REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY ASSEMBLY OF VIHIGA

FOR THE YEAR ENDED 30 JUNE 2018

VIHIGA COUNTY ASSEMBLY

AMMENDED REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2018

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

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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The County is constituted as per the constitution of Kenya is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The County Assembly constitutes 38 Members of County Assembly (MCAs) elected to represent members of the public from their respective wards. The MCAs are responsible for making any laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

(b) Key Management

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

VIHIGA COUNTY ASSEMBLY SERVICE BOARD

(c) Fiduciary Management

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

No.	Designation	Name
1.	Accounting Officer	**- Mr. KILINGA AMBAKA JOAB**
2.	Deputy Clerk	**- NASHON OPANGA KUSINA**
3.	Principal Finance Officer	**- OSCAR MIYINZI JAGONA**
4.	Senior Procurement Officer	**- JULIET ASILA AMBUNE**

(d) Fiduciary Oversight Arrangements

VIHIGA COUNTY ASSEMBLY FINANCE COMMITTEE- Charged with scrutinizing the expenditures of the County Government Entities to ensure prudence in their Financial Undertakings

VIHIGA COUNTY ASSEMBLY PUBLIC ACCOUNTS AND INVESTMENT COMMITEES that acts as a watchdog as far as the usage of public funds is concerned

(e) Entity Headquarters

P.O. Box 90, Maragoli
Majengo- Luanda Road
VIHIGA, KENYA

(f) Entity Contacts

Telephone: (020) 2094140
E-mail: vihigaassembly@gmail.com
Website: www.vihigacountyassembly.or.ke

(g) Entity Bankers

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

2. Co-operative Bank of Kenya(Mbale Branch)
   P.O BOX 816-50300
   Maragoli, Kenya

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

ORWARD BY THE CLERK OF THE ASSEMBLY

Sign
Clerk of the County Assembly

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, 2018. 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, 2018, 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 _____ 2018.

Clerk of the County Assembly

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF VIHIGA FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of County Assembly of Vihiga set out on pages 1 to 31, which comprise the statement of financial assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

I do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Inaccuracies, Presentation and Completeness of the Financial Statements

1.1 Non Submission of a Trial Balance

The County Assembly of Vihiga has not provided a trial balance to support figures in the financial statement for the year under review. In the circumstance, completeness, accuracy and authenticity of the figures in the financial statement for the year ended 30 June 2018 cannot be confirmed.

1.2 Notes to the Financial Statements

The financial statements notes numbering do not tally with the one on the face of the financial statements. Consequently, the numbering of the notes to the financial statements is misleading.

1.3 Incorrect Opening Balance

The comparative figures in the financial statements for the year ended 30 June 2018 differed with the certified audit report for 2016/2017 resulting to variances as shown below:

Item	Opening Balance 2017-2018 Kshs.	Reported Balance 2016-2017 Kshs.	Variance Kshs.
Transfer to other government entities,	-7, 011, 210	67,800,398	-74,811,608
Social security benefits	- 14, 885, 000	14,354,595	-29,239,,595
Acquisition of assets	-316,164	48,205,624	-48,521,788
Finance cost	-9,688,790	118,657	-9,817,447
Other payments	-	64,560,377	-64,560,377

No explanation or reconciliation was provided to support the cumulative variances of Kshs.226,950,815.

1.4 Statement of Receipts and Payments and Statement of Cash Flows

The statement of receipts and payments total receipt had a casting error leading to understatement of Kshs.3,420,000.

Further, the statement of cash flows, excludes the outstanding imprest amount leading to the net operating cash flow to be understated by Kshs.1,157,598.

Consequently, the accuracy and validity of the statement of cash flows and statement of receipts and payments cannot be confirmed.

1.5 Statement of Comparison of Budget and Actual Amount

Statement of comparison of budget and actual - recurrent and development combined reflect final budget of Kshs.571,213,331 which varies with approved budget figure of Kshs.530,154,162. The resultant variance of Kshs.41,059,169 has not been explained.
In addition, the original and final budget figures were omitted in the statement. Further, the statement of comparison of budget and actual - recurrent and development combined reported receipts and payments of Kshs.584,464,296 and Kshs.544,037,485 against statement of receipts and payments which reported Kshs.544,024,244 and Kshs.547,273,827 for receipts and payments respectively.

Consequently, the accuracy and validity of the statement of comparison of budget & actual amount: recurrent and development combined cannot be confirmed.

1.6 Difference Between Financial Statements Figure and the Ledger Balances

The financial statements balances differ with the ledger balances for the year ended 30 June 2018 casting doubt on the accuracy of the financial statements as shown below:

Items	Financial Statement 30 June 2018 Kshs.	Ledger 30 June 2018 Kshs.	Variance Kshs.
Domestic travel and subsistence	151,131,323	146,012,523	5,118,800
Printing, advertising and information supplies	1,792,535	1,664,345	128,190
Training expenses	3,342,640	1,542,640	1,800,000
Medical insurance	28,656,734	28,202,767	453,967
Office and general supplies	3,664,300	3,127,570	536,730

In view of the foregoing, the accuracy, presentation and completeness of the financial statements could not be confirmed as at 30 June 2018.

2. Cash and Cash Equivalents

2.1. Un-reconciled Variances.

The statement of financial assets and liabilities as at 30 June 2018 reflects cash and cash equivalents balances of Kshs.6,263,514. However, the bank balance as per the bank certificate differed with the balances reported at Note 13A to the financial statements as shown below:

Name of the Account	Nature of the Account	Bank Certificate Balance Kshs.	Financial Statement (Note 13A) Kshs.	Bank Reconciliation (Bank Balance) Kshs.
Cooperative Bank	Imprest	319,275	4,308,459	5,891,361
CBK-1000195347	Development	580,143	32,636	-
CBK-1000195355	Recurrent	42,509,150	-	42,509,151

Further, Note 13A to the financial statements reflects a nil balance under the recurrent account held with the Central Bank of Kenya while the certificate of balances, bank statements and the cash book and the bank reconciliation statement reflects balances of Kshs.42,509,150. However, the financial statements omitted the recurrent account balance.

In addition, the County Assembly did not constitute Board of Cash Survey to confirm cash in hand thus the accuracy of the reported cash in hand of Kshs.1,922,419 could not be confirmed. Bank reconciliation statement for the development account as at 30 June 2018 was not made available for audit review.

Consequently, the accuracy and validity of the cash and cash equivalents balance of Kshs.6,263,514 could not be confirmed as at 30 June 2018.

2.2 IFMIS Cash Transactions

The statement of receipts and payments reflect total expenditure of Kshs.547,273,827 while the IFMIS cash transactions of the Assembly reflect Kshs.664,818,715 for the year ended 30 June 2018. The difference of Kshs.117,544,888

has not been explained. Further, with a recurrent budget of Kshs.530,154,162 during the year the source of excess money spent as per IFMIS cash transaction is not known.

Further, included in IFMIS cash transaction amount of Kshs.664,818,715 is payment to various suppliers or independent contractors totalling Kshs.116,667,827. This is contrary to County Financial Accounting and Reporting Manual Section 6.7.6 on use of petty cash, which restricts use of petty cash to pay independent contractors.

Consequently, the management was in breach of the financial regulations and accuracy and reliability of the IFMIS cash transactions could not be confirmed for the year ended 30 June 2018.

2.3 Imprest Cash Book

An audit review of the imprest account cash book revealed cash and cheques payments to the county clerk for payments of subsistence allowances to MCAs and staff as shown below:

	Date	Payee	Amount Kshs.	Payment Voucher	Mode of payment	Cash Book Folio
1.	17 Nov.2017	The Clerk	4,894,400	0738	Cheque	18
2.	03 April 2018	The Clerk	3,148,000	02055	Cash	33
3.	14 Dec. 2017	The Clerk	3,131,100	0900	Cheque	23
4.	14 March 2018	The Clerk	3,010,000	0225	Cheque	33
5.	14 Dec. 2017	The Clerk	1,200,000	0769	Cash	20
6.	08 May 2018	The Clerk	2,898,000	01801	Cheque	38
7.	09 Sept. 2017	The Clerk	2,814,000	0185	Cheque	07
8.	09 Sept. 2017	The Clerk	2,618,000	0164	Cheque	07
9.	12 Oct. 2017	The Clerk	1,638,000	0345	Cash	12
10.	19 Nov. 2017	The Clerk	2,366,700	0734	Cheque	18
11.	11 Dec. 2017	The Clerk	1,200,000	0769	Cash	20
12.	13 Dec. 2017	The Clerk	2,195,200	0813	Cash	22
13.	23 Jan. 2017	The Clerk	2,195,200	0960	Cash	26
14.	19 March 2017	The Clerk	1,097,600	01433	Cash	31
15.	18 May 2018	The Clerk	1,103,200	02056	Cash	38
	Total		**35,509,400**			

From the cash and check payments it was not clear why the officers were not issued with imprest so as to account for the expenditure upon surrender of the imprest. Consequently, the management was in breach of the imprest regulation and the regularity of Kshs.35,509,400 could not be confirmed.

2.4 Unposted Funds Transfers into the Imprest Main Cash Book

The imprest bank balance as reflected under the Note 13A to the financial statements is Kshs.4,308,459. However, the following transfers were not posted in imprest main cash books.

	Date	Source	Amounts (Kshs)	Description
1	04 July 2017	Vihiga County	406,393.65	FT171857FN2B
2	04 July 2017	Vihiga County	2,300,000	FT17185ZL977
3	05 July 2017	CBK Reccurrent Account	1,680,631	FT171853R7ZM
4	06 July 2017	CBK Reccurrent Account	300,000	FT17187CS8Q0
5	06 July 2017	CBK Reccurrent Account	5,000,000	FT1718KWQ1G
6	06 July 2017	CBK Reccurrent Account	5,000,000	FT171879WPJF
7	13 April 2018	CBK Reccurrent Account	5,000,000	FT181034RK89
	Total		**19,687,024**	

Consequently, the imprest main cash book balance was misstated.

2.5 Imprest Issued to Non-Employees of Vihiga Assembly

Included in the use of goods and services is domestic travel and subsistence figure of Kshs.151,131,323 which in turn includes imprest of Kshs.392,000 paid to an officer on behalf of others via imprest warrant No. 3069533 for KICOSCA games held in December 2017 at Machakos. However, examination of the attached documents and matching of disclosed ID numbers of beneficiaries against ID numbers in the pay roll during the same month revealed that none of the beneficiaries was an employee of the Assembly.

Consequently, the regularity of Kshs.392,000 expenditure is doubtful.

3. Unexplained Difference of Revenue Receipts

3.1 Exchequer Revenue Receipts

The statement of receipts and payments for the year ended 30 June 2018 reflected total revenue of Kshs.544,024,244. However, there was an under casting error in the total receipts of Kshs.3,420,000. Further, examination of the recurrent and development bank statement revealed total exchequer deposits of Kshs.536,551,143 leading to unexplained under issue of Kshs.10,893,100.

3.2 Other Receipts

The statement of receipts and payment reflected other receipts of Kshs.3,420,000. However, the transfers documents were not produced for audit review. Further it was not clear how the funds were receipted and accounted for in the financial records of the County Assembly.

Consequently, the accuracy and validity of the other receipts amounting to Kshs.3,420,000 could not be confirmed.

4. Compensation of Employees

Included in statement of receipts and payments is compensation of employees totalling Kshs.258,099,417. However, a review of the supporting documentation provided for audit review revealed that the IPPD payroll system and manual payrolls showed a total balance of Kshs.230,222,871 as opposed to the financial statements figure of Kshs.258,099,417 thus an unexplained variance of Kshs.27,876,546.

Consequently, the propriety and validity of the expenditure totalling Kshs.258,099,417 could not be confirmed.

5. Use of Goods and Services

5.1 Unsupported Expenditure on Domestic Travel and Subsistence Allowances

Included in the use of goods and services figure of Kshs.242,147,520 disclosed in the statement receipts and payments is Kshs.151,131,323 in respect to domestic travel and subsistence allowances. However cash advanced to officers was expensed directly by depositing funds through the imprest operation at Cooperative Bank Account No 0114471295100 at Mbale to the respective MCAs accounts and staff without the use of imprest warrant contrary to Section 93(3) of the Public Finance Management (County Government) Regulations 2015. Further the expenditures were not supported by relevant travel documents such as evidence of travel, attendance registers, minutes for committee meetings, reports and approvals from the speaker as per standing order No 169 for meetings held outside the County Assembly. Consequently, it was not clear whether the expenditure was proper charge to public funds.

5.2 Unsupported Expenditure on Ward Rent and Operations

Included in the use of goods and services figure of Kshs.242,147,520 in the statement of receipts and payments is Kshs.7,676,500 for rentals of produced assets. Scrutiny of the financial records confirms rental expenses at Kshs.10,379,000 thus resulting to unreconciled difference of Kshs 2,702,500. In addition, there were no lease or contract agreements between County Assembly and landlords.

It was also noted that Kshs.4,989,500 out of a total of Kshs.10,379,000 was incurred on ward operations expenses but no support documents on the expenditure were produced for audit review. Further, payments on ward operation expenditure of Kshs.1,650,000 and Kshs.1,052,500 were paid vide cash book folio 12 and 35 respectively but the payment details were not produced for audit.

In the circumstances, it was not clear whether the expenditure of Kshs.10,379,000 was proper charge to public funds.

6. Unsupported Transfers to Other Government Entities

Included in the statement of receipts and payments was transfers to other government entities of Kshs.7,011,210. However, apart from the direct transfers reported of Kshs.7,011,210 there was cash payment of Kshs.3,420,000 made to the County Executive

of Vihiga as indicated at Folio 43 and 44, of the cash book without an acknowledgement of official receipt (MR) issued in favor of the County Assembly confirming the receipt. Further, a copy of the bank statement of the receipts at the County Executive was not produced for audit review.

Further, the financial records indicated total transfers to other government entities as Kshs.10,431,210 and not Kshs.7,011,210 therefore resulting in unreconciled difference of Kshs.3,420,000 not disclosed. Consequently, the accuracy of the expenditure could not be confirmed.

7. Acquisition of Assets

The statement of receipts and payments reflects acquisition of assets figure of Kshs.15,125,720 as at 30 June 2018. However, examination of the expenditure in respect of acquisition of assets during the year indicated total additional assets amounting to Kshs.21,158,080 as per annex 4 on summary fixed assets register resulting in unreconciled difference of Kshs.6,032,360. Further, the inherited fixed assets from the defunct local authorities have not been accounted for in the summary fixed assets register.

Consequently, the accuracy, validity and completeness of the fixed assets acquired in the year could not be ascertained as at 30 June 2018.

8. Ineligible Expenditure on Legal Fees

Included in the use of goods and services figure of Kshs.242,147,520 disclosed in the statement of receipts and payments is Kshs.17,092,524 in respect to legal fees included among other operating expenses that were not supported by relevant documents. Out of the legal fee payment of Kshs.17,092,524, Kshs.10,067,566 was made to M/s Josephat Alusiola Musambayi. The legal case was at Employment & Labour Relations Court at Kisumu – Petition No.17 of 2015, Ref Josephat Alusiola Musambayi as Petitioner Vs Vihiga County Assembly and Vihiga County Assembly Service Board as 1st and 2nd Respondent respectively. Further, additional information indicated that the case was in relation to employment and labour dispute at Kisumu High court. The Court in her ruling sited violation of the petitioners' rights under Articles 41, 47, and 236 of the Constitution and Section 41 of the Employment Act, 2007. Had due diligence of the Sections quoted above was observed by the County Assembly, the ineligible expenditure of Kshs.17,092,524 on legal fees would have not been incurred.
The legal costs of Kshs.17,092,524 are therefore not a proper charge on public funds and the approval of the Attorney General to use the law firms was not provided for audit review.

Consequently, the propriety of the legal fees expenditure of Kshs.17,092,524 could not be confirmed.

9. Overpayment of County Assemblies Forum Membership Fee

An examination of the expenditure in respect of membership fee, it was noted that the County Assembly of Vihiga spent Kshs.5,400,000 towards County Assemblies Forum (CAF) as annual subscriptions vide payment voucher No 10001314 and No 100031052. However, the statement of unpaid fees dated 26 September 2017 was Kshs.3,900,000 resulting into overpayment of Kshs.1,500,000. The management did not provide acknowledgement of the

receipts of a total of Kshs.5,400,000. In the circumstances, it was not clear whether the expenditure of Kshs 5,400,000 was proper charge to public funds.

10. Unaccounted for Expenditure on Other Operating Expenses

In the use of goods and services figure of Kshs.242,147,520 reflected in the financial statements is Kshs.26,723,994 in respect of other operating expenses out of which Kshs.530,000 was paid in cash. Even though the management in response to the audit queries indicated that the payment was in respect of arbitration charges, the supporting documents were not availed for audit verification.
In the circumstances, it was not clear whether the expenditure of Kshs.530,000 was proper charge to public funds.

11. Previous Year Audit Matters

As in the previous year, the Assembly did not indicate the status and follow up of audit issues reported in the previous years (2016/2017) financial statements as required in the reporting template prescribed by the Public Sector Accounting Standards Board

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Basis for Conclusion

1. Budget Performance Analysis

During the year under review, the approved budget of the Assembly was Kshs.530,154,162 out of which Kshs.17,257,178 was for development and Kshs.512, 902,964 on recurrent as shown below;

	Budget Kshs	Actual Expenditure Kshs.	(Over)/Under Expenditure Kshs.	% (Over) Under Absorption
Compensation of Employee	318,779,464	258,099,417	60,680,047	19
Utilities and Supplies and services	735,000	211,295	523,705	71
Communication Supplies and Services	820,000	417,555	402,445	49
Domestic Travel and Subsistence and Travel cost	87,000,000	151,131,323	-64,131,323	-73

	Budget Kshs	Actual Expenditure Kshs.	(Over)/Under Expenditure Kshs.	% (Over) Under Absorption
Printing ,Advertisement and Information Supplies	2,000,000	1,792,535	207,465	10
Rentals of Assets	7,020,000	7,676,500	-656,500	-9
Training Expenses	6,500,000	3,342,640	3,157,360	48
Hospitality Supplies and Services	5,100,000	13,047,300	-7,947,300	-155
Motor Vehicle Insurance	2,500,000	0	2,500,000	100
Medical Insurance	30,000,000	28,656,734	1,343,266	4
Specialized Materials and Supplies	2,623,400	1,874,5000	748,900	28
Office and General Supplies	2,500,000	3,664,300	-1,164,300	-46
Fuel Oil and Lubricants	2,500,000	967,300	1,532,700	61
Other operating Expenses	16,304,000	26,723,994	-10,419,994	-63
Routine Maintenance building and Vehicle	2,400,000	1,185,842	1,214,158	50
Gratuity civil servant	14,637,460	14,885,006	-247,546	-2
Gratuity MCAs	11,483,640	14,314,647	-2,831,007	-25
Purchase of furniture and Institution	8,131,198	6,416,150	1,715,048	21
Construction of buildings – power house	2,000,000	1,242,870	757,130	38
Purchase of Motor Vehicle	7,000,000	6,629,200	370,800	5
Purchase of household furniture	120,000	0	120,000	0
Total Expenditure	**530,154,162**	**559,149,608**	**-12,124,946**	

A review of the budget performance shows that the Assembly overspent on domestic travel and subsistence, hospitality and other operating expenses among others. The management did not provide a report to the County Treasury on re-allocation as required by Sec 47(2) of the Public Finance Management-County Government Regulations, 2015.

2. Outstanding Imprest

The statement of financial assets reflect outstanding imprest of Kshs.1,157,596. It was not clear why the County Assembly failed to recover the imprest from defaulting officers as provided for in Section 93(6) and (7). In addition, the imprest register was not kept by the Assembly.

Consequently, the Assembly management was in breach of the regulation and no explanation has been given for this omission

3. Compensation of Employees

3.1 Irregular Salary Payment to MCAs

On review of the payroll for County Assembly of Vihiga we noted that the Members of County Assembly were paid starting salary of Kshs.144,375 against the defined salary of Kshs123,750 as per circular SRC /011/11/2013 dated 27 November 2013. The management clarified that the gazette notice of 7 July 2017 awarded MCAs starting salary of Kshs.144,375 without sitting allowances. Further clarification indicated that the court quashed the said gazette notice sited above and directed the MCAs be paid salary and allowances as per circular SRC /011/11/2013 dated 27 November 2013. From our observation payment of Kshs.144,375 for each member was irregular and the Assembly might have lost Kshs.6,454,692 for the ten(10) months paid to MCAs paid as at 30 June 2018. The County Assembly was therefore in breach of the law.

3.2 Ethnicity Composition

The payroll statistics revealed that ninety seven per cent (97%) of the employees were from the dominant ethnical community of Vihiga County. This is contrary to National Cohesion and Integration Commission Act, 2008 section 7 (1) which requires that all public establishments seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community.

The wage bill constitutes 48% of the total receipts during the year. This is contrary to Section 107(2) of the Public Finance Management Regulation 2015, which recommends a maximum of 35%. Documents to support the identification of vacancies, advertisement of the positions, shortlisting and interview minutes for the recruitments in the year by the County Assembly Public Service Board were not availed for audit review.

4. Over Expenditure on Domestic Travel and Subsistence Allowance

From the review of the approved County Assembly budget, Kshs.87,000,000 was appropriated for the domestic and foreign travel and subsistence allowance. It was noted that included in the use of goods and services figure of Kshs.242,147,520 was Kshs.151,131,323 in respect to domestic travel and subsistence allowances. This is an over expenditure of Kshs.64,131,323 which is 73% of the budgeted amount. This is an indication that some funds may have been reallocated from other funds. However, no authority for reallocation was provided thus the Assembly was in breach of the law.

5. Over Absorption of Budgeted Funds on Hospitality and Services

From the review of the approved County Assembly budget, Kshs.5,100,000 was appropriated for the hospitality supplies and services. However, included in the use of goods and services figure of Kshs.242,147,520 is Kshs.13,047,300 in respect to hospitality therefore resulting to an over expenditure of Kshs.7,947,300. This is an indication that some

funds may have been reallocated from other funds. No authority on reallocation was provided thus the assembly was in breach of the law.

6. Irregular Payment of Meal Allowances

A review of the cash book of the County Assembly of Vihiga, revealed that a payment of Kshs.812,000 to cater for sitting allowances was posted on Folio 33 of the cashbook. The sitting allowance was paid outside the payroll. The supporting documents on the list of MCAs who received the cash was not made available. Clarification from the management confirmed that the payment was a cumulative meal allowance as per SRC circular. However, the circular SRC /011/11/2013 dated 27 November 2013 on reviewed remuneration and benefits for Members of County Assembly did not approve meal allowances for meetings held within the County Assembly premises. In the circumstances, it was not possible to confirm the validity and propriety of the expenditure of Kshs.812,000 incurred and the management was in breach of the law.

7. Late Submission of the Financial Statement

The County Assembly of Vihiga submitted the financial statement on 12 October 2018 after the deadline of 30 September 2018.The County Assembly was therefore in breach of Section149(2)(k) of the Public Finance Management Act, 2012.

8. Acquisition of Assets – Procurement

During the year under review the County Assembly procured CCTV,BK , PABX, installation and configuration of server, local area network and peripherals. The following irregularities were noted:

8.1 Purchase of CCTV, BK & PABX

i. The project has gone past its contract period of 20 March 2018 to 19 April 2018.

ii. The performance bond expired on 4 September 2018 while the work is not complete.

iii. Separation of duties was not adhered to as some officers were in the opening committee, evaluation committee and the inspection and acceptance committee.

iv. Contract price Kshs.7,188,984 while amount paid during the year totalled Kshs.3,243,585.

8.2 Installation and Configuration of Server, Local Area Network and Peripherals

i. The tender was re-advertised and eventually awarded to Complulynx Nyanza Ltd who had initially quoted Kshs.3,840,390 which was far much below the winners bid, but after the re-advertisement, Complulynx up scaled its bid to Kshs.6,400,717.

ii. The engineer estimate was Kshs.7,332,400.

iii. The project was initiated in 2016/17 and the reasons for re-advertisement was not provided and no explanation was provided for the second winner scaling upwards of the bid.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7 (1) (a) of the Public Audit Act, 2015. Because of the significance of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Basis for Conclusion

Weak Information Communication Technology (ICT) Controls

Audit review of the Information and Communication Technology (ICT) - County Assembly of Vihiga did not have an IT Policy, Data Plan and IT Security policy which are vital in effective and efficient management of the IT resources. Further the County Assembly did not have IT steering committee which is important in performing the oversight function and formulation of policies to ensure that IT department functions are properly in place to achieve its organizational objectives. Consequently, IT assets of the County Assembly may not be efficiently utilized.

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standard requires 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 Financial Reporting Standards/International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, management is responsible for assessing the ability to continue as a going concern/ sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Vihiga County Assembly or to cease operations, or have no realistic alternative but to do so.

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

My responsibility is to conduct an audit of the financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matter described in the Basis for Disclaimer of Opinion section of my report, the conclusion arrived in the report on compliance and Lawfulness and the con, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is to express a conclusion with limited assurance as to whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, my responsibility is to 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.

I am independent of in accordance with ISSAI 30 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.

FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

18 February 2019

2. FINANCIAL STATEMENTS

2.1. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017/18 KShs	2016/17 KShs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	544,024,243.55	533,773,279
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	3,420,000.00	83,624,197
TOTAL RECEIPTS		**544,024,243.55**	**617,397,476**
PAYMENTS			
Compensation of Employees	4	258,099,417	310,423,849
Use of goods and services	5	242,147,520	189,999,737
Subsidies	6	-	-
Transfers to Other Government Entities	7	7,011,210	-7,011,210
Other grants and transfers	8	-	-
Social Security Benefits	9	14,885,006	-14,885,006
Acquisition of Assets	10	15,125,720	-316,164
Finance Costs	11	316,164	-9,688,790
Other Payments	12	9,688,790	-
		-	
TOTAL PAYMENTS		**547,273,827**	**695,463,237**
SURPLUS/DEFICIT		**170,417**	**-78,065,761**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30.6. 2018 and signed by:

Clerk of the Assembly
Name: AMBAKA KILINGA

Chief Finance Office – County Assembly
Name: OSCAR JAGONA

2.2. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

FINANCIAL ASSETS	Note	2017/2018 KShs	2016/17 KShs
Cash and Cash Equivalents			
Bank Balances	13A	4,341,095	7,250,695
Cash Balances	13B	1,922,419	-
Total Cash and cash equivalents		**6,263,514**	7,250,695
Accounts receivables – Outstanding Imprests	14	1,157,599	-
TOTAL FINANCIAL ASSETS		**7,421,113**	**7,250,695**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	15	-	-
NET FINANCIAL ASSETS			**7,250,695**
REPRESENTED BY			
Fund balance b/fwd	16	7,250,695	85,316,456
Surplus/Deficit for the year		170,417	-78,065,761
NET FINANCIAL POSITION		**7,421,113**	**7,250,695**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30.06. 2018 and signed by:

Clerk of the Assembly
Name: AMBAKA KILINGA

Chief Finance Officer – County Assembly
Name: OSCAR JAGONA

4.3 STATEMENT OF CASH FLOWS

	Note	2017/18 KShs	2016/17 KShs
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operating income			
Transfers from the County Treasury/Exchequer Releases	1	544,024,244	533,773,279
Other Receipts	3	3,420,000	83,624,197
Payments for operating expenses		-	-
Compensation of Employees	4	-258,099,417	-310,423,849
Use of goods and services	5	-242,147,520	-189,999,737
Subsidies	6	-	-
Transfers to Other Government Entities	7	-7,011,210	-67,800,398
Other grants and transfers	8	-	-
Social Security Benefits	9	-14,885,006	-14,354,595
Finance Costs	11	-316,164	-118,657
Other Payments- Development Vote	12	-9,688,790	-64,560,377
		-	-
Adjusted for:		-	-
Adjustments during the year		-	-
		-	
Net cash flows from operating activities		**14,138,539**	**-30,235,245**
		-	-
CASHFLOW FROM INVESTING ACTIVITIES		-	-
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	-15,125,720	-48,205,624
		-	-
Net cash flows from investing activities		-15,125,720	-48,205,624

		-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		**170,417**	**-78,065,761**
Cash and cash equivalent at BEGINNING of the year	13	7,250,695	**85,316,456**
Cash and cash equivalent at END of the year		**6,263,514**	**7,250,695**

Note: Reconciliation

Cash and cash equivalent at BEGINNING of the quarter	7,250,695
Cash and cash equivalent at END of the quarter	6,263,514
	987,181
NET INCREASE IN CASH AND CASH EQUIVALENT	170,417
Amount of Outstanding Imprests as shown in the Balance Sheet	**1,157,598**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on _____ 2018 and signed by:

Clerk of the Assembly
Name: AMBAKA KILINGA

Chief Finance Office – County Assembly
Name: OSCAR JAGONA

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

Receipt/Expense Item	Original Budget K Shs	Adjustments K Shs	Final Budget c=a+b	Actual on Comparable Basis e=d-c	% Utilization difference K Shs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases		-		544,024,244	-
Proceeds from Sale of Assets		-		40,440,052	-
Other Receipts - Development		-			-
TOTAL		-	-	**584,464,296**	-
PAYMENTS	-		-		
Compensation of Employees	304,072,172		304,072,172	258,099,417	0.85
Use of goods and services	176,598,715		176,598,715	242,147,520	1.37
Subsidies					-
Transfers to Other Government Entities				7,011,210	-
Other grants and transfers				-	-
Social Security Benefits	40,828,392		40,828,392	14,885,006	0.36
Acquisition of Assets	9,120,000		9,120,000	15,125,720	1.66
Finance Costs	154,000		154,000	316,164	2.05
Other Payments-Development Account	40,440,052		40,440,052	16,452,448	0.41
TOTAL	**571,213,331**		**571,213,331**	**554,037,485**	

The entity financial statements were approved on _____ 2018 and signed by:

Clerk of the Assembly
Name: AMBAKA KILINGA

Chief Finance Office – County Assembly
Name: OSCAR JAGONA

2.4. 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	c=d-c	
RECEIPTS					
Transfers from the County Treasury/ Exchequer Releases	-	-	-	530,554,162	
Proceeds from Sale of Assets	-	-	-		-
Other Receipts	-	-	-	-	-
TOTAL	-	-	-	**530,554,162**	-
PAYMENTS					
Compensation of Employees	304,072,172	-	304,072,172	258,099,417	0.85
Use of goods and services	176,598,715	-	176,598,715	242,147,520	1.37
Subsidies	-	-	-	-	0.00
Transfers to Other Government Entities	-	-	-	7,011,210	0.00
Other grants and transfers	-	-	-	-	0.00
Social Security Benefits	40,828,392	-	40,828,392	14,885,006	0.36
Acquisition of Assets	9,120,000	-	9,120,000	15,125,720	1.66
Finance Costs	154,000	-	154,000	316,164	2.05
Other Payments – Development Account		-			0.00
TOTAL	**530,773,279**	-	**530,773,279**	**537,585,037**	

(a) ***Use Of Goods and services***. *Utilization was 37% above the budgetary provisions. This was attributed to under budgeting in the Domestic travel and subsistence allowances. During the year under review, the County Assembly Members had more engagements at the committee level in terms of report writings, bench markings, and trainings.. Being the first year of the*

second assembly, induction exercises and more training were conducted to the new Members of County assembly to familiarize them with legislative processes. These same exercises also impacted on the ***Hospitality and Catering*** *Vote.*

(b) *Under "**Other Expenses vote**", The County Assembly incurred litigation costs that were never budgeted for. For instance , by a Labour court Order, The County Assembly compensated the Former Clerk, One Josephat Alusiola Musambayi, Ksh14 Million From the Legal Costs Vote. This Negatively impacted on our Budget.*

The entity financial statements were approved on 30.06. 2018 and signed by:

Clerk of the Assembly
Name: AMBAKA KILINGA

Chief Finance Office – County Assembly
Name: OSCAR JAGONA

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

Receipt/Expense Item	Budget 2017/2018	Actual 2017/2018	% Budget Utilization
	Kshs	Kshs	
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	40,440,052	16,452,448	0.41
Proceeds from Sale of Assets			
Other Receipts	-	-	
TOTAL	**40,440,052**	**16,452,448**	
PAYMENTS			
Networking		5,933,690	
CCTV Installation		3,243,528	
Purchase of furniture		2,600,000	
Construction of Toilet Block		1,242,870	
Generator		2,140,000	
Underground Cabling		1,292,360	
TOTAL	-	**16,452,448**	

The entity financial statements were approved on 30.06. 2018 and signed by:

Clerk of the Assembly
Name: AMBAKA KILINGA

Chief Finance Office – County Assembly
Name: OSCAR JAGONA

2.6. 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 Vihiga County Assembly. The financial statements encompass the reporting entity as specified in section 164 of PFM Act 2012. **Recognition of receipts and payments**

a) Recognition of receipts

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

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.

3. 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)

4. 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. . There were no other restrictions on cash during the year.

5. 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.

6. 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.

7. 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)

8. 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.

9. 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 for the period 1st July 2017 to 30 June 2018 as required by law. There was 1 number of 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.

10. Comparative figures

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

11. 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.

12. 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.

13. 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.

2.7. NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from the County Treasury/Exchequer Releases

	2017/18 KShs	2016/17 KShs
Transfers from the County Treasury for Q1	133,843,000.00	133,474,500
Transfers from the County Treasury for Q2	127,417,000.00	144,960,000
Transfers from the County Treasury for Q3	138,981,000.00	144,537,894
Transfers from the County Treasury for Q4	130,313,162.00	119,800,885
Development Vote	13,470,081.55	
Cumulative Amount	**544,024,243.55**	**533,733,279**

2. OTHER RECEIPTS

	2017/18 KShs	2016/17 KShs
Transfers From Car Loan and Mortgage A/c		7,254,197
Transfers from Executive	3,420,000.00	10,000,000.00
Other Deposits		20,000.00
Total	**3,420,000**	**17,274,197**

3. COMPENSATION OF EMPLOYEES

	2017/18 KShs	2016/17 KShs
Basic salaries of permanent employees	74,087,253.00	65,390,840.00
Basic wages of temporary employees	68,953,883.00	79,508,522.40
Ward Salaries	8,216,640.00	16,500,000.00
Personal allowances paid as reimbursements	92,211,194.00	137,516,404.00
Personal allowances provided in kind	-	
Pension and other social security contributions	14,314,647.00	11,130,883.00
Compulsory national social security schemes	315,800.00	377,200.00
Compulsory national health insurance schemes		
Social benefit schemes outside government		
Other personnel payments		
Total	**258,099,417.00**	**310,423,849.40**

4. USE OF GOODS AND SERVICES

	2017/18 KShs	2016/17 KShs
Utilities, supplies and services	211,295	207,985
Communication, supplies and services	417,555	211,075
Domestic travel and subsistence	151,131,323	118,031,217
Pending Bills	-	-
Printing, advertising and information supplies & services	1,792,535	1,744,383
Rentals of produced assets	7,676,500	7,960,000
Training expenses	3,342,640	6,964,406
Hospitality supplies and services	13,047,300	8,444,331
Insurance costs- Medical	28,656,734	29,687,894
Specialized materials and services	1,874,500	1,752,265
Office and general supplies and services	3,664,300	3,237,710
Refined Fuels	967,300	1,529,642
Other operating expenses	26,723,994	7,066,830
Routine maintenance – vehicles and other transport equipment	1,185,842	2,278,000
Expenses	514,021	884,000
Total	**242,147,520**	**189,999,737**

5. TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2017/18 KShs	2016/17 KShs
Refunds To Treasury	7,011,210	
Transfers to County Government		7,000,000
Transfer to Development Account		5,000,000
Transfers to County Revenue Fund		39,510,467
County Assembly Car Loan Fund Account		16,289,931
TOTAL	**7,011,210**	**67,800,398**

6. SOCIAL SECURITY BENEFITS

	2017/18 KShs	2016/17 KShs
Gratuity	14,885,006	14,354,595
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	-	-
Total	**14,885,006**	**14,354,595**

7. ACQUISITION OF ASSETS

Non Financial Assets	2017/18 KShs	2016/17 KShs
Purchase of Buildings	-	-
Construction of Buildings-Power House	1,242,870	864,907
Refurbishment of Buildings	-	-
Construction of Roads	-	-
Construction and Civil Works	-	45,228,117
Overhaul and Refurbishment of Construction and Civil Works	-	-
Purchase of Vehicles and Other Transport Equipment	6,629,200	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment		-
Purchase of Office Furniture and General Equipment	6,416,150	-
Purchase of ICT Equipment, Software and Other ICT Assets	837,500.00	
Purchase of Specialised Plant, Equipment and Machinery	-	2,112,600
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Purchase of Certified Seeds, Breeding Stock and Live Animals	-	-
Research, Studies, Project Preparation, Design & Supervision	-	-
Rehabilitation of Civil Works	-	-
Acquisition of Strategic Stocks and commodities	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Financial Assets	-	-
Domestic Public Non-Financial Enterprises	-	-
Domestic Public Financial Institutions	-	-
Total	**15,125,720**	**48,205,624**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. FINANCE COSTS

	2017/18 KShs	2016/17 KShs
Bank Charges	316,164	118,657
Exchange Rate Losses	-	-
Other Finance costs	-	-
Interest on borrowings	-	-
Total	**316,164**	**118,657**

9. OTHER PAYMENTS

	2017/18 KShs	2016/17 KShs
Cable Networking	5,699,885	-
CCTV	3,243,528	-
Witholding Taxes	745,377	-
Total	**9,688,790**	-

10. CASH AND BANK BALANCES

13A. BANK BALANCES

Name of Bank, Account No. & Currency	Indicated whether recurrent or development	2017/18 KShs	2016/17 KShs
Co-operative Bank of Kenya-01141471295100, Kenya Shillings	Imprest Account	4,308,459	242,783
Central Bank of Kenya- 1000195347, Kenya Shillings	Development Acc	32,636	285,110
Central Bank Of Kenya-1000195355, Kenya Shillings	Recurrent Acc	0	6,722,802
Total		**4,341,095**	**7,250,695**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13B. CASH IN HAND

	2017/18 KShs	2016/17 KShs
Cash in Hand – Held in domestic currency	**1,922,419**	967,164
Cash in Hand – Held in foreign currency	-	-

Total	**1,922,419**	**967,164**

Cash in hand should be analysed as follows:

	2017/18 KShs	2016/17 KShs
Cash In Hand	**1,922,419**	967,164
Location 2	-	-
Location 3	-	-
Total	**1,922,419**	**967,164**

11. ACCOUNTS RECEIVABLE

	2017/18 KShs	2016/17 KShs
Government Imprests	1,157,598.00	**967,164.00**
Clearance Accounts	0	0
Staff Advances	0	187,002
Other Advances	0	0
Total	**1,157,598.00**	**1,154,166**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FUND BALANCE BROUGHT FORWARD

	2017/18 KShs	2016/17 KShs
Bank accounts	7,250,695	85,631,564.00
Cash in hand	-	-
Accounts Receivables	-	-
Accounts Payables	-	-
Total	**7,250,695**	**85,631,564.00**

2.8. OTHER DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 1)

	2017/18 KShs	2016/17 KShs
Construction of buildings	-	6,176,546
Construction of civil works	-	
Supply of goods	3,314,600	5,260,286.80
Supply of services	788,120	37,380,169.20
Total	**4,102,720**	**48,817,002**

2. RELATED PARTY DISCLOSURES

OTHER DISCLOSURES (CONTINUED)

Related party transactions:

	2016- 2017 Kshs	20xx- 20xx Kshs
Compensation to Key Management		
Compensation to the Speaker, Deputy Speaker and the MCAs	68,953,833.00 -	-
Key Management Compensation(Clerk and Heads of departments)		-
Total Compensation to Key Management	**68,953,833**	**-**
Transfers to related parties		
Transfers to other County Government Entities such as car and mortgage schemes	3,080,000	-
Transfers to County Corporations	-	-
Transfers to non reporting entities e.g ECD centres, welfare centres etc	-	-
Total Transfers to related parties	**3,080,000-**	-
Transfers from related parties		
Transfers from the County Executive- Exchequer	3,420,000	-
Payments made on behalf of the County Assembly by other Government Agencies	-	-

	-	-
Total Transfers from related parties	**3,420,000**	**-**

Clerk of the County Assembly

Sign.....

Date.....30th JUNE 2018

ANNEXES

ANNEX 1 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
	A	b	c	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
Isuzu East Africa Limited	3,314,600	June 2018		3,314,600		
SWACO Solutions Limited	294,300.00	June 2018		294,300.00		
Angatia Motors	89,500.00	June 2018		89,500.00		
The Enabled Enterprises	15,525.00	June 2018		15,525.00		
Jarden Holdings	80,000.00	June 2018		80,000.00		

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
The Enabled Enterprises	1,895.00	June 2018		1,895.00		
The Standard Group	66,700.00	June 2018		66,700.00		
Hemara Hotel	102,000.00	June 2018		102,000.00		
Hemara Hotel	12,000.00	June 2018		12,000.00		
Hemara Hotel	29,400.00	June 2018		29,400.00		
Hemara Hotel	1,200.00	June 2018		1,200.00		
Angatia Motors	89,500.00	June 2018		89,500.00		
Mbale Town Umeme	6,100.00	June 2018		6,100.00		
Sub-Total	**788,120**					
Grand Total	**788,120**			**4,102,720**		

ANNEX 2 – ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017/18	Outstanding Balance 2016/17	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 2017/18	Outstanding Balance 2016/17	Comments
		a	b	c	d=a-c		
Amounts due to National Govt Entities							
1.							
2.							
3.							
Sub-Total							
Amounts due to County Govt Entities							
4.							
5.							
6.							
Sub-Total							
Amounts due to Third Parties							
7.							
8.							
9.							
Sub-Total							
Others (*specify*)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (KShs) 2016/2017	Additions during the year (KShs)	Disposals during the year (KShs)	Historical Cost c/f (KShs) 2017/2018
Land				-
Buildings and structures	46,093,024	1,242,870.00		47,335,894.00
Transport equipment		6,629,200.00		6,629,200.00
Office equipment, furniture and fittings		9,016,150.00		9,016,150.00
ICT Equipment, Software and Other ICT Assets	2,112,600	837,500.00		2,950,100.00
Other Machinery and Equipment		3,432,360.00		3,432,360.00
Heritage and cultural assets				-
Intangible assets				-
Total	48,205,624.00	21,158,080.00	-	69,363,704.00

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
Abdalla Chogo	18/7/2016	10,000.00		10,000.00
Dickson Amunga	20/7/2016	50,000.00		50,000.00
Michael Oloo	20/7/2016	50,000.00		50,000.00
Moses Akhabele	21/7/2016	42,600.00		42,600.00
Clastone Anyonje	22/7/2016	33,600.00		33,600.00
Wycliffe Masini	27/7/2016	6,000.00		6,000.00
Festus Girure	2/8/16	14,000.00		14,000.00
Reuben Ombima	4/8/16	36,000.00		36,000.00
Patrick Kamoyani	13/8/16	5,000.00		5,000.00
Nashon Kusina	13/8/2016	50,000.00		50,000.00
Nashon Kusina	13/8/2016	50,000.00		50,000.00
Moses Akhabele	28/8/2016	126,800.00		126,800.00
Michael Oloo	21/9/2016	5,000.00		5,000.00
Joan Jai	29/9/2016	5,700.00		5,700.00
Clement Sloya	4/10/16	20,000.00		20,000.00
Mary Oleve	9/11/16	30,000.00		30,000.00
Clement Sloya	7/12/16	7,000.00		7,000.00
Moses Akhabele	17/01/2017	5,200.00		5,200.00
Sherah Didi	25/01/2017	5,000.00		5,000.00
Nashon Kusina	26/01/2017	23,000.00		23,000.00
Patrick Kamoyani	9/2/17	5,000.00		5,000.00

Arthur Anjera	28/02/2017	10,000.00		10,000.00
Iris Anyiso	2/28/17	5,508.00		5,508.00
Clement Sloya	2/3/17	5,000.00		5,000.00
Emmanuel Omollo	6/3/17	33,600.00		33,600.00
Benson Inganji	7/3/17	2,780.00		2,780.00
Silas Obwatsa	7/3/17	30,000.00		30,000.00
Victor Chadiva	19/04/17	45,000.00		45,000.00
Sherah Didi	5/5/17	8,400.00		8,400.00
Nashon Kusina		20,000.00		20,000.00
Hon.Masini		5,000.00		5,000.00
Hon Butiya		100,000.00		100,000.00
Antony Kamadi		6,450.00		6,450.00
Daniel Chitwa		20,000.00		20,000.00
Hon.Atingo		20,000.00		20,000.00
Nashon Kusina		50,000.00		50,000.00
Claston Anyonje		8,980.00		8,980.00
Peter Mmera		2,600.00		2,600.00
Nashon Kusina		30,000.00		30,000.00
Stariko Asinuli		2,600.00		2,600.00
Moses Akhabele		2,600.00		2,600.00
Sama Ochieng		100,000.00		100,000.00
Nashon Kusina		20,000.00		20,000.00
Carol Museve		800.00		800.00
Judith Osire		2,580.00		2,580.00
Carol Museve		15,000.00		15,000.00
Moses Akhabele		2,600.00		2,600.00
Mary Mmboga		4,800.00		4,800.00
Hon.Tom Atingo		11,000.00		11,000.00
Nicholas Ochinjo		3,000.00		3,000.00

Iris Anyiso		9,400.00		9,400.00
Total				**1,157,598.00**

NNEX 6 – BANK RECONCILIATION/FO 30 REPORT

(Attach FO 30 Reports from IFMIS)