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REPORT

OF

THE AUDITOR-GENERAL

ON

**COUNTY ASSEMBLY OF
TANA RIVER**

**FOR THE YEAR ENDED
30 JUNE, 2022**



OFFICE OF THE AUDITOR GENERAL
NORTH EASTERN REGIONAL OFFICE

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REPUBLIC OF KENYA
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COUNTY ASSEMBLY OF TANA RIVER

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2022

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

County Assembly of Tana River
Annual Report and Financial Statements for the year ended 30th June 2022

County Assembly of Tana River

Annual Report and Financial Statements for the year ended 30th June 2022

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1. 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 26 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:

No.	Designation	Name
1.	Speaker of the County Assembly	Osman Noor Galole
2.	Clerk of the County Assembly	Abdullahi Dayib Hussein
3.	Head of Departments	Alex Ontumi Kibwage
4.		-

(c) Fiduciary Management

The key management personnel who held office during the year ended 30th June,2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer- Clerk	Abdullahi Dayib Hussein
2.	Principal Accounts Controller	Alex Ontumi Kibwage
3.	Senior Accountant	Wehliye Ahmed Dakat
4.	Finance Officer	Mercy Maodo Komora

Key Entity Information and Management (Continued)

(d) Fiduciary Oversight Arrangements

The county assembly has 9 sectorial committees each with specific mandates towards smooth operation of the assembly. The committees are required by the assembly standing orders to oversight and hold to account respective county executive committee's members (CEC) for services delivery in their departments. The assembly has managed this through committees work and chamber business.

(e) Tana River County Assembly Headquarters

P.O. Box 113-70101,
Along Hospital Road,
Hola, Kenya.

(f) Tana River County Assembly

Telephone: (254) 708005459
E-mail: info@tanariverassembly.go.ke
Website: www.tanariverassembly.go.ke

(g) Entity Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank
P.O box 100-70101
Hola, Kenya.

County Assembly of Tana River
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(h) Independent Auditor

Auditor General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya.

(i) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

**County Assembly of Tana River
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2. Foreword By the Clerk Of The Assembly

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government Entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

The key mandate of the County Assembly of Tana River is legislation, oversight, and representation. To achieve this, the assembly's program was document in terms of objective, key performance indicators, and output.

Below were the expected outputs of the assembly in FY 2021/2022

Program 1	Objective	Outcome	Indicator	Performance
Legislation, oversight and representation	Enhanced professional development of MCAs – Provide ongoing professional development of MCAs	Increased ability of MCA in legislation	4 bills passed in the County Assembly	In FY 2021/2022 MCA were trained on legislation, oversight and representation.
	Enhanced professional development of MCAs – Review standing orders	Review standing orders	70% increase in efficient Assembly operation	3 standing orders were reviewed and resulted to better management chamber business

2.1 Budget performance

During the FY 2020/2021 the County Assembly had a budget of Kshs. 908,896,752 out of which Kshs 302,500,000 was allocated towards development and Kshs. 588,396,752 allocated towards recurrent activities. (Including the balances brought forward as a result of supplementary budget). The County Assembly during the financial year under consideration received an amount of Kshs 884,949,935 for both recurrent and development allocations from the County treasury. The total actual expenditure comprising of Kshs. 587,715,420 for recurrent and Kshs. 296,389,177 for development activities, representing absorption rate of 100 percent and 98 percent respectively.

County Assembly of Tana River
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2.2 Operational Performance

Tana river county assembly operational performance includes: -

- a) The county assembly has passed 4 bills during the financial year 2021-2022 this has improved the smooth legislative operation of the assembly. The bills have improved the lives of the public at the county level
- b) The original budget for Tana river county assembly was passed on 30th April 2020 for the period 1st July 2021 to 30th June,2022 as required by law. There were one supplementary budgets passed during the year.
- c) (1) There shall be a select Committee to be known as the County Budget and Appropriations Committee.

(2) The functions of the Committee shall be to-

- (a) investigate, inquire into and report on all matters related to coordination, control and monitoring of the County budget;
- (b) discuss and review the estimates and make recommendations to the Assembly;
- (c) examine the County Fiscal Strategy Paper presented to the House;
- (d) examine Bills related to the County budget, including Appropriations Bills; and
- (e) evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays.

(3)The County Budget and Appropriations Committee constituted by the House immediately following the General Election shall serve for a period of three calendar years and that constituted thereafter shall serve for the remainder of the Assembly term.

(4) The Committee shall invite Chairpersons of all Sectoral Committees to make presentations during the consideration of the budget.

19. (1) There shall be a select Committee to be known as the Committee on Implementation.

(2) The Committee shall scrutinize the resolutions of the House (including adopted Committee reports), Petitions and the undertakings given by the County Executive Committee and examine –

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

- (b) whether or not legislation passed by the Assembly has been operationalized and where operationalized, the extent to which such operationalization has taken place within the minimum time necessary.
- (3) The Committee may propose to the House, sanctions against any member of the County Executive Committee who fails to report to the relevant select Committee on implementation status without justifiable reasons.
20. (1) There shall be a select Committee to be known as the Committee on Delegated County Legislation.
- (2) Whenever a statutory instrument is submitted to the House pursuant to the Constitution, any law or these Standing Orders, the statutory instrument shall, unless a contrary intention appears in the relevant legislation, be laid before the House by the Chair of the relevant Sectoral Committee, or any other Member and shall thereafter stand referred to the Committee on Delegated County Legislation.
- (3) The Committee shall consider in respect of any statutory instrument whether it-
- (a) is in accord with the provisions of the Constitution, the Act pursuant to which it is made or other relevant written laws;
 - (b) infringes on fundamental rights and freedoms of the public;
 - (c) contains a matter which, in the opinion of the Committee, should more properly be dealt with in an Act of the Assembly;
 - (d) contains imposition of taxation;
 - (e) directly or indirectly bars the jurisdiction of the Courts;
 - (f) gives retrospective effect to any of the provisions in respect of which the Constitution or an Act of Parliament or Assembly does not expressly give any such power;
 - (g) involves expenditure from the County Revenue Fund or other public revenues;
 - (h) is defective in its drafting or for any reason the form or purport of the statutory instrument calls for any elucidation;
 - (i) appears to make some unusual or unexpected use of the powers conferred by the Constitution or an Act pursuant to which it is made;
 - (j) appears to have had unjustifiable delay in its publication or laying before the House;
 - (k) makes rights, liberties or obligations unduly dependent upon non-reviewable decisions;
 - (l) makes rights, liberties or obligations unduly dependent upon insufficiently defined administrative powers;
 - (m) inappropriately delegates legislative powers;
 - (n) imposes a fine, imprisonment or other penalty without express authority having been provided for in the enabling legislation;
 - (o) appears, for any reason, to infringe on the rule of law;
 - (p) inadequately subjects the exercise of legislative power to Assembly scrutiny; and,

**County Assembly of Tana River
Annual Report and Financial Statements for the year ended 30th June 2022**

(q) accords to any other reason that the Committee considers fit to examine.

d)

2.3 Performance of key development projects

During the reporting period the County Assembly was able to accomplish the following projects among others; (i) Renovation of the Speakers office, (ii) Renovation of Administration block.

Implementation of the above mentioned projects had the following impacts; (i) Renovation of Speakers office has improved working environment for the Speaker (ii) Beatification of assembly compound (iii) Renovation of administration block has improved working conditions for honourable members.

2.4 Comment on value-for-money achievements

(i) Renovation of Speakers office has improved working environment for the Speaker and members of the county assembly

(ii) Beatification of assembly compound

(iii) Renovation of administration block has improved working conditions for honourable members.

2.5 Challenges and Recommended Way Forward

the County Assembly has faced a number of challenges that include among others;

(i) Delayed disbursement of funds that hampered the legislative process (ii) Vastness of the County posed great challenge to members while undertaking public participation.

.....
Name: Abdullahi Dayib Hussein

Clerk of the County Assembly

Statement of Performance Against County Assembly Predetermined Objectives
Guidance

**County Assembly of Tana River
Annual Report and Financial Statements for the year ended 30th June 2022**

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government Entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity’s performance against predetermined objectives.

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County Assembly of Tana River
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3. Corporate Social Responsibility Statement/Sustainability Reporting

County assembly of Tana River exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on three pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

a) Sustainability strategy and profile -

The top management of County assembly of Tana River is committed to the entity sustainability in the foreseeable future. The top management ensures that there is proper implementation of the strategic policy of the entity and by so doing will result better sustainability of the county assembly.

b) Employee welfare

County assembly of Tana River has Human Resource policy that clearly give direction on hiring process and take into account gender balancing at the work place. County assembly of Tana River also consider reward for most performing employee.

3. Community Engagements-

County Assembly of Tana River involves community in public participation in various wards in the three sub counties

4.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, 2022. 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, 2022, and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the County Assembly which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control.

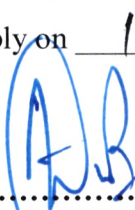
The Clerk confirms that the County Assembly has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Assembly's funds received during the quarter under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Clerk confirms that the

County Assembly of Tana River
Annual Report and Financial Statements for the year ended 30th June 2022

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 16/2 2023.



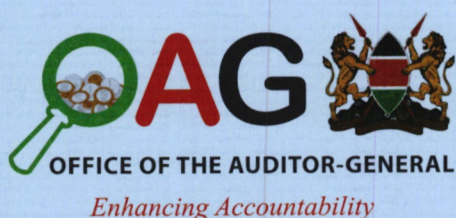
.....

Name: Abdullahi Dayib Hussein

Clerk of the County Assembly

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF TANA RIVER FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals, whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the Assembly has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the Assembly.

An unmodified opinion does not necessarily mean that the Assembly has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Tana River set out on pages 1 to 25, which comprise the statement of financial assets and liabilities

as at 30 June, 2022, and 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 have obtained all the information and explanations 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 Tana River as at 30 June, 2022, and 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

1.0 Compensation of Employees

The statement of receipts and payments reflects compensation of employees' expenditure of Kshs.349,104,551. However, the following anomalies were noted:

1.1 Unsupported Mileage Allowances

The compensation of employees expenditure of Kshs.349,104,551 includes mileage allowances amounting to Kshs.21,284,138 paid to Members of the County Assembly (MCAs). However, a report from the Ministry of Transport and Public Works confirming the distance between the MCAs' homes and the County Assembly Headquarters was not provided for audit.

In the circumstance, the accuracy, completeness and validity of the expenditure of Kshs.21,284,138 could not be confirmed.

1.2 Accuracy of Note 2 to the Financial Statements

Note 2 to the financial statements shows that the compensation of employees' expenditure of Kshs.349,104,551 was entirely in respect of basic salaries of permanent employees and that no payments were made in relation to the various allowances and employer contribution to compulsory national social and health insurance schemes. This is doubtful since an employee's gross salary usually includes basic salary, house allowance and other allowances. Further, the mileage allowances of Kshs.21,284,138 referred to in the preceding paragraph should have been classified in Note 2 under personal allowances paid as reimbursement.

In the circumstances, the accuracy and completeness of Note 2 to the financial statements could not be confirmed.

1.3 Anomalies Related to Statutory Deductions

Examination of bank statements revealed that Pay-As-You-Earn and National Hospital Insurance Fund deductions amounting to Kshs.21,645,321 and Kshs.312,900 respectively were not remitted to the relevant bodies. Further, Pay-As-You-Earn and National Hospital Insurance Fund deductions from excel payroll amounting to Kshs.645,984 and Kshs.161,850 respectively were not remitted, but were not reported in the financial statements as other pending payables.

Further, recurrent bank statement revealed remittances to Kenya Revenue Authority amounting to Kshs.47,483,245. However, it could not be confirmed whether the remittances related to Pay-As-You-Earn deductions or penalties.

In addition, payment vouchers and related documents supporting remittances worth Kshs.26,331,501 were not provided for audit.

Finally, analysis of the excel payroll data revealed that some staff members were paid salaries amounting to Kshs.3,510,360 without statutory dues being deducted from them. This was contrary to Section 19(1) of the Employment Act, which provides that as an employer, you are allowed by the law to deduct from your employee's salary any amount as a contribution to any fund or scheme approved by the Commissioner for Labor to which the employee has agreed to contribute to.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed. Further, failure to remit the statutory deductions on time may result in the Assembly incurring interests and penalties. Also, Management was in breach of the law.

2.0 Use of Goods and Services

The statement of receipts and payments, and as disclosed in Note 3 to the financial statements, reflects use of goods and services expenditure of Kshs.246,976,069. However, the following unsatisfactory matters were noted:

2.1 Unsupported Payments on Car Hire and Rent

The use of goods and services expenditure of Kshs.247,096,069 includes rental of produced assets amount of Kshs.5,463,000 out of which Kshs.3,540,000 was incurred on car hire. However, the supporting local service order, requisitions from the user department, copy of logbooks, drivers' licenses and temporary work tickets for the hired vehicles were not provided for audit.

In the circumstances, the accuracy, completeness and validity of the expenditure of Kshs.3,540,000 could not be confirmed.

2.2 Unsupported Expenditure on Domestic Travel and Subsistence

The use of goods and services expenditure of Kshs.246,976,069 includes domestic travel and subsistence amount of Kshs.185,327,269 out of which, Kshs.25,007,800 was paid to several officers to attend workshops, trainings and other official duties outside the County. However, invitation letters, pre-travel approval, training programs, workshop attendance registers, bus tickets, work tickets or air tickets and back to office reports in support of the latter amount were not provided for audit.

In the circumstances, the accuracy, completeness and validity of the expenditure of Kshs.25,007,800 could not confirmed.

2.3 Unsupported Expenditure on Foreign Travel and Subsistence

The use of goods and services expenditure of Kshs.246,976,069 includes foreign travel and subsistence amount of Kshs.721,600 paid to a Member of County Assembly for attending a workshop on strengthening the devolved system of governance through robust and sustainable resources mobilization that was allegedly held from 08 to 16 October, 2021 in Dubai, United Arab Emirates. However, documents supporting the latter amount, including: invitation letter from the organizers of the training conferences showing details of the event like venue, programmes, purpose and responsibility of the County Assembly in terms of facilitation; letter of approval from Ministry of Devolution to travel abroad; provision of travel insurance; copies of passport showing date of entry into and exit from the foreign country; boarding passes or mode of transport from County Headquarters to the airport and back; and report and value the conference attended brought to the citizens of the County Assembly were not provided for audit.

In the circumstances, the accuracy, completeness, propriety and validity of the expenditure amounting to Kshs.721,600 could not be confirmed.

3.0 Unsupported and Misclassified Payments for Travelling Allowances

The statement of receipts and payments reflects acquisition of assets expenditure of Kshs.273,903,977 which includes temporary imprests amounting to Kshs.4,944,000 paid on 29 June, 2022 as travelling allowances. However, a list of staff members who were paid, reasons for travelling and back to office reports were not provided for audit. Further, the treatment of Kshs.4,944,000 as acquisition of assets was erroneous since the imprests had not been accounted for or surrendered as at 30 June, 2022. The amount should have been classified as accounts receivable-outstanding imprests in the statement of financial assets and liabilities under financial assets. Further, had the imprests been surrendered, the amount would have been recognized as expenditure under use of goods and services, not acquisition of assets.

In the circumstances, the accuracy, completeness, validity and fair presentation of the amount of Kshs.4,944,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Assembly of Tana River 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. There were no key audit matters to report in the year under review.

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget of Kshs.908,896,752 and actual on comparable basis amount of Kshs.884,949,935, resulting in underfunding of Kshs.23,946,817 (or 3% of the budget). Similarly, the County Assembly budgeted to spend Kshs.908,896,752 but incurred expenditure of Kshs.883,984,597, resulting in under-absorption of Kshs.24,912,155 (or 3% of the budget).

In the circumstances, the underfunding and under-absorption impacted negatively on the implementation of the Assembly's planned activities and programs.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0 Compensation of Employees

The statement of receipts and payments reflects compensation of employees' expenditure of Kshs.349,104,551. However, the following anomalies were noted:

1.1 Unauthorized Expenditure on Sitting Allowances

The compensation of employees' expenditure of Kshs.349,104,551 includes sitting allowances amounting to Kshs.16,787,790 paid to twenty-three (23) MCAs, which exceeded allowances totaling to Kshs.15,048,000 approved by the Clerk of the Assembly, resulting in unauthorized payments of sitting allowances amounting to Kshs.1,739,790.

In the circumstances, the regularity and validity of the expenditure of Kshs.1,739,790 could not be confirmed.

1.2 Employment of Excess Staff in the County Wards Offices

The compensation of employees' expenditure of Kshs.349,104,551 includes an expenditure of Kshs.14,736,000, being salaries and other benefits earned by seventy-four (74) employees who were part of one hundred and fifty-two (152) employees at ward offices. The 74 employees were in excess of seventy-eight (78) employees allowed by Commission on Revenue Allocation Circular No. CRA/CSO/CMG/9/VOL.V(43) of 03 August, 2020 to County Assemblies on operationalization of ward offices for members of County Assembly, which requires each ward to employ three (3) staff.

In the circumstances, the regularity and legality of the expenditure of Kshs.14,736,000 could not be confirmed.

1.3 Staff Earning Net Salaries less than a Third of their Basic Salaries

Review of the Integrated Personnel Payroll Data (IPPD) system for the year ended 30 June, 2022 revealed that in the months of July, 2021 to June, 2022 the net pay for 48 employees amounting to Kshs.1,104,031 was less than a third of their corresponding basic pay of Kshs.3,777,660 contrary to Section D22 (2) of the County Public Service Human Resource Manual and Section 19(3) of the Employment Act, 2007.

In the circumstances, Management was in breach of the law.

1.4 Non-Adherence to Recommended Ratio of Employee Cost to Total Revenue

The statement of receipts and payments reflects compensation of employees expenditure of Kshs.349,104,551 which is approximately 39% of the total receipts of Kshs.884,949,935. The percentage exceeded the recommended threshold of 35% recommended by Regulations 25(1)(a) and (b) of the Public Finance Management (County Government) Regulation, 2015.

In the circumstances, Management was in breach of the law.

2.0 Contributions to Society of Clerks at The Table Kenya (SOCATT(K))

The compensation of employees expenditure of Kshs.349,104,551, as disclosed in Note 3 to the financial statements, includes other operating expenses amount of Kshs.14,897,510 out of which, Kshs.1,450,000 was paid to the Society Of Clerks At The Table Kenya (SOCATT(K)), being annual subscription (Kshs.700,000) and for servicing and installation of CCTV and computers (Kshs.750,000). However, no documentary evidence was provided to show the authority or approval against which the payments were made.

In the circumstances, the legality of the expenditure of Kshs.1,450,000 could not be confirmed.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1.0 Non-Establishment of Internal Audit Committee

During the year under review, the County Assembly operated without an audit committee, contrary to Section 155(5) of the Public Finance Management Act, 2012, which requires a County Government entity to establish an internal audit committee.

In the circumstances, the Assembly was in breach of the law.

2.0 Summary of Fixed Assets Register

During the year under review, the Management did not prepare a fixed asset register in a format prescribed with minimum requirements of identification or serial number, acquisition date, description of asset, location, class, cost of acquisition, accumulated depreciation, net book value and identification codes with which assets were tagged. Further, audit inspection of County Assembly's motor vehicles revealed that a total of eight (8) vehicles of varying models and engine capacities were grounded at the car park and depreciating. No explanations were provided on why the motor vehicles had neither been disposed of nor repaired.

In the circumstances, there was weak internal controls in the management of the County Assembly's assets.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Those charged with governance are responsible for overseeing the County Assembly's financial reporting process, reviewing the effectiveness of how Management 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 overall governance processes and systems in

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


Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the County Assembly's 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 County Assembly's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Assembly to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the County Assembly to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

05 April, 2023

**County Assembly of Tana River
Annual Report and Financial Statements for the year ended 30th June 2022**

6. Statement of Receipts and Payments for The Year Ended 30th June 2022

	Note	2021/2022 Kshs	2020/2021 Kshs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	884,949,935	614,549,783
TOTAL RECEIPTS		884,949,935	614,549,783
PAYMENTS			
Compensation of Employees	2	349,104,551	271,274,548
Use of goods and services	3	246,976,069	214,268,843
Transfers to Other Government Entities	4	14,000,000	30,393,528
Acquisition of Assets	5	273,903,977	98,519,740
TOTAL PAYMENTS		883,984,597	614,456,659
SURPLUS/(DEFICIT)		965,338	93,124

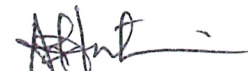
The explanatory notes to these financial statements form an integral part of the financial statements. The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 16/3/2023 and signed by:



Name: Abdullahi Dayib Hussein
Clerk to Assembly



Name: Wehliye Ahmed
Senior Accountant
ICPAK Member Number:17115




Name: Alex Kibwage Ontumi
Principal Accounts controller


County Assembly of Tana River
Annual Report and Financial Statements for the year ended 30th June 2022

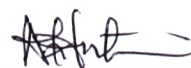
7. Statement Of Financial Assets and Liabilities As At 30th June 2022

FINANCIAL ASSETS	Note	2021/2022 Kshs	2020/2021 Kshs
Cash and Cash Equivalents			
Bank Balances	6	1,626,788	661,450
Total Cash and cash equivalents		1,626,788	661,450
Accounts receivables – Outstanding Imprests	7	-	-
TOTAL FINANCIAL ASSETS		1,626,788	661,450
NET FINANCIAL ASSETS		1,626,788	661,450
REPRESENTED BY			
Fund balance b/fwd.	8	661,450	73,851,395
Prior Year Adjustment	9	-	(73,283,069)
Surplus/(Deficit) for the year		965,338	93,124
NET FINANCIAL POSITION		1,626,788	661,450

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 16/2/2023 and signed by:


Name: Abdullahi Dayib Hussein
 Clerk to Assembly


Name: Wehliye Ahmed
Senior Accountant
 ICPAK Member Number: 17115


Name: Alex Kibwage Ontumi
Principal Accounts controller

County Assembly of Tana River
Annual Report and Financial Statements for the year ended 30th June 2022

8. Statement Of Cash Flows for The Period Ended 30th June 2022

	Note	2021/2022 Kshs.	2020/2021 Kshs.
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operating income			
Transfers from the County Treasury/Exchequer Releases	1	884,949,935	614,549,783
Payments for operating expenses			
Compensation of Employees	2	349,104,551	271,274,548
Use of goods and services	3	246,976,069	214,148,843
Transfers to other Government Entities	4	14,000,000	30,393,528
Adjusted for:			
Decrease in Receivables during the year		-	7,288,860
Prior Year Adjustment		-	(73,283,069)
Net cash flows from operating activities		274,869,315	32,618,655
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	5	273,903,977	98,519,740
Net cash flows from investing activities		273,903,977	98,519,740
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		965,338	(65,901,085)
Cash and cash equivalent at BEGINNING of the year	8	661,450	66,562,535
Cash and cash equivalent at END of the year		1,626,788	661,450

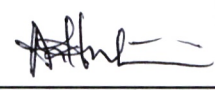
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Name: Wehliye Ahmed
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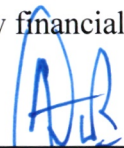
Name: Alex Kibwage Ontumi
Principal Accounts controller

County Assembly of Tana River
Annual Report and Financial Statements for the year ended 30th June 2022

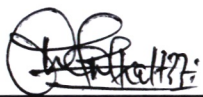
9. Statement Of Comparison Of Budget & Actual Amounts: Recurrent and Development

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% utilization difference
	Kshs	Kshs	Kshs	Kshs	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	908,896,752	-	908,896,752	884,949,935	97%
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	908,896,752	-	908,896,752	884,949,935	97%
PAYMENTS					
Compensation of Employees	318,291,628		318,291,628	349,104,551	109%
Use of goods and services	270,105,124		270,105,124	246,976,069	92%
Subsidies					
Transfers to Assembly account	-		-	14,000,000	
Acquisition of Assets	320,500,000		320,500,000	273,903,977	85%
Surplus/Defecit				965,338	-
Other Payments					
TOTAL	908,896,752	-	908,896,752	884,949,935	97%

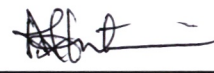
The entity financial statements were approved on 16/2/2023 and signed by:



Name: Abdullahi Dayib Hussein
 Clerk to Assembly



Name: Wehliye Ahmed
Senior Accountant
 ICPAK Member Number:17115

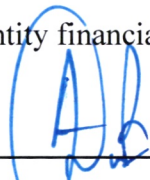


Name: Alex Kibwage Ontumi
Principal Accounts controller

10. Statement Of Comparison Of Budget & Actual Amounts: Recurrent

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% utilization difference
	Kshs	Kshs	Kshs	Kshs	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	588,396,752	-	588,396,752	587,596,752	100%
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	588,396,752	-	588,396,752	587,596,752	100%
PAYMENTS					
Compensation of Employees	318,291,628	-	318,291,628	349,104,551	110%
Use of goods and services	270,105,124	-	270,105,124	246,976,069	91%
Subsidies					
Transfers to Assembly Account	-	-	-	14,000,000	-
Other grants and transfers					
Social Security Benefits					
Acquisition of Assets					
Finance Costs					
Surplus/Defecit			-	(22,483,868)	-
TOTAL	588,396,752	-	588,396,752	587,596,752	100%

The entity financial statements were approved on 16/2/ 2023 and signed by:



Name: Abdullahi Dayib Hussein
Clerk to Assembly



Name: Wehliye Ahmed
Senior Accountant
ICPAK Member Number:17115

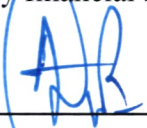


Name: Alex Kibwage Ontumi
Principal Accounts controller

11. Statement Of Comparison of Budget & Actual Amounts: Development

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% utilization difference
	Kshs	Kshs	Kshs	Kshs	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	320,500,000	-	320,500,000	297,353,183	93%
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	320,500,000	-	320,500,000	297,353,183	93%
PAYMENTS					
Acquisition of Assets	320,500,000	-	320,500,000	273,903,977	86%
Finance Costs					
Surplus/defecit			-	23,449,206	-
TOTAL	320,500,000	-	320,500,000	297,353,183	86%

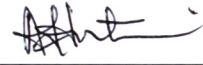
The entity financial statements were approved on 16/3/ 2023 and signed by:



Name: Abdullahi Dayib Hussein
Clerk to Assembly



Name: Wehliye Ahmed
Senior Accountant
ICPAK Member Number: 17115



Name: Alex Kibwage Ontumi
Principal Accounts controller

12. Budget Execution By Programmes And Sub-Programmes

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference in figures
	2021/2022		2021/2022	Date, 2021/2022	
	Kshs	Kshs	Kshs	Kshs	
P.1- Legislation and Representation	318,291,628		318,291,628	349,104,551	110%
P.2- Legislative Oversight	270,105,124	-	270,105,124	224,302,802	83%
P.- General Administration and Planning	320,500,000	-	320,500,000	273,903,977	85%
Total	908,896,752	-	908,896,752	847,311,330	93%

13. Significant Accounting Policies

The Significant 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 County Assembly of Tana River. 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 been received by the Assembly.

County Assembly of Tana River
Annual Report and Financial Statements for the year ended 30th June 2022

Significant Accounting Policies (Continued)

i) 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.

ii) 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.

i) Compensation of employees

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

ii) 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.

iii) 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.

Significant Accounting Policies (Continued)

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.

5. Third Party Payments

This relates to payments done directly to supplier on behalf of the county governments such as; national government may fund the operation of health or education program, a donor may pay directly for construction of a given market etc. Details of payments by third parties on behalf of the county government is detailed in the notes to this financial statement.

6. Cash and cash equivalents

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

7. Restriction on cash

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

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2022, There were no restricted money during the year.

County Assembly of Tana River
Annual Report and Financial Statements for the year ended 30th June 2022

Significant Accounting Policies (Continued)

8. Imprests and Advances

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.

9. Third party deposits and retention

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.

10. 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.

11. 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.

Significant Accounting Policies (Continued)

12. Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
 - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships. The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Annex 6 of this financial statement is a register of the contingent liabilities in the year.

13. Contingent Assets

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**County Assembly of Tana River
Annual Report and Financial Statements for the year ended 30th June 2022**

Significant Accounting Policies (Continued)

14. 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. Tana river county assembly budget was approved as required by Law. The original budget was approved by the County Assembly on 22nd June 2021 for the period 1st July 2021 to 30 June 2022 as required by law. There were one supplementary budgets passed in the year. The supplementary budgets were approved on 18th January 2022. A high-level assessment of Tana river 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.

15. Comparative figures

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

16. Subsequent events

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

17. Prior Period Adjustment

During the year, there were no prior year Adjustments.

18. Related Party Transactions

Related party means parties are related if one party has the ability to:

- a) Control the other party or
- b) Exercise significant influence over the other party in making financial and operational decisions, or if the related party entity and another entity are subject to common control.

Related party transaction is a transfer of resources or obligations between related parties regardless of whether a price is charged.

County Assembly of Tana River
Annual Report and Financial Statements for the year ended 30th June 2022

14. Notes to the Financial Statements

1. Exchequer Releases

	2021-2022	2020-2021
	Kshs	Kshs
Transfers from the county treasury for q1	139,845,447	102,670,400
Transfers from the county treasury for q2	327,683,592	202,603,712
Transfers from the county treasury for q3	217,300,000	120,717,000
Transfers from the county treasury for q4	200,120,896	188,558,671
Cumulative amount	884,949,935	614,549,783

Notes to the Financial Statements

2. Compensation Of Employees

	2021- 2022	2020- 2021
	Kshs	Kshs
Basic salaries of permanent employees	349,104,551	271,274,548
Basic wages of temporary employees	-	-
Personal allowances paid as part of salary	-	-
Personal allowances paid as reimbursements	-	-
Personal allowances provided in kind	-	-
Employer contribution to compulsory national social schemes	-	-
Employer contribution to compulsory national health insurance schemes	-	-
Pension and other social security contributions	-	-
Social benefit schemes outside government	-	-
Other personnel payments	-	-
Total	349,104,551	271,274,548

County Assembly of Tana River
Annual Report and Financial Statements for the year ended 30th June 2022

Notes To The Financial Statements (Continued)

3. Use Of Goods And Services

	2021/2022	2020/2021
	Kshs	Kshs
Utilities, supplies and services	397,824	713,477
Domestic travel and subsistence	185,207,269	125,302,735
Foreign travel and subsistence	721,600	-
Printing, advertising and information supplies & services	269,540	4,332,606
Rentals of produced assets	5,463,000	7,899,250
Training expenses	217,440	4,955,804
Hospitality supplies and services	5,328,968	3,316,325
Insurance costs	13,000,000	8,000,000
Specialized materials and services	-	-
Office and general supplies and services	21,418,918	33,053,222
Other operating expenses	14,897,510	24,191,765
Routine maintenance – vehicles and other transport equipment	54,000	2,383,659
Total	246,976,069	214,148,843

**County Assembly of Tana River
Annual Report and Financial Statements for the year ended 30th June 2022**

Notes to The Financial Statements (Continued)

4. Transfers To Other Government Entities

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers to national government entities	-	-
Transfers to other county assembly entities		
Transfer to other assembly account-Kcb	14,000,000	30,393,528
Mortgage	-	-
Others (insert name of budget agency)	-	-
Total	14,000,000	30,393,528

Notes To The Financial Statements (Continued)

5. Acquisition Of Assets

<u>Non- financial assets</u>	2021 - 2022	2020-2021
	Kshs	Kshs
Purchase of buildings	-	-
Construction of buildings	-	-
Refurbishment of buildings	-	-
Construction of roads	-	-
Construction and civil works	273,903,977	98,519,740
Overhaul and refurbishment of construction and civil works	-	-
Purchase of vehicles and other transport equipment	-	-
Overhaul of vehicles and other transport equipment	-	-
Purchase of household furniture and institutional equipment	-	-
Purchase of office furniture and general equipment	-	-
Purchase of specialized plant, equipment and machinery	-	-
Rehabilitation and renovation of plant, machinery and equip.	-	-
Purchase of certified seeds, breeding stock and live animals	-	-
Research, studies, project preparation, design & supervision	-	-

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Rehabilitation of civil works	-	-
Acquisition of strategic stocks and commodities	-	-
Acquisition of land	-	-
Acquisition of intangible assets	-	-
Total acquisition of non- financial assets	-	-
<u>Financial assets</u>		
Domestic public non-financial enterprises	-	-
Domestic public financial institutions	-	-
Total acquisition of financial assets	-	-
Total acquisition of assets	273,903,977	98,519,740

County Assembly of Tana River
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Notes to The Financial Statements (Continued)

Cash And Bank Balances

6. Bank Balances

Name Of Bank, Account Name & Currency	Account Number	Indicate whether Rec, Dev, Dep e.t.c	2021 - 2022 Kshs	2020 - 2021 Kshs
<i>Central Bank of Kenya,</i>	1000282282	Development	964,006.10	-
<i>Central Bank of Kenya</i>	1000247077	Recurrent	6,843.05	-
<i>Kenya Commercial Bank</i>	1143877578	Recurrent	159,388	159,388
Kenya Commercial Bank	1169962343	Gratuity account	496,551	496,551
Total			1,626,788	661,450

County Assembly of Tana River
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Notes to The Financial Statements (Continued)

Cash in hand should be analysed as follows:

(Provide locations where cash in hand is held e.g. head office, cashier's office, cash office etc)

7. Imprests and Advances

Description	2021 - 2022	2020 - 2021
	Kshs	Kshs
Government Imprests-receivables	-	
Salary Advance		120,000
Clearance accounts	-	-
Total	-	120,000

8. Fund Balance Brought Forward

Description	2021 - 2022	2020 - 2021
	Kshs	Kshs
Bank Accounts	661,450	66,562,535
Cash In Hand	-	-
Accounts Receivables	-	7,288,860
Accounts Payables	-	-
Total	661,450	73,851,395

9. Prior Year Adjustments

	Balance b/f FY 2020-2021 as per audited financial statements	Adjustments during the year relating to prior periods	Adjusted ** Balance b/f FY 2020-2021
Description Of The Error	Kshs	Kshs	Kshs
Bank Account Balances	-	-	-
Cash In Hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Payment for previous year not reported	-	-	73,283,069
Totals	-	-	73,283,069

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1. Related Party Disclosures

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

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

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Related party transactions:

	20xx- 20xx	20xx- 20xx
	Kshs	Kshs
Compensation to Key Management		
Compensation to the Speaker, Deputy Speaker and the MCAs	224,302,802	201,894,387
Key Management Compensation (Clerk and Heads of departments)	-	-
Total Compensation to Key Management	224,302,802	201,894,387
<u>Transfers to related parties</u>		
Transfers to other County assembly account	14,000,000	14,000,000
Transfers to County Corporations	-	-
Transfers to non-reporting entities e.g ECD centres, welfare centres etc	-	-
Total Transfers to related parties	14,000,000	14,000,000
<u>Transfers from related parties</u>		
Transfers from the County Executive- Exchequer	884,949,935	614,549,783
Payments made on behalf of the County Assembly by other Government Agencies	-	-
(Insert any other transfers received)	-	-
Total Transfers from related parties	884,949,935	614,549,783

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2. Contingent Liabilities

Contingent liabilities	2021-2022	2020-2021
	Kshs	Kshs
	-	-
Bank guarantees in favour of subsidiary	-	-
contingent liabilities arising from PPPs	-	-
Total	-	-

**County Assembly of Tana River
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15. Progress On Follow On Prior Year Auditor's Recommendations

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

Reference No. on the external audit Report	Issue Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Unconfirmed Use of Goods and Services Expenditures	Position remains the same	Clerk to the Assembly	Not resolved	30 June 2023
2.0	Unsupported Acquisition of Assets Expenditure	Position remains the same	Clerk to the Assembly	Not resolved	30 June 2023
Other Matter					
3.0	Budgetary Control and Performance	Position remains the same	Clerk to the Assembly	Not resolved	30 June 2023
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES					
1.0	Exceeded Number of Assembly Staffs	Position remains the same	Clerk to the Assembly	Not resolved	30 June 2023
2.0	Over Employment of Staffs in the County Ward Offices	Position remains the same	Clerk to the Assembly	Not resolved	30 June 2023

County Assembly of Tana River
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Reference No. on the external audit Report	Issue Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
3.0	Unauthorized Mileage Allowance	Position remains the same	Clerk to the Assembly	Not resolved	30 June 2023
4.0	Irregular payment of Salary Advances	Position remains the same	Clerk to the Assembly	Not resolved	30 June 2023
5.0	Irregular Contributions to County Assemblies Forum	Position remains the same	Clerk to the Assembly	Not resolved	30 June 2023
REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE					
6.0	E procurement	Position remains the same	Clerk to the Assembly	Not resolved	30 June 2023
7.0	Audit Committee Not Appointed	Position remains the same	Clerk to the Assembly	Not resolved	30 June 2023
8.0	Internal Auditor not Appointed	Position remains the same	Clerk to the Assembly	Not resolved	30 June 2023
9.0	Lack of Updated Fixed Assets Register	Position remains the same	Clerk to the Assembly	Not resolved	30 June 2023

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Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

.....
Abdullahi Dayib Hussein
Clerk of the County Assembly
Date 25-2-2023

County Assembly of Tana River
Annual Report and Financial Statements for the year ended 30th June 2022

16. Summary of non-current asset register

Annex 2 – Summary Of Non-Current Asset Register

Asset class	Historical Cost b/f (KShs) 2020-2021	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out)	Historical Cost c/f (KShs) 2021-2022
Land					
Buildings and structures	328,952,309	-	-	-	328,852,309
Transport equipment	77,083,925	-	-	-	77,083,925
Office equipment, furniture and fittings	18,186,735	-	-	-	18,186,735
Ict equipment	13,811,112	-	-	-	13,811,112
Machinery and equipment	-	-	-	-	-
Biological assets	-	-	-	-	-
Infrastructure assets	-	-	-	-	-
Heritage and cultural assets	-	-	-	-	-
Intangible assets	-	-	-	-	-
Work in progress	-	-	-	-	-
Total	438,034,081				438,034,081

**County Assembly of Tana River
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**17. Bank reconciliation/FO 30 Report
Annex 9 – Bank Reconciliation/FO 30 Report**

**TANA RIVER COUNTY ASSEMBLY RECURRENT ACCOUNT
ACCOUNT NUMBER 1000247077**

BALANCES AS PER THE UPDATED CASHBOOK				6,843.05
ADD				
PAYMENT IN CASHBOOK NOT RECORDED IN BANK STATEMENT				
Unpresented Cheques				
				0.00
LESS				
PAYMENT IN BANK STATEMENT NOT RECORDED IN THE CASHBOOK				
BALANCE AS PER THE BANK STATEMENT				6,843.05
I certify that I have verified bank balance in the cash book with the bank statement and that the above reconciliation is correct.				

PREPARED BY *Wenhye Ahmed*

SIGNATURE *[Signature]*

VERIFIED BY *Alex K. Ontumi*

SIGNATURE *[Signature]*

**County Assembly of Tana River
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**TANA RIVER COUNTY ASSEMBLY DEVELOPMENT ACCOUNT
ACCOUNT NUMBER 1000282282**

BALANCES AS PER THE UPDATED CASHBOOK		964,006.10
ADD		
PAYMENT IN CASHBOOK NOT RECORDED IN BANK STATEMENT		
DATE	CHQ NO	
		24,503,322.10
LESS		
PAYMENT IN BANK STATEMENT NOT RECORDED IN THE CASHBOOK		
BALANCE AS PER THE BANK STATEMENT		25,467,328.20
I certify that I have verified bank balance in the cash book with the bank statement and that the above reconciliation is correct.		

PREPARED BY *Wenhya Ahmed*

SIGNATURE 

VERIFIED BY *Alex K. Ontumi*

SIGNATURE 

**County Assembly of Tana River
Annual Report and Financial Statements for the year ended 30th June 2022**

**TANA RIVER COUNTY ASSEMBLY KCB ACCOUNT
ACCOUNT NUMBER 1143877578**

BALANCES AS PER THE UPDATED CASKBOOK							159,388
ADD							
PAYMENT IN CASHBOOK NOT RECORDED IN BANK STATEMENT							
DATE	CHQ NO						
LESS							
PAYMENT IN BANK STATEMENT NOT RECORDED IN THE CASHBOOK							
							-
BALANCE AS PER THE BANK STATEMENT							159,388
I certify that I have verified the bank balance in the cashbook with the bank statement and that the above reconciliation is correct							

PREPARED BY *Melnye Ahmed*

SIGNATURE 

VERIFIED BY *Alex K. Ontumi*


SIGNATURE 

**County Assembly of Tana River
Annual Report and Financial Statements for the year ended 30th June 2022**

**TANA RIVER COUNTY ASSEMBLY KCB ACCOUNT
ACCOUNT NUMBER 11699329**

BALANCES AS PER THE UPDATED CASKBOOK							496,550.96
ADD							
PAYMENT IN CASHBOOK NOT RECORDED IN BANK STATEMENT							
DATE	CHQ NO						
LESS							
PAYMENT IN BANK STATEMENT NOT RECORDED IN THE CASHBOOK							
							-
BALANCE AS PER THE BANK STATEMENT							496,550.96
I certify that I have verified the bank balance in the cashbook with the bank statement and that the above reconciliation is correct							

PREPARED BY *Wahidya Ahmed*

SIGNATURE 

VERIFIED BY *Alex K. Ontuma*

SIGNATURE 