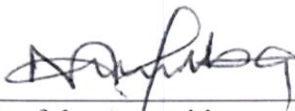
08 December, 2021

7. FINANCIAL STATEMENTS

7.1. STATEMENT OF RECEIPTS AND PAYMENTS

		2019/20	2018/19
	Note	KShs	KShs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	977,375,288	1,051,305,830
TOTAL RECEIPTS		977,375,288	1,051,305,830
PAYMENTS			
Compensation of Employees	2	562,224,984	560,694,461
Use of goods and services	3	407,248,082	453,261,782
Other grants and transfers	4	750,000	600,000
Acquisition of assets	5	6,074,750	37,458,043
Total payments		976,297,816	1,052,014,286
Surplus/Deficits		1,077,472	(708,456)

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 4/12/ 2020 and signed by:



 Clerk of the Assembly
 Name: CPA LABAN M. ATEMBA
 ICPAK Member Number: 7433



 Chief Finance Office – County Assembly
 Name: CPA PASCAL MWANJE
 ICPAK Member Number:10126

7.2. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

		2019/20	2018/19
FINANCIAL ASSETS	Note	KShs	KShs
Cash and Cash Equivalents			
Bank Balances	6	31,843,480	29,735,431
Total Cash and cash equivalents		31,843,480	29,735,431
Accounts receivables – Outstanding Imprests	7	7,893,950	8,924,527
TOTAL FINANCIAL ASSETS		39,737,430	38,659,958
NET FINANCIAL ASSETS		39,737,430	38,659,958
REPRESENTED BY			
Fund balance b/fwd.		38,659,958	39,368,414
Surplus/Deficit for the year		1,077,472	(708,456)
NET FINANCIAL POSITION		39,737,430	38,659,958

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 4/12/ 2020 and signed by:



 Clerk of the Assembly
 Name: CPA LABAN M. ATEMBA
 ICPAK Member Number: 7433

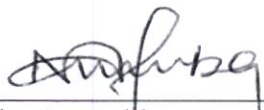


 Chief Finance Officer – County Assembly
 Name: CPA PASCAL MWANJE
 ICPAK Member Number: 10126

7.3. STATEMENT OF CASH FLOWS

		2019/20	2018/19
	Note	KShs	KShs
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operating income			
Transfers from the County Treasury/Exchequer Releases	1	977,375,288	1,051,305,830
Payments for operating expenses			
Compensation of Employees	2	562,224,984	560,694,461
Use of goods and services	3	407,248,082	453,261,782
Other grants and transfers	4	750,000	600,000
Adjusted for:			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	7	(1,030,577)	(15,077,052)
		969,192,489	999,479,191
Net cash flows from operating activities		8,182,799	51,826,639
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	5	6,074,750	37,458,043
Net cash flows from investing activities		6,074,750	37,458,043
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalent at BEGINNING of the year		29,735,431	15,366,835
Cash and cash equivalent at END of the year		31,843,480	29,735,431

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 4/12/ 2020 and signed by:



 Clerk of the Assembly
 Name: CPA LABAN M. ATEMBA
 ICPAK Member Number: 7433





 Chief Finance Office – County Assembly
 Name: CPA PASCAL MWANJE
 ICPAK Member Number: 10126

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

Receipt/Expense Item	Original Budget KShs	Adjustments KShs	Final Budget c=a+b	Actual on Comparable Basis e=d-c	% Utilization difference KShs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	1,061,364,590	5,572,184	1,066,936,774	977,375,288	92
Development	50,000,000	(50,000,000)	-	-	-
TOTAL	1,111,364,590	44,427,816	1,066,936,774	977,375,288	92
PAYMENTS					
Compensation of Employees	625,859,541	(10,796,000)	615,063,541	562,224,984	91
Use of goods and services	412,286,399	12,868,184	425,154,583	407,248,082	96
Other grants and transfers	1,485,000	-	1,485,000	750,000	51
Social Security Benefits	-	-	-	-	-
Acquisition of Assets	21,733,650	3,500,000	25,233,650	6,074,750	24
TOTAL	1,061,364,590	5,572,184	1,066,936,774	976,297,816	92
SURPLUS/ DEFICIT				1,077,472	

The entity financial statements were approved on 4/12/ 2020 and signed by:

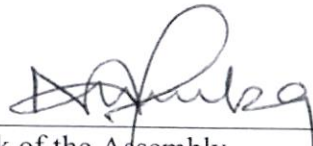

Clerk of the Assembly
Name: CPA LABAN M. ATEMBA
ICPAK Member Number: 7433



Chief Finance Office – County Assembly
Name: CPA PASCAL MWANJE
ICPAK Member Number: 10126

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization difference
	a	b	c=a+b	e=d-c	
RECEIPTS					
TOTAL	1,061,364,590	5,572,184	1,066,936,774	977,375,288	92
PAYMENTS					
Compensation of Employees	625,859,541	(10,796,000)	615,063,541	562,224,984	91
Use of goods and services	412,286,399	12,868,184	425,154,583	407,248,082	96
Other grants and transfers	1,485,000	-	1,485,000	750,000	51
Social Security Benefits	-	-	-	-	-
Acquisition of Assets	21,733,650	3,500,000	25,233,650	6,074,750	24
Finance Costs	-	-	-	-	-
Other Payments	-	-	-	-	-
TOTAL	1,061,364,590	5,572,184	1,066,936,774	976,297,816	92
Surplus/ Deficit				1,077,472	

The entity financial statements were approved on 4/12/ 2020 and signed by:

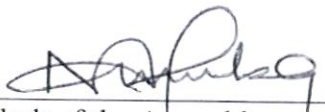

Clerk of the Assembly
Name: CPA LABAN M. ATEMBA
ICPAK Member Number: 7433



Chief Finance Office – County Assembly
Name: CPA PASCAL MWANJE
ICPAK Member Number: 10126

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

Receipt/Expense Item	Original Budget KShs	Adjustments KShs	Final Budget c=a+b	Actual on Comparable Basis e=d-c	% Utilization difference KShs
RECEIPTS					
Transfers from the County Treasury/ Exchequer Releases	50,000,000	(50,000,000)	-	-	-
TOTAL	50,000,000	(50,000,000)	-	-	-
PAYMENTS					
Other Payments	50,000,000	(50,000,000)	-	-	-
TOTAL	50,000,000	(50,000,000)	-	-	-
SURPLUS/ DEFICIT					

The entity financial statements were approved on 4/12/ 2020 and signed by:


Clerk of the Assembly
Name: CPA LABAN M. ATEMBA
ICPAK Member Number: 7433


Chief Finance Office – County Assembly
Name: CPA PASCAL MWANJE
ICPAK Member Number: 10216

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

3. Recognition of receipts and payments

a) Recognition of receipts

The County Assembly recognizes all receipts from the various sources when the event occurs and the related cash has actually been received by the Assembly.

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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Receipts

Other receipts relate to receipts such as tender fees among others. These are recognised in the financial statements when the associated cash is received.

b) Recognition of payments

The entity recognises all expenses when the event occurs and the related cash has actually been paid out by the entity.

Compensation of employees

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

Use of goods and services

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

4. In-kind contributions

In-kind contributions are donations that are made to the Assembly in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Assembly includes such value in the statement of receipts and payments both as receipts and as 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 2020, this amounted to KShs Nil compared to KShs Nil in prior period. 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.

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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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 28th June 2019 for the period 1st July 2019 to 30 June 2020 as required by law. There were two (2) number of supplementary budgets passed in the year. The supplementary budgets were approved on 22nd January 2020 and 12th May 2020. 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.

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.

KAKAMEGA COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2020

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.

KAKAMEGA COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2020

Office and general supplies and services	33,831,363	33,898,041
Fuel Oil and Lubricants	3,640,000	3,480,520
Other operating expenses	35,766,493	30,081,173
Routine maintenance – vehicles and other transport equipment	3,850,025	4,145,554
Routine maintenance – other assets	4,309,118	3,865,709
Total	407,248,082	453,261,782

4. OTHER GRANTS AND TRANSFERS

	2019/20	2018/19
	KShs	KShs
Emergency relief and refugee assistance	750,000	600,000
Total	750,000	600,000

5. ACQUISITION OF ASSETS

Non- Financial Assets	2019/20	2018/19
	KShs	KShs
Purchase of Vehicles and Other Transport Equipment	-	13,825,000
Purchase of Office Furniture and Equipment		3,720,705
Purchase of ICT Equipment	4,019,750	2,822,500
Purchase of communication equipment	2,055,000	17,089,838
Total purchase of non-financial assets	6,074,750	37,458,043

6. CASH AND BANK BALANCES

BANK BALANCES

Name of Bank, Account No. & Currency	Indicated whether recurrent or development	2019/20	2018/19
		KShs	KShs
CBK A/C NO. 1000201018	Recurrent Acc	31,803,747	29,163,656
COOP BANK AC NO. 01141545120500	Recurrent Acc	39,733	571,775
Total		31,843,480	29,735,431

7. ACCOUNTS RECEIVABLE

KAKAMEGA COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2020

7.8. NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from the County Treasury/Exchequer Releases

	2019/20	2018/19
	KShs	KShs
Transfers from the County Treasury for Q1	75,000,000	184,981,783
Transfers from the County Treasury for Q2	314,788,197	224,892,502
Transfers from the County Treasury for Q3	246,455,584	183,226,449
Transfers from the County Treasury for Q4	341,131,507	458,205,096
Cumulative Amount	977,375,288	1,051,305,830

2. COMPENSATION OF EMPLOYEES

	2019/20	2018/19
	KShs	KShs
Basic salaries of permanent employees	213,809,958	214,053,214
Basic wages of temporary employees	36,125,452	37,161,490
Personal allowances paid as part of salary	284,152,324	283,388,316
Personal allowances paid as reimbursements	596,000	596,000
Pension and other social security contributions	27,541,250	25,495,441
Total	562,224,984	560,694,461

3. USE OF GOODS AND SERVICES

	2019/20	2018/19
	KShs	KShs
Utilities, supplies and services	494,225	591,039
Communication, supplies and services	3,437,472	1,661,857
Domestic travel and subsistence	174,251,984	233,737,421
Foreign travel and subsistence	10,969,800	-
Printing, advertising and information supplies & services	13,952,548	19,531,017
Rentals of produced assets	36,955,750	22,682,838
Training expenses	9,027,510	11,525,600
Hospitality supplies and services	24,839,235	39,744,042
Insurance costs	45,314,484	39,619,790
Specialized materials and services	6,608,075	8,697,181

KAKAMEGA COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2020

Description	2019/20	2018/19
	KShs	KShs
Government Imprests	7,893,950	8,924,527
Total	7,893,950	8,924,527

8. FUND BALANCE BROUGHT FORWARD

Description	2019/20	2018/19
	KShs	KShs
Bank accounts		38,659,414
Total		38,659,414

9. PRIOR YEAR ADJUSTMENTS a prior period adjustment really applies to the correction of an error in the financial statements of a prior period

	2019/2020	2018/2019
Description of the error	Kshs	Kshs
Opening outstanding imprest	8,924,527	24,001,575
Closing outstanding Imprest	7,893,950	8,924,527
Total increase or decrease	(1,030,577)	(15,077,052)

10. CHANGES IN RECEIVABLE

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Outstanding Imprest as at 1 st July 2019 (A)	8,924,527	24,001,575
Imprest issued during the year (B)	20,836,646	8,924,527
Imprest surrendered during the Year (C)	(21,867,223)	
Net changes in account receivables D= A+B-C	7,893,950	(15,077,052)

7.9. OTHER DISCLOSURES

1. RELATED PARTY DISCLOSURES

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS. The following comprise of related parties to the County Assembly:

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

KAKAMEGA COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2020

2. FOLLOW UP 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 external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1. Use of Goods and Services	variance with the supporting ledger totals of Kshs.394,883,814	The variance will be investigated and adjusted accordingly	Pascal Mwanje-Principal accountant	Not resolved	March 2021
2. Acquisition of Assets	unexplained variance of Kshs.501,000.	The variance will be investigated and adjusted accordingly	Pascal Mwanje-Principal accountant	Not resolved	March 2021
3. Cash and Cash Equivalents	un-reconciled balance of Kshs.4,596,827	To be reconciled	Janet Mwombe-Finance clerk	Not resolved	January 2021
4. Car Loan and Mortgage Fund	the borrowing was neither recorded nor accounted for in the Assembly's books of account and the financial statements for the year under review.	The amount to be refunded	Laban M. Atemba – clerk to the assembly	Not resolved	June 2021
5. Surplus/(Deficit) for the Year	it is not possible to ascertain accuracy of the net results of the statement of receipts and payment for the year under review	Reconciliation to be done	Pascal Mwanje-Principal accountant	Not resolved	January 2021
6. Unsupported	absence of the fuel	The fuel will	Esther	Not	June 2021

KAKAMEGA COUNTY ASSEMBLY
Reports and Financial Statements
For the year ended June 30, 2020

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Expenditure on Fuel, Oil and Lubricants	register, statements from the supplier of fuel, LPOs and the contract agreement, it was not possible to confirm that the fuel paid for totalling to Kshs.2,650,000 was properly accounted for	be fully supported and fuel statements collected from the supplier	ariko-Administrators	resolved	
7. Unsupported Hospitality Supplies Services and	payments made were not properly supported	Payments to be fully supported	Nicholas Anywa – Principal Clerk assistant	Not resolved	January 2021
Key Audit Matters					
1.1. Overall Budget Analysis	Comparison of the total budgeted receipt of Kshs.1,061,364,590 and the actual receipt figure of Kshs.1,051,305,830 revealed an under funding of Kshs.10,058,760	The due process of supplementary budget to be followed.	Beatrice Ilavonga-principal Fiscal analyst	Not resolved	February 2021
2. Failure to Constitute an Audit Committee	contrary to this regulation, it was noted that the Assembly had not constituted an audit committee.	Audit committee to be formed	Laban M. Atemba - Clerk	Not resolved	January 2021

KAKAMEGA COUNTY ASSEMBLY
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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... 4/12/2020

3. ANNEXES

ANNEX 1 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

KAKAMEGA COUNTY ASSEMBLY PENDING BILLS FOR SUPPLIERS AS AT 30TH JUNE 2020						
NAME	DETAILS	DATE INCURRED	AMOUNT INCURRED	AMOUNT PAID	BALANCE	GRAND TOTAL
EDNAH OKWEMBA	PHOTOCOPY SERVICES	16-Oct-19	370,255	0	370,255	370,255
GITZ DESIGNERS	SUPPLY OF SPORTS EQUIPMENT	23-Sep-19	1,597,500	1,000,000	597,500	1,427,500
	SUPPLY OF SANITARY MATERIALS	24-Jun-20	830,000	0	830,000	
WORF TECHNOLOGY	SUPPLY OF ICT EQUIPMENT	4-Feb-20	187,630	0	187,630	187,630
DANOTU	SUPPLY OF LAPTOPS		535,000	485,000	50,000	50,000
MOTHERLAND KENYA			1,061,620	0	1,061,620	1,061,620
KINGSWAY TYRES	SUPPLY OF TYRES	26-Sep-19	411,630	220,800	190,830	892,239
	SUPPLY OF TYRES	19-Dec-19	299,040	0	299,040	
	SUPPLY OF TYRES		402,369	0	402,369	
DOUBLE SASHA	PHOTOCOPY SERVICES	27-Sep-19	106,000	286,500	-180,500	460,628
	PHOTOCOPY SERVICES	17-Oct-19	19,668		19,668	
	PHOTOCOPY SERVICES	8-Nov-19	8,360	0	8,360	
	PHOTOCOPY SERVICES	4-Dec-19	19,250	0	19,250	
	PHOTOCOPY SERVICES	6-Nov-19	1,350	0	1,350	
	SUPPLY OF STATIONERY	16-Jan-20	1,140,000	700,000	440,000	
	SUPPLY OF STATIONERY	22-Jul-19	602,500	450,000	152,500	
NEWODAMAL	SUPPLY OF MINERAL WATER	17-Feb-20	500,000	0	500,000	1,102,500
	SUPPLY OF MINERAL WATER	11-Nov-19	602,500	0	602,500	
OUTDAY TOURS AND TRAVEL LTD	AIRLINE TRAVELS		772,900	0	772,900	772,900
EL PLUS TECH	NETWORKING OF IFMIS AND CBK INTERNET	26-Aug-19	1,577,484	900,000	677,484	677,484
SAHMON GLOBAL INVESTMENTS	SUPPLY OF SPORTS EQUIPMENT	14-Oct-19	3,228,200	1,050,000	2,178,200	2,178,200

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CIALA RESORT	HOTEL SERVICES	28-Nov-19	1,179,000	0	1,179,000	1,179,000
AUTODINE POWER SYSTEMS	SUPPLY OF MINERAL WATER	2-Sep-19	500,000	0	500,000	500,000
LATASHA	ASSORTED ENVELOPES		880,000	0	880,000	880,000
MACAREEM VENTURES	SUPPLY OF UNIFORMS-TAG OF WAR		661,500	0	661,500	661,500
STAR PUBLICATION LTD	ADVERTISEMNT SERVICES	29-Aug-19	169,360	88,530	80,830	759,917
	ADVERTISEMNT SERVICES	9-Sep-19	338,720	0	338,720	
	ADVERTISEMNT SERVICES		85,503	0	85,503	
	ADVERTISEMNT SERVICES	20-Jan-20	85,504	0	85,504	
	ADVERTISEMNT SERVICES	12-Nov-19	169,360	0	169,360	
REZAM	CCTV INSTALLATION AND NETWORKING	4-Oct-19	1,121,600	0	1,121,600	1,335,600
	SUPPLY OF ICT EQUIPMENT	5-Aug-19	212,000	98,000	114,000	
	GENERATOR REPAIR AND SERVICE	20-Feb-20	100,000	0	100,000	
STANDARD GROUP PLC	ADVERTISEMNT SERVICES		88,160	0	88,160	531,280
	ADVERTISEMNT SERVICES	12-Nov-19	177,480	0	177,480	
	ADVERTISEMNT SERVICES	20-Jan-20	88,160	0	88,160	
	ADVERTISEMNT SERVICES	12-Nov-19	177,480	0	177,480	
KAKAMEGA COMPLEX HOTEL	CONFERENCE FACILITIES	20-Dec-19	127,500	0	127,500	127,500
EMIRATES GENERAL MOTORS	SUPPLY OF FUELS	7-Oct-19	734,395	533,075	201,320	201,320
TECNIC ENTERPRISES	SUPPLY OF MINERAL WATER					
HELLAND LTD	SUPPLY OF ICT EQUIPMENT	17-Sep-19	1,980,677	0	1,980,677	1,980,677
RIVATEX	SUPPLY OF CLOTHES	23-Sep-19	240,875	0	240,875	240,875
MATENDECHERE GENERAL SUPPLIERS	SUPPLY OF IT EQUIPMENT		1,668,000	1,600,000	68,000	93,000
	PROVISION OF SANITARY MATERIALS		1,425,000	1,400,000	25,000	
MATENDECHERE GENERAL SUPPLIERS	SUPPLY OF SANITIZERS	5-May-20	1,296,000	0	1,296,000	11,606,630
	PROVISION OF SANITATION SERVICES	11-May-20	625,000	0	625,000	

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	PROVISION OF SANITATION SERVICES	4-May-20	4,950,000	0	4,950,000	
	TRAINING OF PERSONEL ON COVID MANAGEMENT	6-May-20	625,630	0	625,630	
	PROVISION OF SANITIZING EQUIPMENT	8-May-20	4,110,000	0	4,110,000	
BELISAS INTERNATIONAL SUPPLIERS	SUPPLY OF BOTTLED WATER	12-Feb-20	485,000	0	485,000	485,000
GALEEN GENERAL SUPPLIES	SUPPLY OF STATIONERY	17-Feb-20	684,000	400,000	284,000	
	SUPPLY OF BOTTLED WATER	8-May-20	485,000	0	485,000	769,000
JAMAA LOGISTICS AND SUPPLIERS LTD	SUPPLY OF STATIONERY	4-May-20	560,000	0	560,000	560,000
MAGSAREX INVESTMENTS	INSTALLATION OF CURTAIN BLINDERS	11-Jan-20	450,505	0	450,505	450,505
NGAKHWA ENTERPRISES	SUPPLY OF BOTTLED WATER	31-Mar-20	499,500	0	499,500	499,500
HASE BUILDING AND GENERAL CONT	SUPPLY OF BOTTLED WATER	4-Mar-20	485,000	0	485,000	485,000
JOSMAB AGENCIES	SUPPLY OF TONNERS	11-May-20	659,000	0	659,000	659,000
FUPEMA AFRICA	SUPPLY OF SANITARY MATERIALS		538,000	0	538,000	538,000
BOTHSIDES AGENCIES	SUPPLY OF BOTTLED WATER	28-Nov-19	450,000	0	450,000	450,000
FORTEC ENTERPRISES	SUPPLY OF PHOTOCOPIER PARTS AND SERVICE	25-Apr-20	313,200	0	313,200	313,200
DEVINE TOUCH	SUPPLY OF STATIONERY	11-Apr-20	364,800	0	364,800	364,800
JULITECH ENTERPRISES	SUPPLY OF STATIONERY	3-Oct-19	861,250	0	861,250	861,250
SWINNERTON	SUPPLY OF STATIONERY	8-May-19	775,000	0	775,000	775,000
ISAAC WALE	PHOTOGRAPHY SERVICES		150,000	0	150,000	150,000
TRUMARK KENYA LTD	SUPPLY OF COMPUTER ACCESSORIES	16-Jun-20	1,049,200	0	1,049,200	1,049,200
COPY TEC ENTERPRISES	SUPPLY OF IT EQUIPMENT	24-Jun-20	732,850	0	732,850	732,850
VENAMU STATIONERS	SUPPLY OF STATIONERY	25-Jun-20	883,500	0	883,500	883,500
EXCELLENT OPERATIONS	CONSULTANCY	13-May-20	1,924,900	0	1,924,900	1,924,900

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CONSULTANTS						
MEGAPLUS AFRICA LTD	SUPPLY OF BODY INFRARED THERMOMETER	11-May-20	87,500	0	87,500	87,500
KAMSA SERVICES	REPAIR WORKS		300,000	0	300,000	300,000
TRIGGER GENERAL SUPPLIERS	SUPPLY OF STATIONERY	17-Jan-20	770,000	350,000	420,000	
	SUPPLY OF STATIONERY	22-Jun-20	679,400	0	679,400	1,099,400
OJENDA ADVOCATES	LEGAL SERVICES		18,000,000	0	18,000,000	18,000,000
CAR LOAN AND MORTGAGE	REFUND OF BORROWED FUNDS		30,074,400	0	30,074,400	30,074,400
TOTAL					90,790,260	90,790,260

ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (KShs) 2018/19	Additions during the year (KShs)	Disposals during the year (KShs)	Transfers in/(out)	Historical Cost e/f (KShs) 2019/20
Land					
Buildings and structures					
Transport equipment					
Office equipment, furniture and fittings					
ICT Equipment		4,019,750			
Communication Equipment		2,055,000			
Biological assets					
Infrastructure Assets					
Heritage and cultural assets					
Intangible assets					
Work in Progress					
Total		6,074,750			

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

KAKAMEGA COUNTY ASSEMBLY
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ANNEX 3 – ANALYSIS OF OUTSTANDING IMPRESTS

OUTSTANDING IMPREST AS AT 30TH JUNE 2020					
S/NO	DATE	NAME	ACTIVITY	CHQ NO	AMOUNT
1	14.08.19	S WAMBANI	Repairs speaker's res		7,400
2	8/21/2019	D. MWIMA	CASA PICTURES		30,000
3	9/27/2019	B. ILAVONGA	Finance Bill PP	5647	745,000
4	9/27/2019	E. WANGILA		5649	37,600
5	9/27/2019	E. MAKHULO			50,000
6	9/27/2019	E. MAKHULO	purchase first aid kits	5659	30,000
7	9/27/2019	R. MOHAMMED	per diem CASA		980,000
8	9/27/2019	JOHN SIMWA	Hire of vehicle	5660	30,000
9	9/27/2019	PATRICK LITABA	Allowance SAA officers	5662	20,000
10	9/27/2019	NICHOLAS ANYWA	committee services	5667	566,000
11	10/15/2019	MUSA MAKHAPILA	tug of war	5697	533,000
12	10/15/2019	SYLVIA WANDAKA	office float	5698	29,050
13	10/25/2019	P. LITABA	Catering	5720	100,000
14	6/8/2020	JOHN ANYANGA	C96	6010	382,000
15	11/13/2019	R. MOHAMMED		5759	20,000
16	12/20/2019	S. WAMBANI	office imprest	5786	60,000
17	12/23/2019	N. ANYWA		5790	282,400
18	9/6/2019	P. LITABA	C15	5642	15,000
19	9/27/2019	E. WANGILA	C47	5747	139,500
20	12/27/2019	N. ANYWA			150,000
21	12/27/2019	R. MOHAMMED		5803	40,000
22	1/10/2020	P. MUTOKA		5819	136,500
23	9/27/2019	JUDITH MAKOKHA	C20	5657	192,000
24	1/10/2020	C.MULAMA		5820	48,000
25	1/20/2020	L.ODUNGA	committee services	5836	901,200
26	24.01.20	P. LITABA	furniture to wards		55,000
27	2/24/2020	A. Njirimani	Generator & lawn fuel	5861	21,000
28	2/24/2020	B. Ilavonga		5867	300,000
29	3/3/2020	Mohammed	Committee services	5881	20,000
30	3/16/2020	N. ANYWA	Committee services		947,200
31	9/27/2019	GILBERT ONGACACHI	Communication	5658	100,000
32	9/27/2019	DAVID MWIMA	C18	5648	221,000

KAKAMEGA COUNTY ASSEMBLY**Reports and Financial Statements****For the year ended June 30, 2020**

33	3/16/2020	P. Inziani	Committee services	5902	402,500
34	18.04.20	A. NJIRIMANI			25,000
35	4/12/2020	PASCAL MWANJE	Donation	5456	92,600
36	5/14/2020	A. Andanje	Prunning of trees	5974	35,000
37	5/14/2020	K. Okwach	Hansard equipment	5975	50,000
38	5/18/2020	R. Mohammed	Imprest	5984	50,000
39	6/30/2020	R. Mohammed	Imprest	6020	50,000
	TOTALS				7,893,950

KAKAMEGA COUNTY ASSEMBLY

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ANNEX 4 CONTINGENT LIABILITIES REGISTER

	Nature of contingent liability	Payable to	Currency	Estimated Amount Kshs	Expected date of payment	Remarks
1	Legal Fees	Ojienda Advocates	Kshs	18,000,000=	Once the case is settled	
2						
3						
4						

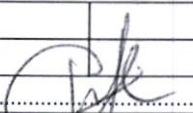
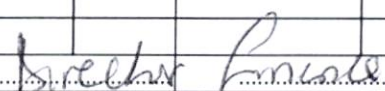
KAKAMEGA COUNTY ASSEMBLY

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ANNEX 5 – BANK RECONCILIATION/FO 30 REPORT

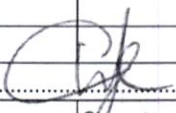
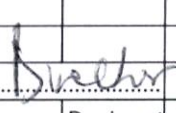
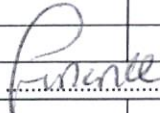
(Attach FO 30 Reports from IFMIS)

COUNTY ASSEMBLY OF KAKAMEGA				
RE-CURRENT ACCOUNT 1000201018				
BANK RECONCILIATION		REPUBLIC OF KENYA		
FOR THE MONTH OF JUNE 2020				
As at	30TH JUNE, 2020	Station	Kakamega	
Ministry	KAKAMEGA COUNTY			
	ASSEMBLY	Shs.	Shs.	Shs.
Balance as per cashbook				31,803,747.40
Less-				
1. Payments in bank statement not yet recorded in				
cash book(direct payments)				
2. payments in bank statement not yet				
recorded in cash book(bank charges)				
3 un credited cheques				
add				
4. Receipts in cash book not yet recorded				
in bank sta (unpresented cheques)				
Balance as per bank certificate				<u>31,803,747.40</u>
I certify that I have verified the Bank Balance in the Cash book with the Bank statement				
and that the above Reconciliation is correct.				
 				
Signature		Designat	Date	

KAKAMEGA COUNTY ASSEMBLY

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COUNTY ASSEMBLY OF KAKAMEGA		REPUBLIC OF KENYA		
RE-CURRENT ACCOUNT 01141545120500				
BANK RECONCILIATION		REPUBLIC OF KENYA		
FOR THE MONTH OF JUNE 2020				
As at	30TH JUNE, 2020	Station	Kakamega	
Ministry	KAKAMEGA COUNTY			
	ASSEMBLY	Shs.	Shs.	Shs.
Balance as per cashbook				4,955,636.62
Less-				
1. Payments in bank statement not yet recorded in cash book(direct payments)				8,550,672.90
2. payments in bank statement not yet recorded in cash book(bank charges)				
3 un credited cheques				600,000.00
add				
4. Receipts in cash book not yet recorded in bank sta (unpresented cheques)				4,234,769.00
Balance as per bank certificate				39,732.72
I certify that I have verified the Bank Balance in the Cash book with the Bank statement and that the above Reconciliation is correct.				
				
Signature		Designat		Date