REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

COUNTY ASSEMBLY OF NANDI

FOR THE YEAR ENDED 30 JUNE, 2019

OFFICE OF THE AUDITOR GENERAL
ELDORET HUB
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P. O. Box 2774 - 30100, ELDORET

NANDI COUNTY ASSEMBLY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2019

"AMMENDED COPY"

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

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1. KEY ENTITY INFORMATION AND MANAGEMENT

I. Background information

The Nandi County Assembly is constituted as per the constitution of Kenya is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The County Assembly constitutes 39 Members of County Assembly (MCAs), among them 30 were elected on the Tuesday August 8, 2019 General Election to represent members of the public from their respective wards, 9 who were nominated by political parties in accordance with their numerical strength, as an affirmative action of a gender top up and special interest groups as part of the constitutional requirements. The MCAs are responsible for making any laws for effective performance of the County Government of Nandi, approving plans and policies and playing the oversight role over the County Executive.

II. Key Management

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

I. The Hon. Speaker
II. The County Assembly
III. The County Assembly Service Board and
IV. The Clerk to the County Assembly.

III. Fiduciary Management

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

No.	Designation	Name
1)	Clerk	Barnaba GK Kosgei
2)	CFO	Wesley C. Kimeto
3)	HR	Henry Tarus
4)	HOB	Luke K. Cherutich

IV. Fiduciary Oversight Arrangements

- *County Assembly Service Board*
- *Internal Audit Reports*
- *County Assembly Inspection and Acceptance Committees*
- *Auditor General*

V. Entity Headquarters

P.O. Box 673 – 30300,
COUNTY ASSEMBLY
Jean-Marie Seroney Road, Bungei Street,
Kapsabet, KENYA

VI. Entity Contacts

Telephone: (254) 0535252039
E-mail: info@nandiassembly.go.ke
Website: www.nandiassembly.go.ke

VII. Entity Bankers

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

2. Cooperative Bank of Kenya Ltd,
   P. O. Box 869 – 30300,
   KAPSABET

3. National Bank of Kenya Ltd,
   P. O. Box 34– 30300,
   KAPSABET

(b) Independent Auditors

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

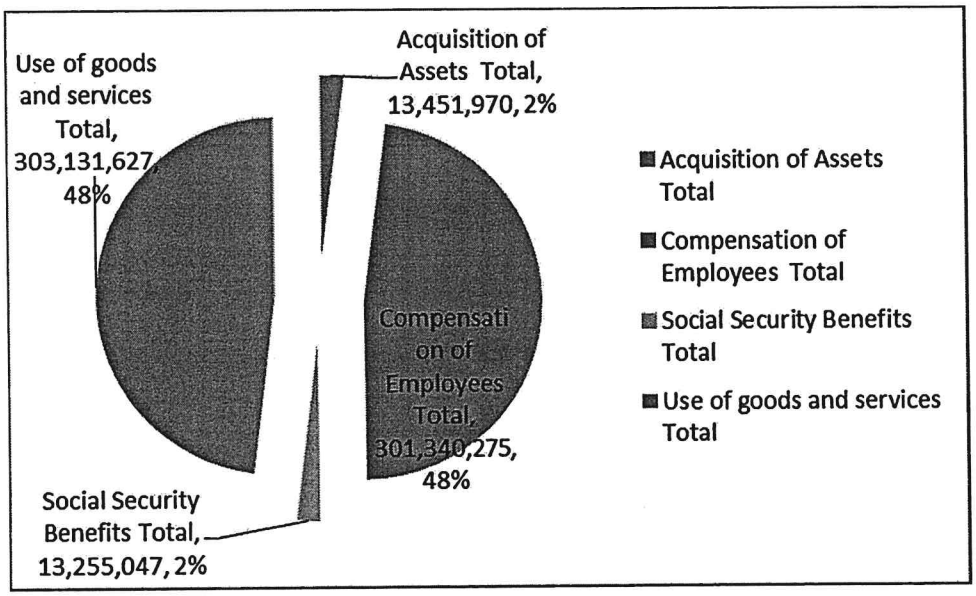
(c) Principal Legal Adviser

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

The Financial Statements for the FY 2018/2019, herein, reflect actual expenditure of **KShs. 678,612,150** against a total income (Exchequer Releases) of **KShs. 726,570,909**. This thus left a surplus of **KShs. 47,958,759** on June 30, 2019 explaining balances at bank totaling **KShs. 47,958,759.** The corresponding account payables to this bank balances that arose from delayed release of June 2019 requisition is herein presented as part of the financial statements. Comparatively during a similar period in the previous financial year, the County Assembly actual expenditure decreased by **4.28%.** This was due to the decrease in actual development expenditure from **KShs. 121,118,660** to **KShs. 65,205,863** by **46.16%** in FY 2018/2019 as compared to development expenditure in FY 2017/2018. However, recurrent expenditure increased by **4.35%** from **KShs. 587,836,755** to **KShs. 613,406,286.80** by **KShs. 27,452,864** in FY 2018/2019 compared to FY 2017/2018. The County Assembly's recurrent expenditure budget for the FY under review was **KShs. 631,178,919** representing **7.52%** of the entire county expenditure budget of **KShs. 8,396,471,093.**

The pie chart below shows categorization of the expenditure in terms compensation of employees, acquisition of assets and use of goods and services.



Statement of comparison of budget and actual amounts for the year ending June 30, 2019 herein provides that the County Assembly utilized ***88.54%*** of its final budget estimates for the FY 2018/2019. Adjustments of the original budget were a net reduction of total of ***KShs.128.25 million*** in total expenditure allocation in the FY 2018/19.

In Q1 of FY 2018/2019 the County Assembly undertook rigorous trainings of its employees on participation in sports tournaments and attempted to enhance their exploitation of individual talents. This involved expenditure on sports events, fuel and maintenance of transport equipment, payments to sports training facilitators, acquisition of sports regalia, payments of daily subsistence allowances to participants and subscriptions. The County Assembly undertook serious engagements with the stakeholders including the members of the public, constitutionally independent state institutions and the county executive of Nandi while considering the County Integrated Development Plan (CIDP) for the medium term to year 2023 and which were approved and is currently in force for utilization in budgetary processes going forward. Further, the County Assembly undertook similar processes that culminated in effective review of County Annual Development Plan (CADP) for the FY 2018/2019 which had not been approved upon delayed submission.

In Q2 of FY 2018/2019, the County Assembly conducted several public participation forums and consulted constitutionally independent commissions and state offices while considering the County Finance Bill of 2018, the County Budget Review and Outlook Paper (CBROP), 2018 and the Supplementary Budget Estimates for the FY 2018/2019. The County Assembly Service Board conducted several capacity building, team building and awareness sessions for its employees as part of a follow up on recommendations for recognition of Control Objectives of Information Technology (COBIT), necessary preparation for disaster management, change management and succession planning. Included in the expenditure incurred in the period were MCAs medical insurance costs, refined fuels for transport, temporary committee expenses and rental expenses.

In Q3 of FY 2018/2019, the County Assembly conducted several public participation forums and consulted constitutionally independent commissions and state offices while considering the County Finance Bill of 2018, the County Budget Fiscal Strategy Paper (CFSP), 2019 and the Supplementary Budget Estimates II for the FY 2018/2019. Recruitment of three staff was done during the period. Also included in the expenditure incurred in the period were staff medical insurance costs, refined fuels for transport, temporary committee expenses and rental expenses.

In Q4 of FY 2018/2019, the County Assembly participated in the County Assemblies Forum (CAF) Legislative Summit held in Kisumu in April 2019. Included in the expenditure incurred in the period were also the costs associated with membership and subscriptions to the CAF, refined fuels for transport, temporary committee expenses and expenses relating to the public participation on Budget Estimates for the FY 2019/2020 and auxiliary legislation.

There have been persistent challenges experienced during the period under review including lack of sufficient office space, bureaucratic processes in procurement of works, goods and services and the delays in exchequer releases. Further, budgeting for contingent expenses given that an appeal was filed by the SRC on the judicial determination had made on the County Assemblies Forum (CAF) court case against the Salaries and Remuneration Commission (SRC) on the Gazette Notice No. 6516 dated July 7, 2017 on the remuneration and benefits of state officers working in the County Assembly. Lastly, there is a challenging risk posed by the current legal framework in requisitioning for County Assembly funds whose success largely depends on approvals by County Executive Committee (CEC) Member responsible for Finance.

As previously reported financially, the County Assembly is currently undertaking construction of a County Assembly Office Complex that will effectively address the perennial challenge of lack of office space. Going forward, the County Assembly shall liaise with the Senate, Commission on Revenue Allocation (CRA), Controller of Budget (COB), CAF and the National Treasury to improve on the achievement in exchequer releases within the timelines stipulated in the procurement plans, work plans, strategic plan County Assembly Service Board resolutions and the County Assembly approvals. The County Assembly shall further establish both the Service Charter and Alternative Dispute Resolution (ADR) mechanism with stakeholders to avoid being engaged in court battles over resolutions that can be amended.

Sign

CLERK OF COUNTY ASSEMBLY
NANDI COUNTY
P. O. Box 673 - 30300,KAPSABET
Sign:.....

Barnaba GK Kosgei,
CLERK TO THE COUNTY ASSEMBLY OF NANDI

1. STATEMENT OF MANAGEMENT RESPONSIBILITIES

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

The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year, ended June 30, 2019. This responsibility includes:

I. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
II. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Assembly;
III. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
IV. Safeguarding the assets of the County Assembly;
V. Selecting and applying appropriate accounting policies; and
VI. Making accounting estimates that are reasonable in the circumstances.

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

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

Approval of the financial statements

The County Government's financial statements were approved and signed by the Clerk of the County Assembly on 30/09/ 2019.

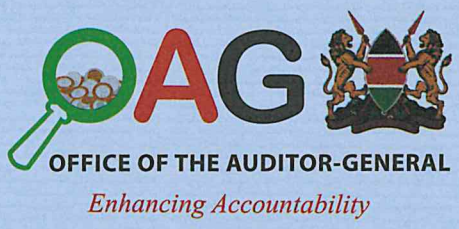
Barnaba GK Kosgei,
CLERK OF THE COUNTY ASSEMBLY

CLERK OF COUNTY ASSEMBLY
NANDI COUNTY
P. O. Box 673 - 30300,KAPSABET
Sign:.....

2. REPORT OF THE INDEPENDENT AUDITORS ON THE NANDI COUNTY ASSEMBLY

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF NANDI 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 Nandi set out on pages 10 to 42, which comprise the statement of financial assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts: recurrent, development and combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the County Assembly of Nandi 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 and the County Governments Act (2012).

Basis for Qualified Opinion

1. Unaccounted for Retention Monies

The statement of financial assets and liabilities reflects a nil balance in respect to accounts payable-deposits and retentions. However, expenditure records presented for audit indicated that the County Assembly set aside Kshs.25,302,745 from payments made to a contractor during the year under review. In addition, although the County Assembly operates a bank account for deposits at the Central Bank of Kenya, there were no retention monies deposited in the account and therefore it is not clear how the sum of Kshs. 25,302,745 was accounted for.

No plausible explanation has been provided by Management for failure to disclose the deposit in the financial statements.

Consequently, the accuracy and completeness of the nil accounts payable-deposits and retentions balance reflected in the statement of assets and liabilities as at 30 June, 2019 has not been confirmed.

2. Unconfirmed Fixed Assets

The summary of fixed assets register reflected in Annex 4 to the financial statements reflects assets totaling Kshs.387,471,305. However, Management did not avail an assets register with detailed analysis of each category of assets as required by Section 136 of the Public Finance Management Regulations, 2015. Similarly, title deeds for the parcels of land as well as log books for three (3) of the motor vehicles owned by the County Assembly, were not availed for audit.

In the circumstances, the ownership and valuation of the parcels of land and the three (3) motor vehicles has not been confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Assembly of Nandi 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. Except for the matters described in the Basis for Qualified Opinion section of my report, I have determined that there are no other key audit matters to communicate in my report.

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 matter(s) described in the Basis for Qualified Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources 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. Failure to Observe Diversity in Recruitment of Staff

A review of personnel records availed for audit indicated that during the year under review, the County Assembly recruited five (5) employees all of whom were from the

dominant community in the County. This was contrary to Section 65(1)(e) of the County Governments Act, 2012 which requires every County Public Service Board to ensure that at least thirty percent (30%) of the vacant posts at the entry level are filled by candidates who are not from the dominant community in the respective County.

Consequently, the Management of Nandi County Assembly breached provisions of the County Governments Act, 2012 on promotion of diversity in public service employment.

2. Irregular Loan Recoveries and Share Capital Contributions

Examination of imprest records indicated that several Members of the County Assembly(MCAs) were paid travel and subsistence imprests totaling Kshs.5,593,328 during the year under review. The imprests were paid net of share contributions and loan deductions remitted to the Nandi County Assembly Savings and Credit Co-operative Society (SACCO) to which the MCAs made monthly share contributions and owed loans.

Apparently, Management had allowed the MCA's to take excessive loans from the Sacco which had resulted in salary deductions in excess of the two-thirds of salary limit prescribed in Section 19(3) of the Employment Act.

No plausible explanation was provided by Management for the irregular use of imprests to pay off loans advanced to the MCAs.

In the circumstance, the County Assembly flouted conditions on issuance of imprests and provisions of the Employment Act.

3. Non-Adherence to Regulations on Issuance of Temporary Imprests

The statement of financial performance reflects use of goods and services expenditure amounting to Kshs.285,974,904 which in turn includes domestic travel and foreign travel and subsistence expenditure amounting to Kshs.63,410,879.10 and Kshs.28,047,700 respectively, as further disclosed in Note 5 to the financial statements.

Examination of expenditure records indicated that in place of temporary imprests, Management issued cash to several officers of the County Assembly assigned to carry out various duties and activities away from their duty stations. The cash advances, were expensed directly without sufficient supporting documents contrary to Section 91 of Public Finance Management (County Governments) Regulations, 2015 which requires such expenditures to be funded through temporary imprests.

No plausible explanation has been provided by Management for disregarding regulations on use of public funds.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that

govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE SYSTEMS

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 Qualified Opinion, Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources, Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Lack of ICT Steering Committee and Other Internal Controls

Audit review of the Information and Communication Technology (ICT) system deployed by the County Assembly indicated that Management had not formulated an ICT Policy and framework to promote and guide effective and efficient use of the County Assembly's ICT resources. Further, the County Assembly did not have an ICT Steering Committee to provide oversight on the activities of the ICT Department as well as leadership in formulating relevant policies.

Further, system security plans including means to recover data in the event of unfavorable events were not documented.

No plausible explanations were provided by Management for these omissions.

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the ability of the County Assembly to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of

accounting unless the Management is aware of the intention to dissolve the County Assembly, or 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 entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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

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

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

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

I communicate with 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 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

17 December, 2020

3. FINANCIAL STATEMENTS

3.1 STATEMENT OF RECEIPTS AND PAYMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2018/19 KShs	2017/18 KShs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	726,570,909	709,064,899
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		**726,570,909**	**709,064,899**
PAYMENTS			
Compensation of Employees	4	294,106,886	285,499,244
Use of goods and services	5	285,974,904	280,012,181
Subsidies	6		-
Transfers to Other Government Entities	7		-
Other grants and transfers	8		-
Social Security Benefits	9	19,865,191	-
Acquisition of Assets	10	78,657,834	143,443,989
Finance Costs	11	7,335	-
Other Payments	12		-
TOTAL PAYMENTS		**678,612,150**	**708,955,414**
SURPLUS/DEFICIT		**47,958,759**	**109,485**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on **30th September 2019** and signed by:

CLERK OF COUNTY ASSEMBLY
NANDI COUNTY
P. O. Box 673 - 30300,KAPSABET
Sign:.....

Clerk of the Assembly
Name: BARNABA GK KOSGEI

Chief Finance Officer – County Assembly
Name: WESLEY C. KIMETO
ICPAK Member Number: 11505

3.1 STATEMENT OF FINANCIAL ASSETS AND LIABILITIES
AS AT THE YEAR ENDED JUNE 30, 2019

		2018/19	2017/18
FINANCIAL ASSETS	Note	KShs	KShs
Cash and Cash Equivalents			
Bank Balances	13A	47,958,759	109,485
Cash Balances	13B	-	-
Total Cash and cash equivalents		**47,958,759**	**109,485**
Accounts receivables – Outstanding Imprests	14		
TOTAL FINANCIAL ASSETS		**47,958,759**	**109,485**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	15	-	-
NET FINANCIAL ASSETS		**47,958,759**	**109,485**
REPRESENTED BY			
Fund balance b/fwd.	16	-	-
Surplus/Deficit for the year		47,958,759	109,485
NET FINANCIAL POSITION		**47,958,759**	**109,485**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on **30th September 2019** and signed by:

CLERK OF COUNTY ASSEMBLY
NANDI COUNTY
P. O. Box 673 - 30300,KAPSABET
Sign:.....

Clerk of the Assembly
Name: BARNABA GK KOSGEI

Chief Finance Officer – County Assembly
Name: WESLEY C. KIMETO
ICPAK Member Number: 11505

3.2 STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED JUNE 30, 2019

		2018/19	2017/18
	Note	KShs	KShs
Receipts from operating income			
Transfers from the County Treasury/Exchequer Releases	1	726,570,909	709,064,899
Other Receipts	3	0	0
Payments for operating expenses			
Compensation of Employees	4	(294,106,886)	(285,499,244)
Use of goods and services	5	(285,974,904)	(280,012,181)
Subsidies	6	0	0
Transfers to Other Government Entities	7	0	0
Other grants and transfers	8	0	0
Social Security Benefits	9	(19,865,191)	0
Finance Costs	11	(7,335)	0
Other Payments	12	0	0
Adjusted for:			
Adjustments during the year			
Net cash flows from operating activities		**126,616,593**	**143,553,474**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	0	0
Acquisition of Assets	10	(78,657,834)	(143,443,989)
Retention of funds		0	0
Net cash flows from investing activities		**(78,657,834)**	**(143,443,989)**
NET INCREASE IN CASH AND CASH EQUIVALENT		**47,958,759**	**109,485**
Cash and cash equivalent at BEGINNING of the year		**0**	**0**
Cash and cash equivalent at END of the year		**47,958,759**	**109,485**
As per statement of assets		**47,958,759**	**109,485**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on **30th September 2019** and signed by:

Clerk of the Assembly
Name: BARNABA GK KOSGEI

CLERK NANDI COUNTY ASSEMBLY
P. O. Box 673-30300,
KAPSABET

Chief Finance Officer – County Assembly
Name: WESLEY C. KIMETO
ICPAK Member Number.11505

3.3 STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: COMBINED

RECURRENT AND DEVELOPMENT
FOR THE YEAR ENDED JUNE 30, 2019

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	894,678,919	(128,250,000)	766,428,919	726,570,909	94.80%
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	**894,678,919**	**(128,250,000)**	**766,428,919**	**726,570,909**	**94.80%**
PAYMENTS					
Compensation of Employees	280,935,067	(15,036,060)	321,745,483	294,106,886	91.41%
Use of goods and services	308,768,805	(25,774,356)	282,994,449	285,974,904	101.05%
Subsidies					
Transfers to Other Government Entities					
Other grants and transfers					
Social Security Benefits	13,255,047	0	13,255,047	19,865,191	150.00%
Acquisition of Assets	291,720,000	(143,286,060)	148,433,940	78,657,834	52.99%
Finance Costs				7,335	
Other Payments					
TOTAL	**894,678,919**	**(128,250,000)**	**766,428,919**	**678,612,150**	**88.54%**

The over expenditure in the use of goods and expenditure was occasioned by outlays which did not match with the budget, specifically taxes amounting to **KShs.6,655,203** on gratuity payments on the October 2018 to the first Members of County Assembly.

The Nandi County Assembly financial statements were approved on 30th September 2019 and signed by:

Clerk of the Assembly
Name: BARNABA GK KOSGEI

CLERK NANDI COUNTY ASSEMBLY
P. O. Box 673-30300, KAPSABET

Chief Finance Officer – County Assembly
Name: WESLEY CHERUIYOT KIMETO
ICPAK Member Number: 11505

3.4 STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT

FOR THE YEAR ENDED JUNE 30, 2019

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization difference
	a	b	c=a+b	e=d-c	
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	631,178,919	0	631,178,919	631,178,919	100%
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	**631,178,919**	0	**631,178,919**	**631,178,919**	100%
PAYMENTS					
Compensation of Employees	280,935,067	40,810,416	321,745,483	294,106,886	91%
Use of goods and services	308,768,805	(25,774,356)	282,994,449	285,974,904	101%
Subsidies					
Transfers to Other Government Entities					
Other grants and transfers					
Social Security Benefits	13,255,047	0	13,255,047	19,865,191	150%
Acquisition of Assets	28,220,000	(15,036,060)	13,183,940	13,451,971	102%
Finance Costs				7,335	
Other Payments					
TOTAL	**631,178,919**	**0**	**631,178,919**	**613,406,287**	**0**

The over expenditure in the use of goods and expenditure was occasioned by outlays which did not match with the budget, specifically taxes amounting to **KShs.6,655,203** on gratuity payments on the October 2018 to the first Members of County Assembly.

The Nandi County Assembly financial statements were approved on 30th September 2019 and signed by:

Clerk of the Assembly
Name: BARNABA GK KOSGEI

CLERK OF COUNTY ASSEMBLY
NANDI COUNTY
P. O. Box 673 - 30300,KAPSABET
Sign:.....

Chief Finance Officer – County Assembly
Name: WESLEY CHERUIYOT KIMETO
ICPAK Member Number: 11505

3.5 STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: DEVELOPMENT

FOR THE YEAR ENDED JUNE 30, 2019

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	263,500,000	(128,250,000)	135,250,000	95,391,990	70.5%
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	**263,500,000**	(128,250,000)	**135,250,000**	**95,391,990**	**70.5%**
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	263,500,000	(128,250,000)	135,250,000	65,205,863	48.2%
Finance Costs					
Other Payments					
TOTAL	**263,500,000**	**(128,250,000)**	**135,250,000**	**65,205,863**	**48.2%**

The low level expenditure at 48.2% in development component of the budget was due to delays in funds requisition in June 2019 which consequently made the payments amounting to **KShs. 30,186,127** due to the main contractor in May 2019 to be paid on July 1, 2019.

The Nandi County Assembly financial statements were approved on 30th September 2019 and signed by:

Clerk of the Assembly
Name: BARNABA GK KOSGEI

CLERK OF COUNTY ASSEMBLY
NANDI COUNTY
P. O. Box 673 - 30300,KAPSABET
Sign:.....

Chief Finance Officer – County Assembly
Name: WESLEY CHERUIYOT KIMETO
ICPAK Member Number: 11505

3.6 BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

IN THE YEAR ENDED JUNE 30, 2019

Programme/Sub-programme	Original Budget KShs	Adjustments KShs	Final Budget KShs	Actual on comparable basis KShs	Budget utilization difference KShs
Program 1 County Assembly Service Board	147,607,428	18,671,679	166,279,107	166,279,107	0
Program 2 Administration Section	483,571,491	(18,671,679)	464,899,812	464,899,812	0
Program 3 Physical Infrastructure	263,500,000	(128,250,000)	135,250,000	95,391,990	39,858,010
	894,678,919	**(128,250,000)**	**766,428,919**	**726,570,909**	**39,858,010**

3.7 SIGNIFICANT ACCOUNTING POLICIES

FOR FINANCIAL STATEMENTS OF THE YEAR ENDED JUNE 30, 2019
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 Nandi County Assembly. The financial statements encompass the reporting entity as specified in section 164 of PFM Act 2012.

3. Recognition of receipts and payments

a) Recognition of receipts

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

Tax receipts

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

Transfers from the Exchequer/ County Treasury

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

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. However, as at 30th June 2019, this amount to ***KShs 25,302,000*** had not been deposited in the deposit account as was a requirement and therefore remained as accounts payable. There were no other restrictions on cash during the year.

6. Accounts Receivable

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

7. Accounts Payable

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

8. Non-current assets

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 Nandi County Assembly budget was approved as required by Law .The original budget was approved by the County Assembly on 27th June 2018 for the period 1st July 2018 to 30 June 2019 as required by law. There were 2 supplementary budgets passed in the year. A high-level assessment of the Nandi County Assembly 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.

3.8 NOTES

TO THE FINANCIAL STATEMENTS OF THE FINANCIAL YEAR ENDED JUNE 30, 2019

1. TRANSFERS FROM THE COUNTY TREASURY/EXCHEQUER RELEASES

	2018/19	2017/18
	KShs	KShs
Total Exchequer Releases for quarter 1	151,411,431	48,758,583
Total Exchequer Releases for quarter 2	171,717,581	155,698,298
Total Exchequer Releases for quarter 3	166,368,178	250,514,262
Total Exchequer Releases for quarter 4	237,073,719	254,093,756
Total	**726,570,909**	**709,064,899**

R4423: RECURRENT EXPENDITURE RECEIPTS FOR THE FY 2018/2019

Value Date	Reference No.	Quarter of the FY	Transaction Details	Amount
20-Aug-18	FT18232XGT7C	Q1	Account Transfer from the CRF	65,018,699.00
30-Aug-18	FT1824267HPD	Q1	Account Transfer from the CRF	33,161,865.00
27-Sep-18	FT18270VV3X4	Q1	Account Transfer from the CRF	53,230,867.00
8-Oct-18	FT182812HBFG	Q2	Account Transfer from the CRF	14,276,420.00
31-Oct-18	FT183047Y0DQ	Q2	Account Transfer from the CRF	43,541,143.00
12-Nov-18	FT183161PK7J	Q2	Account Transfer from the CRF	14,286,508.00
26-Nov-18	FT183303LPG4	Q2	Account Transfer from the CRF	35,614,591.00
18-Dec-18	FT183520ZXHP	Q2	Account Transfer from the CRF	24,598,197.00
21-Dec-18	FT18355KVZQQ	Q2	Account Transfer from the CRF	37,400,722.00
28-Jan-19	FT190281117S	Q3	Account Transfer from the CRF	45,901,062.00
8-Feb-19	FT190390J05Q	Q3	Account Transfer from the CRF	22,000,000.00
28-Feb-19	FT19059J3HC9	Q3	Account Transfer from the CRF	79,730,961.00
1-Apr-19	FT19091JY1CL	Q4	Account Transfer from the CRF	56,542,938.00
4-Apr-19	FT190942S49T	Q4	Account Transfer from the CRF	10,428,749.00
30-Apr-19	FT19120PNTTW	Q4	Account Transfer from the CRF	38,444,046.00
22-May-19	FT191429VXDF	Q4	Account Transfer from the CRF	34,434,417.00
11-Jun-19	FT191629YRP0	Q4	Account Transfer from the CRF	4,826,999.00
28-Jun-19	FT19179Q1D6D	Q4	Account Transfer from the CRF	17,740,735.00
				631,178,919.00

D4423: DEVELOPMENT EXPENDITURE RECEIPTS

Value Date	Reference No.	Quarter of the FY 2018/19	Transaction Details	Amount
18-Dec-18	FT18352CK2NG	Q2	Account Transfer from the CRF	2,000,000.00
28-Jan-19	FT19028BWWS8	Q3	Account Transfer from the CRF	18,736,155.00
28-Jun-19	FT1917970WMJ	Q4	Account Transfer from the CRF	30,186,126.00
10-May-19	FT191301CQRS	Q4	Account Transfer from the CRF	44,469,709.00
				95,391,990.00
				726,570,909.00

2. PROCEEDS FROM SALE OF ASSETS

	2018/19	2017/18
	KShs	KShs
Receipts from the Sale of Buildings	0	0
Receipts from the Sale of Vehicles and Transport Equipment	0	0
Receipts from the Sale Plant Machinery and Equipment	0	0
Receipts from Sale of Certified Seeds and Breeding Stock	0	0
Receipts from the Sale of Strategic Reserves Stocks	0	0
Receipts from the Sale of Inventories, Stocks and Commodities	0	0
Disposal and Sales of Non-Produced Assets	0	0
Total	**00**	**00**

3. OTHER RECEIPTS

	2018/19	2017/18
	KShs	KShs
Tender fees received	0	0
Other Receipts II	0	0
Other Receipts III	0	0
Other Receipts IV	0	0
Total	**00**	**00**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. COMPENSATION OF EMPLOYEES

	2018/19	2017/18
	KShs	KShs
Basic salaries of permanent employees	148,786,433.45	227,980,116.70
Basic wages of temporary employees	1,000,000.00	1,000,000.00
Personal allowances paid as part of salary	129,393,910.30	56,519,127.00
Personal allowances paid as reimbursements	0.00	0.00
Personal allowances provided in kind	0.00	0.00
Pension and other social security contributions	0.00	0.00
Compulsory national social security schemes	14,926,542.05	0.00
Compulsory national health insurance schemes	0.00	0.00
Social benefit schemes outside government	0.00	0.00
Other personnel payments	0.00	0.00
Total	**294,106,885.80**	**285,499,243.70**

The County Assembly received one extra state officer nominated by political party that was pending a determination from the court of law. The Speaker further recruited two (2) domestic servants allowed by the Salaries and Remuneration Commission. The County Assembly Service Board also recruited Head of Supply Chain Management, Public Relations Officer and 3 drivers. However, there was an exit from the service arising from death of one public officer.

5. USE OF GOODS AND SERVICES

	2018/19	2017/18
	KShs	KShs
Utilities, supplies and services	458,347.00	1,010,470.00
Communication, supplies and services	1,860,639.30	5,003,583.30
Domestic travel and subsistence	63,410,879.10	66,030,635.00
Foreign travel and subsistence	28,047,700.00	19,999,999.00
Printing, advertising and information supplies & services	2,807,633.60	5,366,915.00
Rentals of produced assets	900,000.00	825,000.00
Training expenses	30,492,210.00	21,539,399.00
Hospitality supplies and services	13,907,559.00	14,099,999.00
Insurance costs	25,906,970.00	23,214,816.00
Specialized materials and services	1,728,900.00	647,588.00
Office and general supplies and services	5,710,810.50	2,425,524.00
Other operating expenses	64,984,532.00	80,893,660.00
Routine maintenance – vehicles and other transport equipment	7,644,606.10	4,281,343.00

	2018/19	2017/18
	KShs	KShs
Routine maintenance – other assets	2,333,800.00	1,800,000.00
Fuel, Oil and Lubricants	13,780,317.00	12,873,250.00
Domestic Loans to Individuals and Households	22,000,000.00	20,000,000.00
Total	**285,974,904**	**280,012,181**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. SUBSIDIES

Description	2018/19	2017/18
	KShs	KShs
Subsidies to County Corporations	00	00
Subsidies to Private Enterprises	00	00
TOTAL	**000**	**000**

7. TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2018/19	2017/18
	KShs	KShs
Transfers to National Government entities	00	00
Transfers to other County Assembly entities	00	00
(insert name of budget agency)	00	00
TOTAL	**000**	**000**

8. OTHER GRANTS AND TRANSFERS

	2018/19	2017/18
	KShs	KShs
Scholarships and other educational benefits	00	00
Emergency relief and refugee assistance	00	00
Subsidies to small businesses, cooperatives, and self employed	00	00
Total	**000**	**000**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. SOCIAL SECURITY BENEFITS

	2018/19	2017/18
	KShs	KShs
Government pension and retirement benefits	19,865,191.35	0.00
Social security benefits in cash and in kind	0.00	0.00
Employer Social Benefits in cash and in kind	0.00	0.00
Total	**19,865,191.35**	**0.00**

10. ACQUISITION OF ASSETS

Non- Financial Assets	2018/19	2017/18
	KShs	KShs
Purchase of Buildings	0.00	0.00
Construction of Buildings	63,205,863.25	94,975,871.00
Refurbishment of Buildings	0.00	0.00
Construction of Roads	0.00	0.00
Construction and Civil Works	0.00	0.00
Overhaul and Refurbishment of Construction and Civil Works	0.00	0.00
Purchase of Vehicles and Other Transport Equipment	13,000,000.00	0.00
Overhaul of Vehicles and Other Transport Equipment		0.00
Purchase of Household Furniture and Institutional Equipment	451,970.65	720,000.00
Purchase of Office Furniture and General Equipment		17,487,750.00
Purchase of ICT Equipment, Software and Other ICT Assets		3,285,579.00
Purchase of Specialised Plant, Equipment and Machinery		832,000.00
Rehabilitation and Renovation of Plant, Machinery and Equip.		0.00
Purchase of Certified Seeds, Breeding Stock and Live Animals		0.00
Research, Studies, Project Preparation, Design & Supervision	2,000,000.00	17,142,789.00
Rehabilitation of Civil Works		0.00
Acquisition of Strategic Stocks and commodities		0.00
Acquisition of Land		9,000,000.00
Acquisition of Intangible Assets		0.00
		0.00
Financial Assets		0.00
Domestic Public Non-Financial Enterprises		0.00
Domestic Public Financial Institutions		0.00
Total	**78,657,833.90**	**143,443,989.00**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. FINANCE COSTS

	2018/19	2017/18
	KShs	KShs
Bank Charges	7,335	0
Exchange Rate Losses	0	0
Other Finance Costs	0	0
Total	**7,335**	**0**

12. OTHER PAYMENTS

	2018/19	2017/18
	KShs	KShs
Budget Reserves	00	00
Civil Contingency Reserves	00	00
Capital Transfers to Non-Financial Public Enterprises	00	00
Capital Transfer to Public Financial Institutions and Enterprises	00	00
Capital Transfers to Private Non-Financial Enterprises	00	00
Total	**000**	**000**

13. CASH AND BANK BALANCES

13A. BANK BALANCES

Name of Bank, Account No. & Currency	Indicated whether recurrent or development	2018/19	2017/18
Name of Bank, Account No. & Currency		KShs	KShs
Central Bank of Kenya, 1000197056,	Recurrent	17,740,831	99,773
Central Bank of Kenya, 1000197048,	Development	30,186,127	103
Central Bank of Kenya, 1000416308, Deposit/Retention	Development	0	0
National Bank of Kenya,01020212740800,	Recurrent	5,826	0
Cooperative Bank of Kenya,011401327553600,	Recurrent	25,975	9,609
Total		**47,958,759**	**109,485**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13B. CASH IN HAND

	2018/19 KShs	2017/18 KShs
Cash in Hand – Held in domestic currency	00	00
Cash in Hand – Held in foreign currency	00	00
Total	**000**	**000**

Cash in hand should be analysed as follows:

	2018/19 KShs	2017/18 KShs
Location 1	00	00
Location 2	00	00
Location 3	00	00
Total	**000**	**000**

14. ACCOUNTS RECEIVABLE

	2018/19 KShs	2017/18 KShs
Government Imprests	00	00
Clearance Accounts	00	00
Staff Advances	00	00
Other Advances	00	00
Total	**000**	**000**

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

15. ACCOUNTS PAYABLE

	2018/19 KShs	2017/18 KShs
Deposits	00	00
Retentions	00	00
Total	**000**	**000**

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. FUND BALANCE BROUGHT FORWARD

	2018/19	2017/18
	KShs	KShs
Bank accounts	00	00
Cash in hand	00	00
Accounts Receivables	00	00
Accounts Payables	00	00
Total	**000**	**000**

17. PRIOR YEAR ADJUSTMENTS

Description of the adjustment	2018/19	2017/18
	KShs	KShs
Adjustments on bank account balances	00	00
Adjustments on cash in hand	00	00
Adjustments on payables	00	00
Adjustments on receivables	00	00
Others (*specify*)	00	00
Total	**000**	**000**

3.9 OTHER DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 1)

	Balance b/f FY 2017/2018	Additions for the period	Paid during the year	Balance c/f FY 2018/2019
Description	KShs	KShs	KShs	KShs
Construction of buildings-Main works	221,381,309.83	0.00	63,205,863.25	158,175,446.58
Construction of civil works	100,734,335.00	0.00		100,734,335.00
Supply of goods				0.00
Supply of services	10,483,768.25	0.00	2,000,000.00	8,483,768.25
Total	**332,599,413.08**	**0.00**	**65,205,863.25**	**267,393,549.83**

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	00	00	00	00
Middle management	00	00	00	00
Unionisable employees	00	00	00	00
Others	00	00	00	00
Total	**000**	**000**	**000**	**000**

3. OTHER PENDING PAYABLES (See Annex 3)

Description	Balance b/f FY 2017/2018 KShs	Additions for the period KShs	Paid during the year KShs	Balance c/f FY 2018/2019 KShs
Amounts due to National Government entities	00	00	00	00
Amounts due to County Government entities	00	00	00	00
Amounts due to third parties	00	00	00	00
Total	**000**	**000**	**000**	**000**

4. RELATED PARTY DISCLOSURES

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

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

OTHER DISCLOSURES (CONTINUED)

Related party transactions:

	20xx-20xx Kshs	20xx-20xx Kshs
Compensation to Key Management		
Compensation to the Speaker, Deputy Speaker and the MCAs	00	00
Key Management Compensation(Clerk and Heads of departments)	00	00
Total Compensation to Key Management	**000**	**000**
Transfers to related parties		
Transfers to other County Government Entities such as car and mortgage schemes	00	00
Transfers to County Corporations	00	00
Transfers to non-reporting entities e.g. ECD centres, welfare centres etc.	00	00
Total Transfers to related parties	**000**	**000**
Transfers from related parties		
Transfers from the County Executive- Exchequer	00	00
Payments made on behalf of the County Assembly by other Government Agencies	00	00
(Insert any other transfers received)	00	00
Total Transfers from related parties	**000**	**000**

5. 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	Status: (Resolved / Not Resolved)	Timeframe:
Basis No.1 for Qualified Opinion.	**Cash and Cash equivalents.** Concern raised on KShs.28,975,330 that were funds available for payment as at 30th June 2017 that did not appear as cash and cash equivalent at the beginning of the year.	It true that the Kshs.28, 975,330 were cash and cash equivalent at the beginning of the year. These funds arose from delayed exchequer release for June 2018. These funds related to expenses of the FY 2017/2018.	Barnaba GK Kosgei, Accounting Officer	Resolved	June 30,2019
Basis No.2 for Qualified Opinion.	**Accounts Payable-Deposits and Retention.** Concern was that KShs. 16,489,008 recovered from the contractors had not been deposited in a deposit account as appropriate	It is true that at the time of the audit of Financial Statements for FY 2017/2018, no account had been opened for the purposes of project retention monies. However, an account has now been opened at the Central Bank Account Number: 1000416308 whose disclosure has been made in Note 13A.	Barnaba GK Kosgei, Accounting Officer	Resolved	June 30,2019
Basis No.3 for Qualified Opinion.	***Transfers from County Treasury/Exchequer.*** Concern was made on the presentation of unreconciled KShs.68, 406,072 appearing in	We noted this error arising from presentation of figures inclusive of requisitioned release of June 2018 which	Barnaba GK Kosgei, Accounting Officer	Resolved	June 30,2019

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe:
	statement of comparison of budget and actual as part of KShs.640, 658,724 differing with statement of receipts and payments figure of KShs.709,064,899.	were delayed. However, a proper presentation of the same has been made as an adjustment and is available for your subsequent perusal and confirmation.			
Basis No.4 for Qualified Opinion.	***Presentation and disclosure***-Notes 2,3,6 to 9,11,12,14,15,5.10.1 and 5.10.4 were not populated as anticipated by the auditors and this apparently contradicts the provisions of the IPSAS and the PSASB whose template was used in preparation of the financial statement.	While it is true that the County Assembly did not populate the notes listed and left the parts in the template that were not applicable to the County Assembly, the matter will be considered with the view of resolving the presentation by disclosing all information that is relevant.	Barnaba GK Kosgei, Accounting Officer	Resolved	June 30,2019
Basis No.5 for Qualified Opinion.	***Fixed Assets Acquisition***- Arithmetic error was noted by the auditors in the financial statement was a presentation of a total figure of **KShs.283, 176,103** instead of **Kshs.308, 813,471.** Further, the figures indicated in the Note 10 differed from the figures indicated in **Annex 4** in respect of acquired office furniture and general	While this is true, the presentation of fixed assets in **Annex 4** to these financial statements indicates a correct figure of **KShs.308, 813,471** as Historical Cost brought forward from the FY 2016/2017, therefore taking into account audit recommendation. In FY 2018/2019, the fixed assets acquired	Barnaba GK Kosgei, Accounting Officer	Resolved	June 30,2019

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe:
	equipment and purchase of ICT equipment and software.	total ***KShs. 76,657,834*** and description in Annex 4 matches that the description in Note 10.			
Basis No.1 for Conclusion.	***Un-accounted for Domestic Travel and Subsistence Expenses.*** While it was the observation of the auditors that payment vouchers for payments totalling **KShs.33, 167,647** were those that relate to travels by officers who were not issued with imprest warrants, therefore without recognizing them as temporary imprest. The observation was that no minutes of deliberation, resultant reports, work tickets or bus/taxi tickets, signed schedules for cash advanced, authority to travel, list of sport teams and sport activities they participated in and authorities to travel out of the duty stations.	While our review indicated that the minutes of deliberations, accompanying supporting documents including resultant reports, letters showing that travels were approved and signed attendance sheets were kept in separate files of committees, imprest warrants were actually not issued. In the financial year 2018/2019, the audit recommendation was taken into account.	Barnaba GK Kosgei, Accounting Officer	Resolved	June 30,2019
Basis No.2 for Conclusion.	**Construction of County Assembly Offices** –The auditors reported not to have been given Bill of Quantities, Contract Agreements and designs/drawings of the structure which therefore led them to not to confirm	While this is true, the auditors undertaking the audit review were provided with letters showing that the documents they required had been given out to the Public Procurement	Barnaba GK Kosgei, Accounting Officer	Resolved	June 30,2019

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe:
	whether payments were as per Bills of Quantity and contract agreement.	Regulatory Authority, the PPRA, who had not returned them to the County Assembly. However, the County Assembly has since received the documents and they are now available for review in the next audit.			
Basis No.3 for Conclusion.	**Failure to Observe one Third Rule for Staff Establishment-** It was the observation at that time, the County Assembly has not recruited officers from outside the dominant community; explanation had been advanced on the same.	The County Assembly has since recruited an officer from Luhya ethnicity and a County Assembly Service Board has adopted in a policy to affect freeze in future recruitments altogether, while replacing exits with those from other communities.	Barnaba GK Kosgei, Accounting Officer	Resolved	June 30,2019

BARNABA GK KOSGEI,

Clerk of the County Assembly

Sign.....Kosgei.....

Date....30.09.2019....

CLERK OF COUNTY ASSEMBLY
NANDI COUNTY
P. O. Box 673 - 30300,KAPSABET
Sign:.....

ANNEXES

ANNEX 1 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Paid during the year	Outstanding Balance	Outstanding Balance
				2018/19	2018/19	2017/18
	a	b	c	d=a-c		
Construction of buildings						
1.SHIV CONSTRUCTION CO LTD-Main Works	368,735,599.00	Friday, December 30, 2016	203,108,472.75	46,694,704.90	108,697,090.95	155,391,795.85
	368,735,599.00		**203,108,472.75**	**46,694,704.90**	**108,697,090.95**	**155,391,795.85**
Sub-Total				0.00	0.00	
Construction of civil works				0.00	0.00	
3.NEW EDGE TECHNOLOGIES LIMITED -Air conditioning	7,569,110.00	Friday, July 31, 2015	0.00	0.00	7,569,110.00	7,569,110.00
4. EXPRESS PLUMBERS LIMITED -Drainage and Plumbing	34,481,210.00	Thursday, June 18, 2015	7,097,446.40	7,097,446.40	27,383,763.60	34,481,210.00
5.SCHINDLER LIMITED	19,943,966.00	Thursday, December 15, 2016	0.00	0.00	19,943,966.00	19,943,966.00

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Paid during the year	Outstanding Balance	Outstanding Balance
- Lift Installation						
6. HAVA CONSTRUCTION LIMITED - Structured Cabling	7,955,789.00	Thursday, June 18, 2015	0.00	0.00	7,955,789.00	7,955,789.00
6.AIRCON ELECTRA SERVICE LIMITED - Electrical Works	30,784,260.00	Thursday, June 18, 2015	9,413,712.00	9,413,712.00	21,370,548.00	30,784,260.00
Sub-Total	**100,734,335.00**		**16,511,158.40**	**16,511,158.40**	**84,223,176.60**	**100,734,335.00**
Supply of goods				0.00	0.00	
Sub-Total				0.00	0.00	
Supply of services				0.00	0.00	
2.HOUSE OF ARCHITECTURE LTD - Project Management Services	70,420,490.10	Monday, May 12, 2014	59,936,721.85	2,000,000.00	55,936,721.85	57,936,721.85
	539,890,424.10		**279,556,353.00**	**65,205,863.30**	**248,856,989.40**	**314,062,852.70**

ANNEX 2 – ANALYSIS OF PENDING STAFF PAYABLES

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

ANNEX 3 – ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Comments
		a	b	c	d=a-c		
Amounts due to National Government Entities							
1.							
2.							
3.							
Sub-Total							
Amounts due to County Government Entities							
4.							
5.							
6.							
Sub-Total							
Amounts due to Third Parties							
7.							
8.							
9.							
Sub-Total							
Others (*specify*)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (KShs) 2017/18	Additions during the year (KShs)	Disposals during the year (KShs)	Transfers in/(out)	Historical Cost c/f (KShs) 2018/19
Land	27,000,000	-	-		27,000,000
Buildings and structures	170,552,945	65,205,863.25	-		235,758,808
Transport equipment	59,039,408	13,236,392.15	-		72,275,800
Office equipment, furniture and fittings	36,975,368	215,578.50	-		37,190,947
ICT Equipment, Software and Other ICT Assets	15,245,750	0	-		15,245,750
Biological assets					0
Infrastructure Asset					0
Other Machinery and Equipment	-	-	-		0
Heritage and cultural assets	-	-	-		0
Intangible assets	-	-	-		0
Work in Progress	-	-	-		0
Total	**308,813,471**	**78,657,834**	**0**	**0**	**387,471,305**

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

ANNEX 5 – ANALYSIS OF OUTSTANDING IMPRESTS

Government Imprest Holders

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		KShs	KShs	KShs
Name of Officer or Institution	dd/mm/yy	00	00	00
Name of Officer or Institution	dd/mm/yy	00	00	00
Name of Officer or Institution	dd/mm/yy	00	00	00
Name of Officer or Institution	dd/mm/yy	00	00	00
Name of Officer or Institution	dd/mm/yy	00	00	00
Name of Officer or Institution	dd/mm/yy	00	00	00
Total		**000**	**000**	**000**

ANNEX 6 – BANK RECONCILIATION/FO 30 REPORT

(Attach FO 30 Reports from IFMIS)