

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE



REPORT

OF

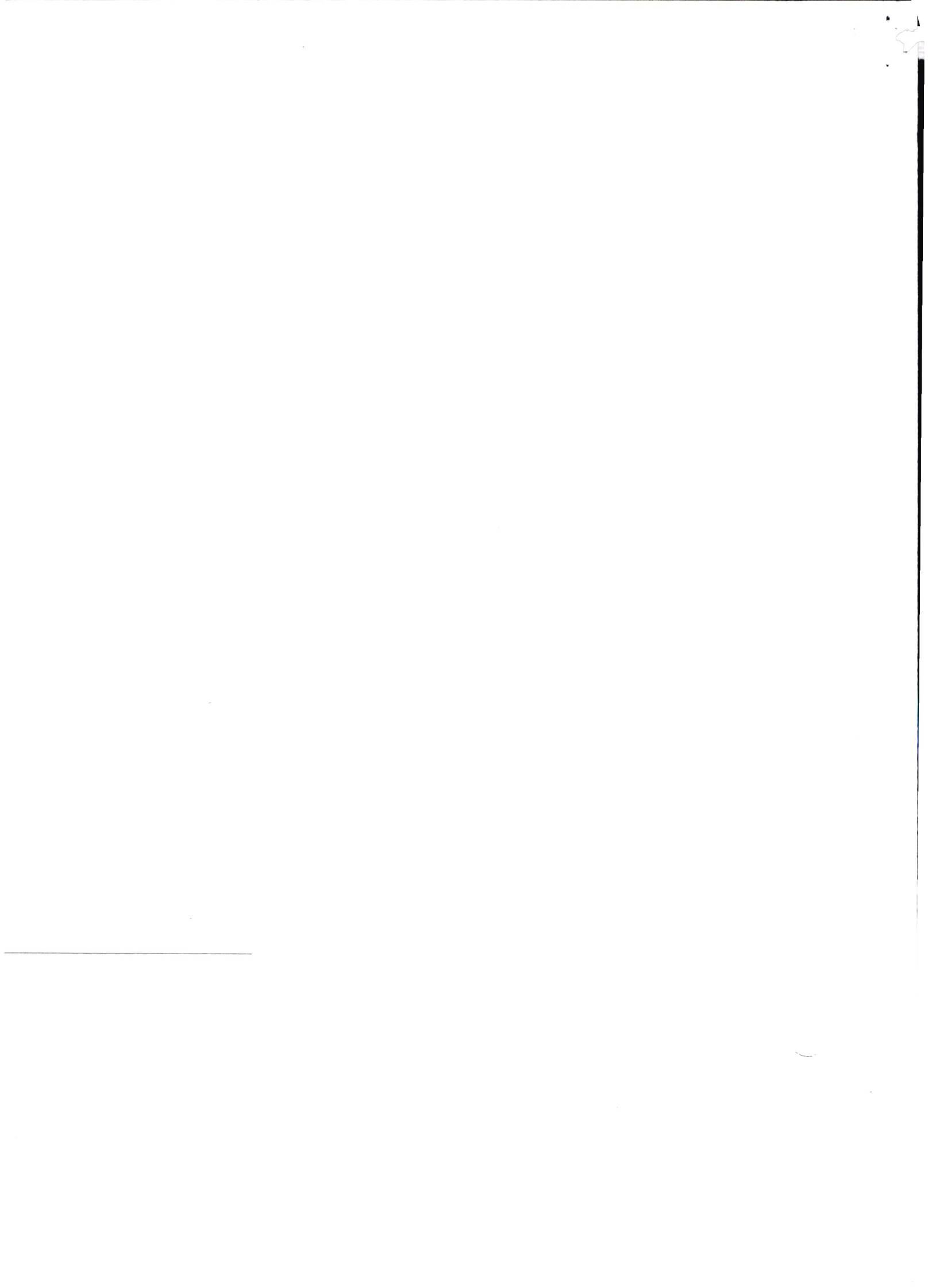
THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS
OF THE TRANSITION AUTHORITY**

FOR THE YEAR ENDED

30 JUNE 2013



REPUBLIC OF KENYA

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KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON TRANSITION AUTHORITY FOR THE YEAR ENDED 30 JUNE 2013

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the Transition Authority - Vote 170 which comprise the statement of Assets and Liabilities - Recurrent and Development as at 30 June, 2013 and the Appropriation Accounts - Recurrent and Development 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 8 of the Public Audit Act, 2003. 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.

Accounting Officer's Responsibility for the Financial Statements

The Accounting Officer - Transition Authority is responsible for the preparation and fair presentation of these financial statements in accordance with Government Financial Regulations and Procedures and Public Finance Management Act, 2012 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Accounting Officer is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 4 and 7 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with provisions of Section 8 of the Public Audit Act, 2003. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making

those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

1. APPROPRIATION ACCOUNT – VOTE D. 170

Under Expenditure

The Appropriation Account for Vote D170 for the year ended 30 June, 2013 reflects gross under – expenditure of Kshs.2,764,822,980.60 or 86% of the Approved Budget of Kshs.3,216,430,000.00. The under-expenditure occurred mainly under items 221080- Hospitality Supplies and Service, 2220200- Maintenance and Other Supplies, 2630200 - Capital Grants and 3111000 - Purchase of Office furniture, General and IT equipment. The reasons given in the footnotes to the Account for the under expenditure includes failure of some County District Commissioners to remit the expenditure incurred and failure of County Governors to submit their returns of the expenditure in order to capture data. The Authority has, however, not indicated the measures being taken to address these challenges.

2. STATEMENT OF ASSETS AND LIABILITIES - D.170

Suspense Account

The Statement of Assets and Liabilities for Development Vote 170 for the year ended 30 June, 2013 reflects suspense account debit balance of Kshs.2,755,489,211.00 which has not been cleared. The balance relates to funds disbursed to the counties for infrastructure development and swearing in ceremonies for the members of county assembly and assumption of office of Governors. No explanation has been provided for failure to clear the suspense account debit balance from the accounts.

AUDIT OPINION

In line with my responsibility, I express opinion on the following financial statements;

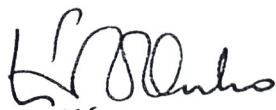
Qualified Opinion

- (i) Appropriation Account for Development Vote D.170
- (ii) Statement of Assets and Liabilities for Development Vote D.170

Unqualified Opinion

- (iii) Appropriation Account for Recurrent Vote R.170
- (iv) Statement of Assets and Liabilities for Recurrent Vote R.170

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Transition Authority as at 30 June, 2013 and of its operations for the year then ended in accordance with the Government Financial Regulations and Procedures and the Public Finance Management Act, 2012.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

26 March 2014



RECURRENT APPROPRIATION ACCOUNT - FOR THE YEAR ENDED 30 JUNE 2013 (6 MONTHS)						
HEAD	Title		Approved Budget	Actual Expenditure	over	Under
VOTE 170						
Head	001 Headquarters		Kshs.	Kshs.	0	
Item Head						
2110100	Basic Salaries - Permanent Employees		112,134,700.00	111,695,721.00	0	438,979.00
2110300	Personal Allowance - Paid as Part of Salary		125,678,000.00	125,151,620.50	0	526,379.50
2210100	Utilities Supplies and Services		100,000.00	95,000.00	0	5,000.00
2210200	Communication, Supplies and Services		5,170,000.00	5,143,805.00	0	26,195.00
2210300	Domestic Travel and Subsistence, and Other Transportation Costs	Original Kshs.50,950,000 Add supplementary Kshs.1,000,000	51,950,000.00	51,842,121.05	0	107,878.00
2210400	Foreign Travel and Subsistence, and other transportation costs		10,435,000.00	10,351,768.00	0	83,232.00
2210500	Printing, Advertising and Information Supplies and Services	Original Kshs.60,250,000 Add supplementary Kshs.68,400,000	128,650,001.00	128,594,196.50	0	55,804.50
2210600	Rental		30,740,000.00	30,723,395.50		16,604.50
2210700	Training Expenses	Original KShs.18,891,300. Add supplementary Kshs.2,000,000	20,891,300.00	20,725,948.50	0	165,351.50
2210800	Hospitality Supplies and Services	Original kshs.33,500,000K Add supplementary shs.2,000,000	35,500,000.00	35,425,809.00	0	74,191.00
2210900	Insurance Costs		15,450,000.00	15,446,169.00	0	3,831.00
2211000	Specialized Materials and Supplies		200,000.00	134,126.00	0	65,874.00
2211100	Office and General Supplies and Services	Original Kshs.8,150,000 Add supplementary Kshs.3,500,000	11,650,000.00	11,423,871	0	226,129.00
2211200	Fuel Oil and Lubricants	Original Kshs.4,750,000 Add supplementary Kshs.1,000,000	5,750,000.00	5,711,030.00	0	38,970.00
2211300	Other Operating Expenses	Original Kshs.19,800,000 Add supplementary Kshs.3,000,000	22,800,000.00	22,618,584.00	0	181,416.00
2220100	Maintenance - Vehicles and Other Transport Equipment		500,000.00	357,000.00	0	143,000.00

2220200	Routine Maintenance - Other Assets		17,700,000.00	17,455,460.90	0	244,539.10
2620100	Membership Fees and Dues and Subscriptions to professional Organizations		1,000,000.00	981,741.60	0	18,258.40
2710100	Government Pension and Retirement Benefits		1,000.00	0.00	0	1,000.00
3110700	Purchase of Vehicles and Other Transport Equipment	Original Kshs.96,000,000 Add supplementary Kshs.27,100,000	123,100,000.00	123,024,557	0	75,443.00
3110800	Overhaul of Vehicles and Other Transport Equipment		500,000.00	353,579.00	0	146,421.00
3111000	Purchase of Office Furniture, General and IT Equipment		8,100,000.00	8,024,870.00	0	75,130.00
3111100	Purchase of specialized plant, equipment and machinery		30,000,000.00	29,942,750.00	0	57,250.00
	Gross Expenditure Kshs.		758,000,000.00	755,223,122.05	0	2,776,877.95
NET EXPENDITURE FOR HEAD 0001						
Appropriations in Aid						
Receipts from the						
Sale of tender forms						
Total Appropriations						
in Aid						
1,231,000.00						
1,231,000.00						
753,992,122.05						

Signed by Stephen Makori

Date: 28/11/2013

**TRANSITION AUTHORITY
RECURRENT APPROPRIATION ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2013 (6 MONTHS)**

Head	Sub head	Title and Detail	Original Kshs	Add/Less Supplimentary Kshs	Approved Budget	Actual expenditure Kshs	under
1000101	000	Transition Authority - Vote 170	650,000,000.00	108,000,000.00	758,000,000.00	755,223,122.05	2,776,877.95
		Gross Expenditure	650,000,000.00	108,000,000.00	758,000,000.00	755,223,122.05	2,776,877.95
		Less Appropriation aid				1,231,000.00	1,231,000.00
		Net Total	650,000,000.00	108,000,000.00	758,000,000.00	753,992,122.05	

Detail of Appropriation in Aid Receipt

	Approved Estimate Kshs.	Actual receipt kshs	Variation kshs
vote 170		1,231,000.00	1,231,000.00
Total appropriatiaton		1,231,000.00	1,231,000.00

TRANSITION AUTHORITY
 VOTE 170 RECURRENT
 STATEMENT OF ASSET AND LIABILITY
 AS AT 30TH JUNE 2013

ASSETS	Note	Current Year Amount Kshs .00	Total Amounts Kshs.00
Exchequer Account	1	-	
Imprest Balance	2	1,867,880.00	1,867,880.00
Advance	3	275,000	275,000
PMG- Cash on Hand		527,962.00	527,962.00
PMG - Cash at Bank		1,337,035.95	1,337,035.95
Total		4,007,877.95	4,007,877.95
Liabilities			
General vote on Account	4	2,776,877.95	2,776,877.95
Excess appropriation in Aid	5	1,231,000.00	1,231,000.00
Total		4,007,877.95	4,007,877.95

STEPHEN K. MAKORI
 CHIEF EXECUTIVE OFFICER/SECRETARY

Signed 
 Date 24/9/2013


 EDITH KANINI
 CHIEF ACCOUNTANT

Signed
 Date 28/9/2013

Note 1

Exchequer Account Balance	Kshs .758,000,000.00
Approved estimate	
Exchequer balance issue	<u>Kshs .758,000,000.00</u>
less	0

Note 2 Imprest balance

Out standing imprest balance	kshs	1,867,880
Attached schedule	kshs	1,867,880

Note 3 Advance balance schedule

1 Stanley Gitonga Mbaka	<u>275,000</u>
Total	275,000

IMPREST RETURNS AS AT 30TH JUNE 2013

TRANSITION AUTHORITY	P/NUMBE /R	DATE OF ISSUE	WARRANT NUMBER	AMOUNT
DR.ROBERT KAGIRI		30/4/2013	1675762	24,000.00
DR.ROBERT KAGIRI		29/5/2013	1675842	5,000.00
ELIUD BARASA WEPUKHULU		11/3/2013	1605506	35,545.80
EMMY CHEPKEMOI		12/6/2013	1742460	40,000.00
EPHANTUS W.MAINA		10/5/2013	1605593	100,000.00
EPHANTUS W.MAINA		11/3/2013	1605528	150,000.00
FAITH WANJIRU MBUGUA		11/3/2013	1605650	35,200.00
FRANCIS WAMBUA		29/5/2013	1675839	13,500.00
GABRIEL MBITHI		28/3/2013	1675721	44,500.00
JACQUELINE MOGENI		15/2/2013	1613886	20,000.00
JAMES LONGOLE WANGIROS		10/5/2013	1605600	100,000.00
JANE ANGAYO ASEKA		10/5/2013	1605579	2,500.00
JEREMIAH ESPIRAH	19900226224	13/2/2013	1613867	95,000.00
JOHN JUMA MATSAGA		11/3/2013	1605504	150,000.00
JOSEPH K MWANGI	200305198	29/1/2013	1613851	113,680.00
JOSEPH K.MWANGI	200305198	15/2/2013	1613884	34,000.00
KEPKEMOI KIRUI		26/2/2013	1605633	20,000.00
KEPKEMOI KIRUI		22/2/2013	1605625	25,000.00
LILIAN WAJIRU NDEGWA		10/5/2013	1675804	100,000.00
PETER NDUNGU	2008035481	15/2/2013	1613887	22,500.00
PROF. KAREGA MUTAHI		15/2/2013	1613896	20,000.00
RONALD A. ENYAKASI		17/5/2013	1675820	582,000.00
SIMON LANGAT		25/3/2013	1675709	21,000.00
TOTAL				1,867,880.00



Transition Authority
Vote Development 170, Appropriation Account
For the Year ended 30 June 2013

HEAD	SUB HEAD	ITEM	Title And Details	original	Add Supplementa ry	Approved budget	Actually expenditure	over	under
100101	0000		HEADQUATER	kshs.00	kshs.00	kshs.00	kshs.00	kshs.00	kshs.00
	0	2210600	Rental	7,000,000	-	7,000,000	7,000,000		0
		2210800	Hospitality supplies and service	107,894,100	-	107,894,100	58,786,418		49,107,682
		2220200	Maintenance other supplies	96,028,678	-	96,028,678	53,820,483		42,208,195
		2630200	Capital Grants	2,892,804,722	-	2,892,804,722	270,964,656		2,621,840,066
		3111000	Purchase of office furniture General and IT equipment	96,272,500	16,430,000	112,702,500	61,035,462		51,667,038
			Gross Expenditure	3,200,000,000	16,430,000	3,216,430,000	451,607,019		2,764,822,981



**Summary Of Appropriation Account Development Vote 170
For the year ending 30 june 2013 (six month)**

Head	Sub head	Title and Details	original		Add /less supplementary		Approved Budget		Actually expenditure		over		under	
			kshs	kshs	kshs	kshs	kshs	kshs	kshs	kshs	kshs	kshs	kshs	
1000101	000	Transition Authority- vote 170	3,200,000,000		16,430,000		3,216,430,000.00	451,607,019	-	2,764,822,980.60				
		Gross Expenditure	3,200,000,000		16,430,000		3,216,430,000.00	451,607,019.40	-	2,764,822,980.60				
		Net total	3,200,000,000		16,430,000		3,216,430,000.00	459,060,974.79	-	2,764,822,980.60				

TRANSITION AUTHORITY - DEVELOPMENT VOTE D170
REASONS FOR MATERIAL DIFFERENCE

- 2210800 - Hospitality Supplies and Service - Kshs. 49,107,682.00
The under expenditure was caused by failure of some County District Commissioner to remit the expenditure incurred.
- 2220200 - Maintenance Other Supplies - Kshs. 42,208,195.00
The under expenditure was caused by failure of some County District Commissioner to remit the expenditure incurred
- 2630200 - Capital Grants - Kshs. 2,621,840,066.00
The under expenditure was caused by failure of County Governors to submit their returns to capture the data.
- 3111000 - Purchase of Office furniture General and IT equipment - Kshs. 51,667,038.00
The under expenditure was caused by failure of some County Commissioner to submit their returns of their expenditure in order to capture the data.


Stephen Kerosi Makori
Chief Executive Officer/Secretary

28th September, 2013



TRANSITION AUTHORITY VOTE D170
Statement of Assets and Liabilities

As at 30 June 2013

Asset	Note	Current year		Total
		Amount kshs	Amount kshs	
Exchequer Account	1	0.00		0
Suspense	2	2,755,489,211.00		2,755,489,211.00
PMG- Bank balance		<u>9,333,770.00</u>		<u>9,333,770.00</u>
		<u>2,764,822,981.00</u>		<u>2,764,822,981.00</u>
Liabilities				
General vote on Account	3		<u>2,764,822,680.60</u>	<u>2,764,822,681</u>
			<u>2,764,822,981.00</u>	<u>2,764,822,981.00</u>

STEPHEN K. MAKORI
 CHIEF EXECUTIVE OFFICER / SECRETARY

Signed 
 Date 26/9/2013


 EDITH KANINI
 CHIEF ACCOUNTANT

Signed
 Date 25/Sept / 2013

Sub schedule A			
3111000 Purchase office furniture General and IT			
A/E	Issued for hansard	balance	
1	Garissa	0.00	
2	Mandera	2,000,000.00	
3	Marsabit	2,000,000.00	
4	Baringo	0.00	
5	Bomet	2,000,000.00	
6	Bungoma	2,000,000.00	
7	Busia		
8	Elgeyo Marakwet	2,000,000.00	
9	Embu	2,000,000.00	
10	Homabay	2,000,000.00	
11	Isiolo	2,000,000.00	
12	Kajiado	2,000,000.00	
13	Kakamega	2,000,000.00	
14	Kericho	3,000.00	
15	Kiambu	0.00	
16	Kilifi	1,274,150.00	
17	Kirinyaga	2,000,000.00	
18	Kisii	4,000.00	
19	Kisumu	3.00	
21	Kwale	81,500.00	
23	Lamu	2,000,000.00	
24	Machokos	1,000.00	
25	Makueni	2,000,000.00	
26	Meru	2,000,000.00	
27	Migori	2,000,000.00	
28	Mombasa	2,000,000.00	
30	Nairobi	2,000,000.00	
31	Nakuru	2,000,000.00	
32	Nandi	13,000.00	
35	Nyandarua	565.00	
36	Nyeri	2,450.00	

37	Samburu		1,000.00	
40	Tana river		91,000.00	
41	Tharak Nthi		2,000,000.00	
42	Tranzoia		2,000,000.00	
44	uasin Gisu		2,000,000.00	
45	Vihiga		2,000,000.00	
46	Wajir		2,000,000.00	
47	west pokot		2,000,000.00	
	Total		49,471,668.00	

Sub Schedule B1			
2210800			Balance Kshs.
Hospitality Supplies and Service Swearing of MCA			
1	A672998	Baringo	60.00
2	A672999	Bomet	225,000.00
3	A673300	Bungoma	405,000.00
5	A685001	Elgeyo Marakwet	180,000.00
6	A685002	Embu	180,000.00
8	A685004	Homabay	360,000.00
9	A685005	Isiolo	90,000.00
10	A685006	Kajiado	225,000.00
11	A685007	kakamega	531,000.00
14	A685010	Kilifi	15,000.00
15	A685011	Kirinyaga	180,000.00
16	A685012	Kisii	7,400.00
17	A685013	Kisumu	25.00
20	A685016	Laikipia	400.00
21	A685017	Lamu	90,000.00
22	A685018	Machakos	2,100.00
23	A685019	Makueni	270,000.00
24	A685020	Mandera	270,000.00
25	A685021	Marsabit	180,000.00
26	A685022	Meru	405,000.00
27	A685023	Migori	360,000.00
29	A685025	muranga	3,600.00
30	A685026	Nairobi	1,020,000.00
31	A685027	Nakuru	660,000.00
34	A685030	Nyamira	1,000.00
40	A685036	Tana River	13,300.00
44	A685040	usain Gishu	360,000.00
45	A685041	Vihiga	225,000.00
46	A685042	Wajir	270,000.00

47	A685043	west pokot	180,000.00
	Total		6,708,885.00

Sub Schedule B2 2210800 Hospitality Supplies and Service Swearing of Governor		
	County Commissioner	Balance
1	Garissa	0
2	Mandera	2,000,000.00
3	Marsabit	2,000,000.00
5	Bomet	2,000,000.00
6	Bungoma	2,000,000.00
8	Elgeyo Marakwet	2,000,000.00
9	Embu	2,000,000.00
10	Homabay	2,000,000.00
11	Isiolo	2,000,000.00
12	Kajiado	2,000,000.00
13	Kakamega	2,000,000.00
14	Kericho	3,240.00
16	Kilifi	382,390.00
17	Kirinyaga	2,000,000.00
19	Kisumu	2.00
23	Lamu	2,000,000.00
24	Machokos	14,960.00
25	Makueni	2,000,000.00
26	Meru	2,000,000.00
27	Migori	2,000,000.00
30	Nairobi	2,000,000.00
31	Nakuru	1.00
32	Nandi	635.00
33	Narok	56,150.00
37	Samburu	609.00
39	Taita Taveta	365.00
40	Tana river	65,045.00
42	Tranzoia	1,737,000
44	uasini Gisu	2,000,000.00

45	Vihiga	2,000,000.00
46	Wajir	2,000,000.00
47	west pokot	2,000,000.00
	Total	42,260,397.00

Sub Schedule C			
2220200 Routine Maintenance			
AIE Number	County Commissioner	Balance Kshs	
1 A672902	Garissa		0
2 A672903	Baringo		10082
3 A672904	Bomet		2,000,000.000
4 A672905	Bungoma		2,000,000.000
6 A672907	Elgeyo Marakwet		2,000,000.000
7 A672908	Embu		2,000,000.000
8 A672909	Homa bay		2,000,000.000
9 A672910	Isiolo		2,000,000.000
10 A672911	Kajiado		2,000,000.000
11 A672912	Kakamega		2,000,000.000
12 A672913	Kericho		9,600.000
14 A672915	Kilifi		75,927.000
15 A672916	Kirinyaga		2000000
17 A672918	Kisumu		321
19 A672920	Kwale		95795
21 A672922	Lamu		2000000
23 A672924	Makueni		2600000
24 A672925	Nyamira		2,841.00
25 A672926	Mandera		2,000,000.00
26 A672927	Marsabit		2,000,000.00
27 A672928	Migori		2,000,000.00
29 A672930	Mombasa		2,000,000.00
30 A672931	Muranga		1,800.00
31 A672932	Nairobi		2,000,000.00
33 A672934	Nandi		96.00
34 A672935	Narok		11,020.00
36 A672937	Nyeri		550.00
37 A672938	Samburu		15.00
41 A672942	Tharaka nthi		148
42 A672943	Trans Nzoia		2,000,000.00
44 A672945	Uasin Gishu		2,000,000.00

45	A672946	Vihiga	2,000,000.00
46	A672947	Wajir	2,000,000.00
47	A672948	West pokot	2,000,000.00
Total			42,208,195.00