REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

COUNTY ASSEMBLY OF NYANDARUA

FOR THE YEAR ENDED 30 JUNE, 2019

NYANDARUA COUNTY ASSEMBLY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2019

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

OFFICE OF THE AUDITOR GENERAL
SOUTH RIFT HUB
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P.O. Box 1050-20100, NAKURU

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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Nyandarua County Assembly is constituted as per the constitution of Kenya and is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. Nyandarua County Assembly constitutes 39 Members of County Assembly (MCAs) which includes 25 members elected to represent members of the public from their respective wards and 14 members nominated to represent the interests of the special groups. The MCAs are responsible for making any laws for

(b) Key Management

Nyandarua County Assembly is managed administratively by the County Assembly Service Board, formed as per the County Government Act and County Assembly Service Act of 2017 with a mandate to facilitate members of the County assembly to carry out their Constitutional mandate and to oversee the day to day operations of the Assembly.
The membership of the Nyandarua County Assembly Service Board is as follows;

1.	James Ndegwa Wahome	Speaker/Chairman
2.	John Kieru Wambui	Vice Chairman
3.	Kariuki Muchiri	Member
4.	Fr. David Munyeki	Member
5.	Nancy Mercy Njoki	Member
6.	Godfrey Nderi Ndiani	Clerk/Secretary
7.	Stephen Muriithi Wairimu	Ag. Clerk/Secretary

(c) Fiduciary Management

The key management personnel who held office during the year ended 30th June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Godfrey Nderi Ndiani (July to December 2018)
2.	Deputy Clerk (Acting Clerk)	Stephen Muriithi Wairimu (January-June 2019)
3.	Director Human Resources and Administration	Simon Njogu Mwaura
4.	Director of ICT and Communication Services	Gideon Mukiri Muchiri
5.	Director Finance & Accounting	Charles Wahinya Wambui
6.	Principal Internal Auditor	Charles Kimani Kahari

(d) Fiduciary Oversight Arrangements

Nyandarua County Assembly fiduciary oversight arrangements include:

1. County Public Accounts and Investment Committee
2. Office of the Controller of Budget
3. Audit Committee

4. Commission on Revenue Allocation

(e) Entity Headquarters

P.O. Box 720-20303
Assembly Chambers Building
Olkalou- Nairobi Highway
Olkalou, Kenya

(f) Entity Contacts

Telephone: (254)706116880
E-mail: clerk@assembly.nyandarua.go.ke
Website: www.nyandaruacountyassembly.go.ke

(g) Entity Bankers

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

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

2. FORWARD BY THE CLERK OF THE ASSEMBLY

Budget performance

During FY 2018/2019, Nyandarua County Assembly had a budget of Ksh 839,574,296. This included Ksh 643,474,296 earmarked for recurrent purposes and Ksh 196,100,000 being the set aside Development budget. The total expenditure amounted to Ksh 768,982,402 which represents an absorption rate of 91.59% of the total budget. The recurrent expenditure amounted to Ksh 639,740,583 representing 99.42% of the recurrent budget while Development expenditure amounted to Ksh 129,241,819 representing an absorption rate of 65.91% of the Development budget.

Operational Performance

The County Assembly is constituted by the Members of the County Assembly and the members of the staff. The County Assembly Service Board is the body corporate that guides and co-ordinates all the operations of the Assembly. The legislative, representation and oversight roles are vested to its members. The execution of these roles is the measure of performance of an Assembly.

In the Fiscal year 2, the County Assembly considered and approved a number of laws which mainly were on revenue and expenditure management.

The finance Act and the Appropriations Acts were duly considered, approved and assented to. These facilitated efficient operation of the County development agendas as well as enhancing achievement of the County Integrated Development Plan and the County Assembly Strategic Plan

As stipulated in the Constitution of Kenya 2010, the Public Finance Management Act No. 18 of 2012, the Public Finance Management (County Government) Regulations 2015 and the County Assembly Standing Orders, in the financial year 2, the County Assembly considered the annual budget estimates, a supplementary budget estimate and a further supplementary budget estimates and approved them with amendments.

The annual budget estimates for the financial year was considered and approved by the Assembly on 1st August 2018 at 10:00 am; the supplementary budget estimates for the

financial year was considered and approved on the 23rd January 2019 at 9:00am; and a further supplementary budget estimates for the financial year was considered and approved on 14th May 2019 at 2.30pm.

The approved plans/budget form the basis for the operations of the Assembly and the Executive.

In addition, the business in the County Assembly is achieved through committees. They have the delegated authority to execute their constitutional mandates. These are smaller units or groups of Members of the County Assembly that allow the Assembly to perform several functions simultaneously, and also provides the opportunity for more detailed investigation and discussions before the findings and outcomes of these committee meetings are presented as committee reports to the House for debate and adoption.

The committees include;

- The Committee of the whole House
- Standing or Select Committees, including;
  a) Sectoral Committees.
  b) House Keeping Committees
  c) Watchdog Committees
- Adhoc Select Committees;

The County Assembly has eighteen committees which have their roles as stipulated in the standing orders-

Standing or Select Committees

A Standing or Select Committee is a permanent committee established by Standing Orders of the Assembly. It may study matters referred to it by special order, within its area of responsibility in the Standing Orders or, may undertake studies on its own initiative.

They are as listed below.

Sectoral Committees

The functions of a Sectoral Committee are to-

a) investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned County departments;

b) study the programme and policy objectives of departments and the effectiveness of the implementation;

c) study and review all county legislation referred to it;

d) study, assess and analyze the relative success of the departments as measured by the results obtained as compared with their stated objectives;

e) investigate and inquire into all matters relating to the assigned departments as they may deem necessary, and as may be referred to them by the Assembly;

f) to vet and report on appointments where the Constitution or any law requires the Assembly to approve; and

g) Make reports and recommendations to the Assembly as often as possible, including recommendation of proposed legislation.

County Budget and Appropriations Committee

The County Budget and Appropriations Committee consists of a chairperson, and not more than eight other Members. The functions of the Committee are-

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

b) discuss and review the estimates and make recommendations to the Assembly;

c) examine the County Budget Policy Statement presented to the Assembly;

d) examine Bills related to the national budget, including Appropriations Bills; and

e) Evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays.

Committee on Implementation

The work of the Committee on Implementation is to scrutinize the resolutions of the

Assembly (including adopted committee reports), petitions and the undertakings given by the County Executive Committee and examine

a) Whether or not such decisions and undertakings have been implemented and where implemented, the extent to which they have been implemented; and whether such implementation has taken place within the minimum time necessary

b) Whether or not legislation passed by the Assembly has been operationalized and where operationalized, the extent to which such operationalization has taken place within the minimum time necessary.

The Committee may propose to the Assembly, sanctions against any member of the County Executive Committee who fails to report to the relevant select Committee on implementation status without justifiable reasons.

House Keeping Committees

The mandate of House Keeping Committees is to ensure that the business of the Assembly is running smoothly.

The committees are:

House Business Committee

The work of the House Business Committee is to:

a) prepare and, if necessary, adjust the Assembly Calendar with the approval of the Assembly;

b) monitor and oversee the implementation of the Assembly Business and programmes.

c) implement the Standing Orders respecting the scheduling or programming of the business of the Assembly and the functioning of the Committees of the Assembly;

d) determine the order in which the reports of Committees shall be debated in the Assembly;

e) make decisions and issue directives and guidelines to prioritize or postpone any business of the Assembly acting with the concurrence of the Leader of the Majority Party or the Leader of the Minority Party, as the case may be, and

f) Consider such matters as may from time to time arise in connection with the business of the Assembly and shall have and perform such powers and functions as are conferred on and ascribed to it by these Standing Orders or from time to time by the Assembly.

Liaison Committee

The Liaison Committee consists of the Chairperson of Committees as the chairperson and the chairpersons of all committees of the Assembly. The committee:

This committee also considers reports of Committee that have not been deliberated by the Assembly and reports to the Assembly on the consideration of such reports.

Its role is to examine:

a). guides and co-ordinates the operations, policies and mandates of all Committees

b) deliberates on and apportions the annual operating budget among the Committees

c) considers the programmes of all the Committees, including their need to travel and sit away from the precincts of Assembly

d) ensures that Committees submit reports as required by these Standing Order

e) determines, whenever necessary the committee or committees to deliberate on any matter

f) Gives such advice relating to the work and mandate of select committees as it may consider necessary;

Watchdog Committees

County Public Accounts and Investments Committee

The Public Accounts and Investments Committee is a watchdog committee.and has the following roles

a) The accounts showing the appropriations of the sum voted by the House to meet the public expenditure and of such other accounts laid before the House as the Committee may think fit.

b) The reports and accounts of all county public investments.

c) The reports, if any, of the Auditor General on the public investments; and

d) Whether the affairs of the public investments, are being managed in accordance with sound financial or business principles and prudent commercial practices.

The County Assembly is a law making organ that plays an oversight role on all county public establishments. The County Assembly is made up of: members elected by the registered voters of the wards; special seat members; number of members of marginalized groups, including persons with disabilities and the youth; and the speaker who is an ex-officio member.

Functions of the county Assembly

a) representation of the people, delegated authority to approve and oversight on behalf of the electorates;

b) make laws that are necessary for the effective performance of the functions and exercise of the powers of the county government;

c) approve and oversight the County Integrated Development Plan; and the Annual development Plan

d) approve and oversight county budget and expenditure;

e) approve and oversight over the implementation of development projects and programmes by the county executive; and

approve and oversight over plans and policies for the management and exploitation of county resources

Performance of key development projects

In March 2017, the County Assembly completed the construction of an ultra-modern chambers complete with the speaker's and Clerk's offices as well as staff offices. This reduced greatly the cost of renting the office space as well as improving on staff performance in facilitating the members of the county Assembly discharge their key constitutional mandates.In addition, the county assembly is in the process of constructing an office block that upon completion will be able to accommodate all the staff and which as at 30th June 2019 was 75% complete. Further, Nyandarua County Assembly is in the process of constructing an official speaker's residence whose land has already been purchased.

Challenges and Recommended Way Forward

During the FY 2018/2019 Nyandarua County Assembly experienced various challenges while carrying out its mandates. These challenges included; inadequate staff in some departments, inadequate physical infrastructure and office space, inadequate budgetary allocation, inadequate technical capacity of members and staff, unhealthy competition among members, inadequate funding from the National Government, Creation of too much bureaucratic processes and approvals from the OCoB, the National Treasury, SRC and CBK.

There are plans underway to address some of the challenges which include sufficient training for the members as well as the staff, construction of an office block that will afford enough working space for staff and thus enhancing efficiency in operations by virtue of providing conducive working environment.

Clerk of the County Assembly

Sign.....25/11/2019

3. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Sections 164 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer of a County Government Entity to prepare financial statements in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Assembly; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Assembly; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

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

The Clerk confirms that the County Assembly has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Assembly's funds received during the year 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 25/11/ 2019.

Clerk of the County Assembly

4. REPORT OF THE INDEPENDENT AUDITORS ON NYANDARUA COUNTY ASSEMBLY

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Nyandarua set out on pages 1 to 20, which comprise the statement of financial assets and liabilities as at 30 June, 2019, and statement of receipts and payments, statement of cash flows and the 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 County Assembly of Nyandarua as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Accuracy of the Financial Statements

1.1. Non-Disclosures of Bank Accounts

The County Assembly operates twenty-five (25) bank accounts with commercial banks through which standing imprest for the operations of Ward offices' are paid. The bank accounts were however, not disclosed in the financial statements as required by the International Public Sector Accounting Standards (IPSAS). Further, bank circularization undertaken in seven (7) out of the Assembly's twenty-five (25) bank accounts revealed balances totalling Kshs.370,185 as at 30 June, 2019.

1.2. Failure to Reconcile Bank Balances

As disclosed under Note 7A to the financial statements, the statement of financial assets and liabilities reflects a bank balance of Kshs.29,904,445 (2018: Kshs.16,919,356).

Included in this balance is Kshs.27,608,760 reported as held at the deposit retention bank account at the Central Bank of Kenya. However, the certificate of bank balance on confirmation reflects a nil balance as at 30 June, 2019. Further, there is no cashbook being maintained for the account contrary to the provision of clause 6.11 of the County Financial Accounting and Reporting Manual.

Further, the recurrent and development bank account reflects balances of Kshs.795,012 and Kshs.1,500,673 respectively. The amounts however, differed significantly with the respective cashbook balances as tabulated below: -

Account Name	Cashbook Balance (Kshs.)	Financial Statement (Kshs.)	Variance (Kshs.)
CBK-Recurrent	757,002.70	795,012	38,009.30
CBK-Development	6,415,482.97	1,500,673	4,914,809.97
Total	**7,172,485.67**	**2,295,685**	**4,952,819.27**

In addition, the banks reconciliation statements in support of the two account balances as at 30 June, 2019 had long outstanding reconciling items totalling to Kshs.125,926,692 that remained unresolved as tabulated below: -

Account Name	Amount outstanding (Kshs.)	Date
Recurrent	43,232,369	31.8.2018
Development	82,694,323	18.3.2019
Total	**125,926,692**	

Management has not rendered satisfactory explanation why the reconciling items continue to remain unresolved.

Consequently, the accuracy of the reported bank balances of Kshs.29,904,446 as at 30 June, 2019 could not be confirmed.

2. Unsupported Ward Expenses

As disclosed under Note 3 to the financial statements, the statement of receipts and payments reflects payments under use of goods and services of Kshs.300,240,100 (2018: Kshs.272,889,740). The figure includes other operating expenses of Kshs.32,568,186. Of this amount, a balance of Kshs.9,975,000 relates to payments for the operations in 25 Wards offices. However, the expenditure was not supported with Electronic Tax Register (ETR) receipts casting doubt on their authenticity. Further, no cashbooks were maintained at the Wards for the control of the imprest bank accounts transactions.

Consequently, the validity of other operating expenses amounting to Kshs.32,568,186 for the year ending 30 June, 2019 could not be confirmed.

3. Pending Accounts Payables (Pending Bills)

Annex 1 to the financial statements indicates that the County had pending accounts payables of Kshs.75,369,634 in respect of amounts owed to contractors and service providers as at 30 June, 2019. Included in this balance is an amount owed to two separate law firms of Kshs.7,407,200 and Kshs.6,380,800. However, verification of correspondences from the firms indicate that the County Assembly owes the law firms Kshs.5,827,200 and Kshs.6,061,244 resulting into overstatement of Kshs.1,580,000 and Kshs.319,556 respectively.

Had the bills been paid and expenditure charged to the respective accounts, the statement of receipts and payments would have reflected a deficit of Kshs.73,073,949 and not the surplus of Kshs.2,295,685 now shown.

Consequently, the accuracy of the pending bills balance of Kshs.75,369,634 as at 30 June, 2019 could not be confirmed.

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

Budget Under Absorption

The statement of comparison of budget and actual amounts: recurrent and development combined reflects final expenditure budget and actual on comparable basis of Kshs.839,574,296 and Kshs.768,982,402 respectively, resulting in an under-absorption of Kshs.70,591,894 or 8%.

The under absorption mainly occurred under acquisition of assets which had a budgeted allocation of Kshs.217,384,500 against expenditure of Kshs.149,430,077 resulting to under absorption of Kshs.67,954,423 or 31%. The underutilization indicates that some activities, predominantly development, planned for the year were not undertaken. This may have impacted negatively on service delivery for the residents of Nyandarua County.

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 and basis for Qualified Opinion sections 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. Unlawful Subscriptions to County Assembles Forum (CAF)

Note 3 to the financial statements discloses other operating expenses of Kshs.32,568,186 which includes payments of an amount of Kshs.5,000,000 to the County Assemblies Forum (CAF) for annual subscription fees. The payment is unlawful and contrary to Section 149(1)(a) of the Public Finance Management Act, 2012.

2. Pending Settlement of Court Award

The Speaker of the first County Assembly declined to swear in a nominated Member of the County Assembly, on the grounds of suitability in the year 2013. The aggrieved member sought redress in court which ruled in his favour by way of award. According to the ruling, the unpaid amount attracts interest at the rate 14% per annum, effective 30 July, 2017. By 30 June, 2019, the County Assembly had settled an amount of Kshs.1,650,000 leaving a balance of Kshs.12,208,000. There was no budget provision during the financial year to settle the obligation.

Consequently, the County Assembly is incurring avoidable cost by way of accrued interest.

3. Lack of Risk Management Policy

The management does not have an approved risk management policy in place to guide the assessment and evaluation of risk and development of strategies to mitigate them. This is contrary to Regulation 158(1) of the Public Finance Management (County Government) Regulations, 2015 which requires the accounting officer to ensure that the county government entity develops risk management strategies, which include fraud prevention mechanism; and a system of risk management and internal control that builds robust business operations.

Consequently, the Assembly is in breach of law to the extent.

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 SYSTEMS, AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Inadequate Fixed Asset Register

Annex 3 to the financial statements discloses a summary of fixed assets valued at Kshs.581,989,806 as at 30 June, 2019. However, the amount excludes undetermined value of the land parcel on which the construction of the Assembly Office Block is ongoing.

Consequently, the ownership, rights and obligations of the fixed asset with a value of Kshs.581,989,806 could not be confirmed.

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

Responsibilities of Management and those charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

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

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

- Conclude on the appropriateness of the Management's use of going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County Assembly's ability to 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.

Nancy Gathungu
AUDITOR-GENERAL

Nairobi

19 October, 2020

1. FINANCIAL STATEMENTS

1.1. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2018/19 KShs	2017/18 KShs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	771,278,086	735,993,988
Proceeds from Sale of Assets			-
Other Receipts			-
TOTAL RECEIPTS		**771,278,086**	**735,993,988**
			-
PAYMENTS			
Compensation of Employees	2	282,255,237	232,746,171
Use of goods and services	3	300,240,100	272,889,740
Subsidies			-
Transfers to Other Government Entities	4	20,000,000	37,301,000
Other grants and transfers			
Social Security Benefits	5	17,056,987	16,951,139
Acquisition of Assets	6	149,430,077	175,920,228
Finance Costs			
Other Payments			
TOTAL PAYMENTS		**768,982,401**	**735,808,278**
SURPLUS(DEFICIT)		**2,295,685**	**185,710**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 25/11/ 2019 and signed by:

Ag. Clerk of the Assembly
Muriithi Wairimu

Director Finance and Accounting
Charles wahinya Wambui
ICPAK Member Number:8772

1.2. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

FINANCIAL ASSETS	Note	2018/19 KShs	2017/18 KShs
Cash and Cash Equivalents			
Bank Balances	7A	29,904,445	16,919,356
Cash Balances			
Total Cash and cash equivalents		**29,904,445**	**16,919,356**
Accounts receivables – Outstanding Imprests			100,000
TOTAL FINANCIAL ASSETS		**29,904,445**	**17,019,356**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	8	27,608,760	16,833,646
NET FINANCIAL ASSETS		**2,295,685**	**185,710**
REPRESENTED BY			
Fund balance b/fwd	9	-	-
Surplus/Deficit for the year		2,295,685	185,710
NET FINANCIAL POSITION		**2,295,685**	**185,710**

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1.3. STATEMENT OF CASH FLOWS

	Note	2018/19 KShs	2017/18 KShs
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operating income			
Transfers from the County Treasury/Exchequer Releases	1	771,278,086	735,993,988
Other Receipts			
Payments for operating expenses			
Compensation of Employees	2	-282,255,237	-232,746,171
Use of goods and services	3	-300,240,100	-272,889,740
Subsidies			
Transfers to Other Government Entities	4	-20,000,000	-37,301,000
Other grants and transfers			
Social Security Benefits	5	-17,056,987	-16,951,13
Finance Costs			
Other Payments			
Adjusted for:			
increase in deposits		12,985,090	16,833,646
increase in imprests		-	-100,000
Prior year adjustments	10	-2,295,685	-
Net cash flows from operating activities		**162,415,167**	**192,839,584**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets			
Acquisition of Assets	6	-149,430,077	-175,920,228
Net cash flows from investing activities		**-149,430,077**	**-175,920,228**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**12,985,090**	**16,919,356**
Cash and cash equivalent at BEGINNING of the year		**16,919,356**	
Cash and cash equivalent at END of the year		**29,904,446**	**16,919,356**

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization difference
	KShs	KShs	c=a+b	e=d-c	KShs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	829,474,296	10,100,000	839,574,296	771,278,086	91.86%
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	-	-
TOTAL	**829,474,296**	**10,100,000**	**839,574,296**	**771,278,086**	**91.86%**
PAYMENTS					
Compensation of Employees	313,928,028	30,203,813	283,724,215	282,255,237	99.48%
Use of goods and services	263,758,181	37,650,412	301,408,593	300,240,100	99.61%
Subsidies	-	-	-	-	
Transfers to Other Government Entities	20,000,000	-	20,000,000	20,000,000	100.00%
Other grants and transfers	-	-	-	-	
Social Security Benefits	17,056,987	1	17,056,988	17,056,988	100.00%
Acquisition of Assets	214,731,100	2,653,400	217,384,500	149,430,077	68.74%
Finance Costs	-	-	-	-	
Other Payments	-	-	-	-	
TOTAL	**829,474,296**	**10,100,000**	**839,574,296**	**768,982,402**	**91.59%**
SURPLUS/ DEFICIT	-	-	-	**2,295,685**	**0.27%**

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Charles wahinya Wambui
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1.5. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilisation difference
	a	B	c=a+b	e=d-c	
RECEIPTS					
Transfers from the County Treasury/ Exchequer Releases	643,474,296	-	643,474,296	639,740,582	99.42%
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	-	-
TOTAL	**643,474,296**	-	**643,474,296**	**640,535,595**	**99.54%**
PAYMENTS					
Compensation of Employees	313,928,028	-30,203,813	283,724,215	282,255,237	99.48%
Use of goods and services	263,758,181	37,650,412	301,408,593	300,240,100	99.61%
Subsidies	-	-	-	-	-
Transfers to Other Government Entities	20,000,000	-	20,000,000	20,000,000	100%
Other grants and transfers	-	-	-	-	-
Social Security Benefits	17,056,987	-	17,056,987	17,056,987	100%
Acquisition of Assets	28,731,100	-7,446,600	21,284,500	20,188,258	94.85%
Finance Costs	-	-	-	-	-
Other Payments	-	-	-	-	-
TOTAL	**643,474,296**	-	**643,474,296**	**639,740,582**	**99.42%**
Surplus/ Deficit	-	-	-	**795,012**	**0.12%**

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization difference
	KShs	KShs	c=a+b	e=d-c	KShs
RECEIPTS					
Transfers from the County Treasury/ Exchequer Releases	186,000,000	10,100,000	196,100,000	130,742,492	66.67%
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	-	-
TOTAL	**186,000,000**	**10,100,000**	**196,100,000**	**130,742,492**	**66.67%**
PAYMENTS					
Compensation of Employees	-	-	-	-	-
Use of goods and services	-	-	-	-	-
Subsidies	-	-	-	-	-
Transfers to Other Government Entities	-	-	-	-	-
Other grants and transfers	-	-	-	-	-
Social Security Benefits	-	-	-	-	-
Acquisition of Assets	186,000,000	10,100,000	196,100,000	129,241,819	65.91%
Finance Costs	-	-	-	-	-
Other Payments	-	-	-	-	-
TOTAL	**186,000,000**	**10,100,000**	**196,100,000**	**129,241,819**	**65.91%**
SURPLUS/ DEFICIT	-	-	-	**1,500,673**	**0.75%**

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Muriithi Wairimu

Director Finance and Accounting
Charles wahinya Wambui
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1.7. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	KShs	KShs	KShs	KShs	KShs
Legislation	114,362,587.80	10,591,443	124,954,030.80	124,428,209.06	99.58%
Oversight	139,776,496.20	12,945,097	152,721,593.20	152,078,922.19	99.58%
Capacity Development	575,335,211	-13,436,539	561,898,672	492,475,270	87.64%
TOTAL	829,474,296	10,100,000	839,574,296	768,982,402	91.59%

1.8. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy notes below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The statement of assets and liabilities, although not a requirement of the IPSAS Cash Standard, has been included to disclose information on receivables and payables.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the entity all values are rounded to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

2. Reporting entity

The financial statements are for the Nyandarua 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

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

Tax receipts

Tax Receipts is recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received.

Transfers from the Exchequer/ County Treasury

Transfer from Exchequer is recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

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 *entity* in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the *entity* includes such value in the statement of receipts and payments both as receipts and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Cash and cash equivalents

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

Restriction on cash

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

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2019, this amounted to KSh 12,985,089.93 compared to KSh 16,833,646 in prior period as indicated on note 8. There were no other restrictions on cash during the year.

6. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

7. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted and prescribed by the Public Sector Accounting Standards Board. Other liabilities including pending bills are disclosed in the financial statements.

8. Non-current assets

Non-current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the Nyandarua County Assembly's fixed asset register a summary of which is provided as a memorandum to these financial statements.

9. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the *entity* at the end of the year. Pending bill form a first charge to the subsequent year budget and when they are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

10. Budget

The budget is prepared on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *entity's* budget was approved as required by Law .The original budget was approved by the County Assembly on 1st August 2018for the period 1st July 2018 to 30 June 2019 as required by law. There were two supplementary budgets passed in the year. A high-level assessment of the *entity's* actual performance against the comparable budget for the financial year under review has been included in the Statement of Comparison between actual and budgeted amounts included in these financial statements.

11. Comparative figures

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

12. Subsequent events

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

13. Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

14. Related party transactions

Related party transactions involve cash and in kind transactions with the National Government, National Government entities and County Government entities. Specific information with regards to related party transactions is included in the disclosure notes.

1.9. NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from the County Treasury/Exchequer Releases

	2018/19	2017/18
	KShs	KShs
Transfers from the County Treasury for Q1	110,929,309	61,441,827
Transfers from the County Treasury for Q2	209,346,378	177,463,556
Transfers from the County Treasury for Q3	188,175,161	232,118,456
Transfers from the County Treasury for Q4	262,827,238	264,970,149
Cumulative Amount	**771,278,086**	**735,993,988**

2. COMPENSATION OF EMPLOYEES

	2018/19	2017/18
	KShs	KShs
Basic salaries of permanent employees	162,403,416	143,020,484
Basic wages of temporary employees	1,920,000	-
Personal allowances paid as part of salary	102,131,646	76,745,641
Personal allowances paid as reimbursements	2,460,000	
Personal allowances provided in kind	-	-
Pension and other social security contributions	13,340,175	12,980,046
Compulsory national social security schemes	-	
Compulsory national health insurance schemes	-	
Social benefit schemes outside government	-	
Other personnel payments	-	
Total	**282,255,237**	**232,746,171**

Nyandarua County Assembly employed 19 staff on contractual terms

3. USE OF GOODS AND SERVICES

	2018/19	2017/18
	KShs	KShs
Utilities, supplies and services	3,292,800	1,628,000
Communication, supplies and services	4,859,305	3,716,079
Domestic travel and subsistence	118,505,140	132,318,270
Foreign travel and subsistence	22,301,380	9,681,570
Printing, advertising and information supplies & services	10,433,870	9,402,233
Rentals of produced assets	3,965,700	3,954,200
Training expenses	16,651,765	19,197,249
Hospitality supplies and services	33,516,840	25,176,549
Insurance costs	26,045,047	29,145,291
Specialized materials and services	6,786,176	2,365,020
Office and general supplies and services	5,860,499	2,836,798
Fuel and lubricants	6,385,526	5,000,000
Other operating expenses	32,568,186	17,325,067
Routine maintenance – vehicles and other transport equipment	5,449,995	7,385,877
Routine maintenance – other assets	3,617,871	3,757,537
Total	**300,240,100**	**272,889,740**

4. TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2018/19 KShs	2017/18 KShs
Transfers to National Government entities	xxx	xxx
Transfers to other County Assembly entities	20,000,000	37,301,000
Staff Car loan and Mortgage Fund		
TOTAL	**20,000,000**	**37,301,000**

These includes transfer to Nyandarua County Assembly Staff Car loan and Mortgage fund. This is a revolving fund that issues loans to staff that are refundable at 3% rate of interest per annum.

5. SOCIAL SECURITY BENEFITS

	2018/19 KShs	2017/18 KShs
Government pension and retirement benefits		
Social security benefits in cash and in kind	17,056,987	16,951,139
Employer Social Benefits in cash and in kind		
Total	**17,056,987**	**16,951,139**

These social security benefits relates to the employer contributions to gratuity for Members of the County Assembly as well as the staff on contract.

6. ACQUISITION OF ASSETS

Non- Financial Assets	2018/19 KShs	2017/18 KShs
Purchase of Buildings		xxx
Construction of Buildings	129,241,819	154,712,225
Refurbishment of Buildings	-	xxx
Construction of Roads	-	xxx
Construction and Civil Works	-	xxx
Overhaul and Refurbishment of Construction and Civil Works	-	xxx
Purchase of Vehicles and Other Transport Equipment	13,825,000	-
Overhaul of Vehicles and Other Transport Equipment	-	xxx
Purchase of Household Furniture and Institutional Equipment	-	xxx
Purchase of Office Furniture and Equipment	-	xxx
Purchase of ICT Equipment	2,703,508	13,715,660
Purchase of Specialized Plant, Equipment and Machinery	2,834,250	-

Non- Financial Assets	2018/19	2017/18
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	xxx
Purchase of Certified Seeds, Breeding Stock and Live Animals	-	xxx
Research, Studies, Project Preparation, Design & Supervision	825,500	7,492,343
Rehabilitation of Civil Works	-	-
Acquisition of Strategic Stocks and commodities	-	xxx
Acquisition of Land	-	xxx
Acquisition of Intangible Assets	-	xxx
Total purchase of non-financial assets	**149,430,077**	**175,920,228**
Financial Assets	-	xxx
Domestic Public Non-Financial Enterprises	-	xxx
Domestic Public Financial Institutions	-	xxx
Total purchase of financial assets	-	**xxx**
Total	**149,430,077**	**175,920,228**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. CASH AND BANK BALANCES

7A. BANK BALANCES

Name of Bank, Account No. & Currency	Indicated whether recurrent or development	2018/19	2017/18
		KShs	KShs
Central Bank Account No.1000250135	Recurrent Account	795,012	57,651
Central Bank Account No. 1000239743	Development Account	1,500,673	28,059
Central Bank Account No. 1000252579	Deposits Account	27.608,760	16,833,646
Total		**29,904,445**	**16,919,356**

The amounts retained from the Contractors were not paid to the deposit account due to mapping issues with the National Treasury. They were therefore never requisitioned from the CRF and as such remained as part of the balance in the County Revenue Fund as at 30th June 2019.

8. ACCOUNTS PAYABLE

	2018/19	2017/18
	KShs	KShs
Deposits	xxx	xxx
Retentions	27,608,760	16,833,646
Total	**27,608,760**	**16,833,646**

9. FUND BALANCE BROUGHT FORWARD

	2018/19	2017/18
	KShs	KShs
Bank accounts	29,904,446.93	16,919,356
Cash in hand	-	-
Accounts Receivables	-	100,000
Accounts Payables	(27,608,761.93)	(16,833,646)
Total	**2,295,685**	**185,710**

This fund balance is refunded back to the County Revenue fund at the close of the financial year and thus no fund balance brought forward is reported in these financial statements.

10. PRIOR YEAR ADJUSTMENTS

Description of the adjustment	2018/19	2017/18
	KShs	KShs
Adjustments on bank account balances	-2,295,685	-185,710
Adjustments on cash in hand	-	-
Adjustments on payables	-	-
Adjustments on receivables	-	-
Others (*specify*)	-	-
Total	**-2,295,685**	**-185,710**

As stated above in note 9, the funds that remain unspent in both the recurrent and development accounts at the close of the year they are transferred back to the CRF and thus must be adjusted as shown in the table above at the beginning of the year.

1.10. OTHER DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 1)

Description	Balance b/f FY 2017/2018 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2018/2019 Kshs
Construction of buildings	-	184,692,924.00	(129,241,819)	55,451,105.00
Supply of goods	259,998	24,105,994.00	(23,290,242)	1,075,750.00
Supply of services	1,882,683	295,152,563.97	(278,192,467.1)	18,842,779.87
Total	**2,142,681**	**503,951481.97**	**(430,724,528.1)**	**75,369,634.87**

2. PENDING STAFF PAYABLES (See Annex 2)

Description	Balance b/f FY 2017/2018 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2018/2019 Kshs
Senior management	700,100	7,361,343	(7,556,743)	504,700
Middle management	515,200	10,579,428	(10,597,628)	497,000
Unionisable employees	3,206,250	73,473,190	(92,116412)	4,754,400
MCAs	2,259,950	64,598,141.56	(62,863,685)	3,994,406
Total	**6,501,500**	**156,012,103**	**(173,134,469)**	**9,750,506**

3. 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.

Related party transactions:

	2018/2019	2017/2018
	Kshs	Kshs
Compensation to Key Management		
Compensation to the Speaker, Deputy Speaker and the MCAs	152,948,367	117,268,090.08
Key Management Compensation(Clerk and Heads of departments)	30,123,742	27,469,457
Total Compensation to Key Management	**183,072,109**	**144,737,547.08**
Transfers to related parties		
Transfers to other County Government Entities such as car and mortgage schemes	20,000,000	47,301,000
Total Transfers to related parties	**203,072,109**	**192,038,547.08**
Transfers from related parties		
Transfers from the County Executive- Exchequer	xxx	xxx
Payments made on behalf of the County Assembly by other Government Agencies	xxx	xxx
(Insert any other transfers received)	xxx	xxx
Total Transfers from related parties	**xxx**	**xxx**

4. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue *(Name and designation)*	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
	Unsupported cash balance	Some transaction voided in the IFMIS and reversed in the cashbook		resolved	
	Budget performance	Delayed and irregular exchequer releases	C.Wahinya-Director finance	Not resolved	30th june
	Use of goods and services-Lawfulness and effectiveness in application of public resources	The County Assembly fully complies with all laws and regulations and always endeavours to exercise prudence and ensure public resource are utilised in an economical manner	clerk	Resolved	continuous
	Disclosures on pending bills.	The creditors ledger is now regularly updated on a timely basis	Director Finance	resolved	
	Effectiveness of internal controls, Governance and risk management system	Risk management policy and register now developed and in place	clerk	resolved	

Clerk of the County Assembly

Sign.....

Date.....25/11/2019.....

ANNEXES

ANNEX 1 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLES						
Supplier of Goods or services	**Original Amount**	**Date Contracted**	**Amount paid To - Date**	**Outstanding Balance 2018/19**	**Outstanding Balance 2017/18**	**Comments**
Construction of Buildings						
Arcon Works	184,692,924		129,241,819	55,451,105.00		
Sub-Total	**184,692,924**		**129,241,819**	**55,451,105.00**		
Supply of goods						
Digital Congress Systems & Design Ltd	1,160,149.00		84,399.00	1,075,750.00	0	
Sub - Total	**1,160,149.00**		**84,399.00**	**1,075,750.00**	**0**	
Supply of Services						
Githinji Kimamo & company Ltd	7,407,200.00		-	7,407,200.00	-	
Mr. Ndirangu's advocate, C.N & Company	6,380,800.00		-	6,380,800.00	-	
The star Publications Ltd	2,062,750.00		1,400,015.60	662,734.40	-	
Kenya School of Government	2,588,376.00		1,297,976.00	1,290,400.00	106,746.67	
Nyandarua Institute of Science & Technology	139,600.00		-	139,600.00	-	
Tumaini Conference Centre	423,000.00		-	423,000.00	414,406.00	

Fifa Holdings Ltd	5,743,200.00		5,628,207.38	114,992.62	-	
Institute of internal auditors	174,000.00		174,000.00	-	226,200.00	
Thika Motor dealers	2,435,399.48		2,435,399.48	-	581,413.49	
APA Insurance	1,434,890.00		1,434,890.00	-	160,355.00	
Janwak Company	1,991,998.00		1,991,998.00	-	164,998.00	
KIHBIT	93,732.72		93,732.72	-	125,242.00	
Trapoz Contractors	-		-	-	95,000.00	
Masada Hotel	402,000.00		402,000.00	141,000.00	-	
The Standard Group Ltd	2,654,289.00		2,654,289.00	642,060.00	-	
Sweetlake Resort	2,284,500.00		2,284,500.00	1,287,000.00	-	
ICPAK	2,743,600.00		2,743,600.00	109,500.00	-	
IHRM	598,440.00		598,440.00	104,400.00	-	
Attic Tours & travel Ltd	111,600.00		111,600.00	28,200.00	-	
Lanetmatfarm Resort	712,800.00		712,800.00	46,800.00	-	
Royal Gardens Gateway	1,076,600.00		1,076,600.00	39,000.00	268,320.00	
Umoa Builders	1,254,284.65		1,254,284.65	26,092.85	-	
Sub - Total			**155,536,151.83**			

	227,405,983.85			74,293,884.87	2,142,681.16	
TOTAL	228,566,132.85	-	155,620,490.83	75,369,634.87	2,142,681.16	-

ANNEX 2 – ANALYSIS OF PENDING STAFF PAYABLES

		Balance b/f FY 2017/2018	Additions for the period	Paid during the Year	Balance c/f FY 2018/2019
SENIOR MANAGEMENT	SIMON NJOGU MWAURA	167,300.00	1,299,200.00	1,262,100.00	204,400.00
	GIDEON MUKIRI MUCHIRI	94,600.00	958,200.00	1,005,900.00	46,900.00
	JOSEPH MAINA NJUGUNA	47,600.00	630,700.00	636,300.00	42,000.00
	CHARLES WAHINYA WAMBUI	103,600.00	1,594,250.00	1,608,250.00	89,600.00
	STEPHEN MURIITHI WAIRIMU	165,200.00	2,091,092.00	2,134,492.00	121,800.00
	HON GODFREY NDERI NDIANI	121,800.00	787,901.00	909,701.00	-
		700,100.00	**7,361,343.00**	**7,556,743.00**	**504,700.00**
MIDDLE LEVEL MANAGEMENT	ROSEJOY NKATHA	74,200.00	1,333,345.00	1,337,545.00	70,000.00
	JOHN MATHENGE LEKTARI	112,700.00	1,171,392.00	1,261,692.00	22,400.00
	CHARLES KIMANI KAHARI	31,500.00	1,739,770.00	1,706,870.00	64,400.00
	STANLEY KIMERIA	64,400.00	871,500.00	857,500.00	78,400.00
	ELIZABETH WANJIKU MUTHUI	128,800.00	1,394,400.00	1,491,700.00	31,500.00
	DAVID GITAU NGIGI	8,400.00	1,236,200.00	1,244,600.00	-
	MARGARET WAIRIMU WAITHAKA	11,200.00	44,800.00	56,000.00	-
	PETER GICHINA KARANU	84,000.00	1,426,192.00	1,316,292.00	193,900.00
	SALOME WANGECHI MURIUKI	-	1,361,829.00	1,325,429.00	36,400.00

		515,200.00	**10,579,428.00**	**10,597,628.00**	**497,000.00**
UNIONISABLE EMPLOYEES	MOSES KINYUA MBUTHIA	210,000.00	926,500.00	1,049,700.00	86,800.00
	AMOS WAWERU MACHARIA	-	797,600.00	797,600.00	-
	JOHN MAINA MURIU	2,000.00	1,908,994.00	1,818,594.00	92,400.00
	PETER GITHAE MUHIA	66,400.00	798,200.00	853,400.00	11,200.00
	MOSES MWANGI MWANGI	152,500.00	572,700.00	700,200.00	25,000.00
	JEREMIAH MBUGUA MUCHEMI	81,200.00	722,081.00	803,281.00	-
	DANIEL MUCHERU MWANIKI	66,700.00	1,129,057.70	1,195,757.70	-
	ABRAHAM KIRUNGA NDICHU	119,700.00	1,208,521.00	1,192,821.00	135,400.00
	MARTHA WACUKA NDUNGU	79,050.00	471,100.00	471,750.00	78,400.00
	PETER MAINA MARIRU	122,600.00	922,650.00	1,015,050.00	30,200.00
	DORCAS NJERI KARANJA	-	1,095,940.00	1,053,940.00	42,000.00
	EMMA MWIHAKI KIBIRO	-	330,400.00	322,000.00	8,400.00
	NAOMI WANGUI KIENJE	59,500.00	764,900.00	703,000.00	121,400.00
	BENJAMIN MUNYEKI GATONGA	28,000.00	366,800.00	394,800.00	-
	STEPHEN MWANGI KAIRU	78,400.00	818,300.00	865,200.00	31,500.00
	JOSEPH MACHARIA MWANGI	-	115,500.00	115,500.00	-
	ROBERT WANJOHI GAKIO	56,000.00	602,000.00	560,000.00	98,000.00
	SAMUEL IRUNGU KIGOTHO	45,800.00	1,235,200.00	1,202,600.00	78,400.00
	TERESA WAMBUI MWARARI	-	200,900.00	200,900.00	-
	DENNICE ADUNG'O ODOOT	-	837,200.00	803,600.00	33,600.00
	PAUL MUYA GITAU	116,100.00	355,800.00	471,900.00	-
	NICHOLAS NDEITHI GITAMAKA	-	490,200.00	490,200.00	-
	SAMUEL WACHANGA NGONDI	16,800.00	705,600.00	722,400.00	-
	LEWIS PETER NJENGA KARIRU	16,800.00	484,400.00	484,400.00	16,800.00
	JOHN KABUE KAHINGA	75,000.00	1,392,810.00	1,300,510.00	167,300.00
	FAITH WAMBUI KAMORI	36,400.00	575,200.00	533,200.00	78,400.00
	LEAH WANJIRU NJENGA	5,600.00	554,400.00	560,000.00	-

	DANIEL KAMAU MACHARIA	50,400.00	526,400.00	532,000.00	44,800.00
	BENARD KIBOI GITONGA	76,300.00	1,539,800.00	1,556,600.00	59,500.00
	PATRICIA CHEGE NDUTA	75,600.00	824,481.00	841,281.00	58,800.00
	GLADYS NYAWIRA KARUIRU	-	899,498.00	832,298.00	67,200.00
	IRENE WANGECI KANG'AU	173,600.00	1,423,181.00	1,509,981.00	86,800.00
	SAMUEL GICHEHA NG'ANG'A	-	2,800.00	-	2,800.00
	JOEL KARANJA GICHEHA	136,500.00	1,250,900.00	1,331,400.00	56,000.00
	JOYCE WANJIKU GATHURA	33,600.00	513,400.00	547,000.00	-
	AURELIA WANJIRU WANGUI	38,500.00	1,516,292.00	1,529,592.00	25,200.00
	CHRISTABEL NJERI GITU	62,100.00	1,179,800.00	1,166,300.00	75,600.00
	DAVID MUTAHI NDUNG'U	25,200.00	459,800.00	464,000.00	21,000.00
	ALICE NYAMBURA KIMANI	10,500.00	761,500.00	718,400.00	53,600.00
	LUCY WANJIKU GICHUKI	5,000.00	200,100.00	205,100.00	-
	MISHECK WAWERU NJIHIA	100,800.00	1,045,620.00	1,023,220.00	123,200.00
	FAITH GATHIGIA MUCHIRI	2,800.00	142,800.00	145,600.00	-
	GRACE NJERI NG'ANG'A	103,600.00	640,381.00	718,781.00	25,200.00
	MERCY WANJIRU MUTHONI	-	731,200.00	703,200.00	28,000.00
	NANCY WACEKE MUTHEE	-	698,600.00	698,600.00	-
	KENNEDY WAINAINA MWANIKI	130,200.00	1,393,000.00	1,450,400.00	72,800.00
	PETER WAWERU KAMAU	2,800.00	1,084,300.00	1,087,100.00	-
	JAYNE WARWATHIA CHEGE	-	705,600.00	663,600.00	42,000.00
	CHARLES MAINA EUNICE	-	450,733.00	450,733.00	-
	BENSON NGUGI NJOGU	75,600.00	258,400.00	322,800.00	11,200.00
	DOMINIC CHEGE WACERA	5,600.00	1,232,420.00	1,223,320.00	14,700.00
	SUSAN WAIRIMU KARAYA	50,400.00	361,200.00	411,600.00	-
	RUTH WAMBUI NJOGU	-	574,000.00	574,000.00	-
	GLADYS CHEPKOECH CHEPKWONY	11,900.00	313,600.00	325,500.00	-
	JOSPHINE WAMBUI MAINA	-	125,300.00	125,300.00	-

	MARY NYAWIRA WAGURA	-	24,500.00	24,500.00	-
	AGNES NYAGUTHII MUGO	-	24,500.00	24,500.00	-
	LEAH WANJIRU WANDERI	-	54,000.00	54,000.00	-
	MERCY NYAKARIA MBUGUA	-	42,000.00	42,000.00	-
	MIRIAM WANGUI WANGARI	7,000.00	185,000.00	192,000.00	-
	MARY WARUGURU KIBARI	5,600.00	927,500.00	933,100.00	-
	JAMES NDEGWA NDIRANGU	2,800.00	526,850.00	529,650.00	-
	NJIHIA KING'ORI	16,800.00	140,800.00	157,600.00	-
	LEAH NJOKI WANJIKU	-	908,700.00	745,100.00	163,600.00
	PETERSON NDEGWA KAMUNYA	206,200.00	1,295,881.00	1,457,281.00	44,800.00
	ANTHONY MUCHAI KARIUKI	53,200.00	170,200.00	220,600.00	2,800.00
	BONIFACE WAWERU RIMUI	-	1,845,900.00	1,845,900.00	-
	JUDY NYAMBURA KINYUA	2,800.00	353,800.00	356,600.00	-
	EDWARD GACHIU GITAU	50,000.00	707,800.00	757,800.00	-
	GLADYS WANJIRU MATHENGE	56,000.00	420,000.00	408,800.00	67,200.00
	GEORGE KAMUNYA WANG'OMBE	14,000.00	660,800.00	574,000.00	100,800.00
	JOSEPHINE WAKIURU CHRISTINE	-	151,200.00	151,200.00	-
	CHRISTOPHER KIMANA MWANGI	6,300.00	380,750.00	378,650.00	8,400.00
	CHAMON CHELANGAT	-	24,500.00	24,500.00	-
	JOHN KAMAU KIMANI	-	24,500.00	24,500.00	-
	JOHN WACHIRA WAKIRIBA	-	952,370.00	898,470.00	53,900.00
	DR. JAMES KUNG'U	-	970,850.00	914,850.00	56,000.00
	BETH GATUNE WANGOMBE	-	980,370.00	926,470.00	53,900.00
	JOHN MUHIA METHU	-	1,272,789.20	1,121,589.20	151,200.00
	PAUL NDARUA MANG'AE	-	1,248,800.00	1,204,000.00	44,800.00
		3,026,250.00	**73,473,190.90**	**92,116,411.90**	**4,754,400.00**
MCA'S	HON JOHN KIERU WAMBUI	14,600.00	2,381,704.00	2,394,804.00	1,500.00

	HON LOISE WANJA KIMONDO	8,400.00	1,162,410.00	1,137,910.00	32,900.00
	HON ANDREW KAMAU KARIUKI	105,600.00	1,302,060.00	1,407,660.00	-
	HON MARGARET WANJIRU IRERI	74,500.00	1,246,472.00	1,276,372.00	44,600.00
	HON PAUL WAMBAIRE NGECHE	64,000.00	1,348,462.00	1,381,862.00	30,600.00
	HON DAVID MWANGI MAITAI	92,400.00	1,499,875.00	1,501,275.00	91,000.00
	HON PETER KAMAU GATHUNGU	10,100.00	1,897,795.20	1,879,895.20	28,000.00
	HON KENNETH MUKIRA MAHIANYU	113,000.00	1,702,757.00	1,724,757.00	91,000.00
	HON SAMUEL MATHU WAINAINA	55,200.00	1,210,800.00	1,176,750.00	89,250.00
	HON SIMON SAMBIGI MUKURIAH	107,100.00	1,440,012.45	1,545,612.45	1,500.00
	HON EDINALD WAMBUGU KING'ORI	52,100.00	1,467,602.00	1,379,202.00	140,500.00
	HON SAMWEL RIMUI KAIYANI	42,600.00	2,243,219.56	1,771,795.00	514,024.56
	HON JAMES KIIRU GACHOMBA	(18,900.00)	1,845,206.00	1,566,606.00	259,700.00
	HON JOHN GITHINJI MWANIKI	(32,700.00)	1,931,695.00	1,743,595.00	155,400.00
	HON ISAAC KUNG'U WANJIRU	64,000.00	1,710,360.00	1,662,960.00	111,400.00
	HON MILKAH WANJIRU NDIRANGU	39,500.00	1,718,380.00	1,562,580.00	195,300.00
	HON REUBEN GITAU KARANJA	44,900.00	1,950,717.00	1,864,717.00	130,900.00
	HON GABRIEL GATHURE WAMBUI	60,500.00	1,595,495.00	1,546,095.00	109,900.00
	HON SULEIMAN KIHIKA KIMANI	6,100.00	1,696,792.00	1,592,992.00	109,900.00
	HON ESTHER NYAMBURA MWANGI	85,000.00	1,465,280.00	1,441,780.00	108,500.00
	HON CATHERINE WAIRIMU NJANE	(51,200.00)	2,398,790.00	2,347,590.00	-
	HON SIMON MBOGO MBURU	70,100.00	1,504,715.00	1,408,915.00	165,900.00
	HON SAMUEL KINYANJUI NJATHA	25,100.00	1,152,550.00	1,117,650.00	60,000.00
	HON SALOME GATHONI KAMAU	60,100.00	887,650.00	946,250.00	1,500.00
	HON ESTHER WANJIKU MUHOHO	25,100.00	1,172,870.00	1,088,770.00	109,200.00
	HON MARGARET WANJIRU NDUNG'U	25,100.00	956,360.00	981,460.00	-

	HON ZACHARY MWANGI NJERU	31,600.00	2,184,088.00	2,012,888.00	202,800.00
	HON JAMES NDEGWA WAHOME	270,350.00	2,665,454.00	2,802,104.00	133,700.00
	HON JUSTUS GAITA WAGURA	117,100.00	1,151,712.00	1,268,812.00	-
	HON MARY NJERI WANJAU	88,900.00	1,114,850.00	1,093,850.00	109,900.00
	HON HUSSEIN NDUNG'U KASSANA	88,900.00	1,817,308.00	1,660,592.00	245,616.00
	HON LUCY WANGARI METHU	32,900.00	1,421,832.00	1,335,732.00	119,000.00
	HON SAMMY NGUMO NGAMAU	29,000.00	1,377,760.00	1,298,460.00	108,300.00
	HON MARY WAITHIRA WAWERU	102,100.00	844,550.00	910,250.00	36,400.00
	HON JOSEPH KARIUKI WAITHIRA	148,000.00	1,294,795.00	1,397,295.00	45,500.00
	HON JANE NYAMBURA WAWERU	32,900.00	1,036,830.00	978,730.00	91,000.00
	HON KARIUKI MUCHIRI	77,700.00	2,480,207.35	2,393,992.00	163,915.35
	HON JECINTA WANGARI GITHAE	29,000.00	871,980.00	900,980.00	-
	HON JOHN MBURU GITHINJI	32,900.00	949,210.00	982,110.00	-
	HON GEOFFREY NGARUIYA KARIUKI	25,100.00	1,188,142.00	1,213,242.00	-
	HON FR. DAVID MUNYEKI	5,600.00	1,821,457.00	1,677,957.00	149,100.00
	HON NANCY MERCY NJOKI MURIITHI	5,600.00	1,640,937.00	1,486,837.00	159,700.00
		2,259,950.00	**64,598,141.56**	**62,863,685.65**	**3,994,405.91**
TOTALS		**6,501,500.00**	**156,012,103.46**	**173,134,468.55**	**9,750,505.91**

ANNEX 3 SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (KShs) 2017/18	Additions during the year (KShs)	Disposals during the year (KShs)	Transfers in/(out)	Historical Cost c/f (KShs) 2018/19
Land	-	10,000,000	-	-	10,000,000
Buildings and structures	303,420,101	119,241,819	-	-	422,661,920
Transport equipment	56,290,319	13,825,000	8,298,858	3,441,146	58,375,315
Office equipment,furniture and fittings	50,860,562	2,703,508			53,564,070
ICT Equipment	11,317,375	2,834,250			14,151,625
Machinery and Equipment	6,001,880	4,495,000			10,496,880
Intangible assets	12,739,996				12,739,996
Total	440,630,233	153,099,577	8,298,858	3,441,146	581,989,806

A Mace worth Ksh 4,995,000 was recorded in the Asset register but was not included as part of acquisition of assetsin financial statementsas it was purchased using budget item(2211013) that is classified under use of goods and services in the financial statements.