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**OFFICE OF THE AUDITOR-GENERAL**

*Enhancing Accountability*



**REPORT**

**OF**

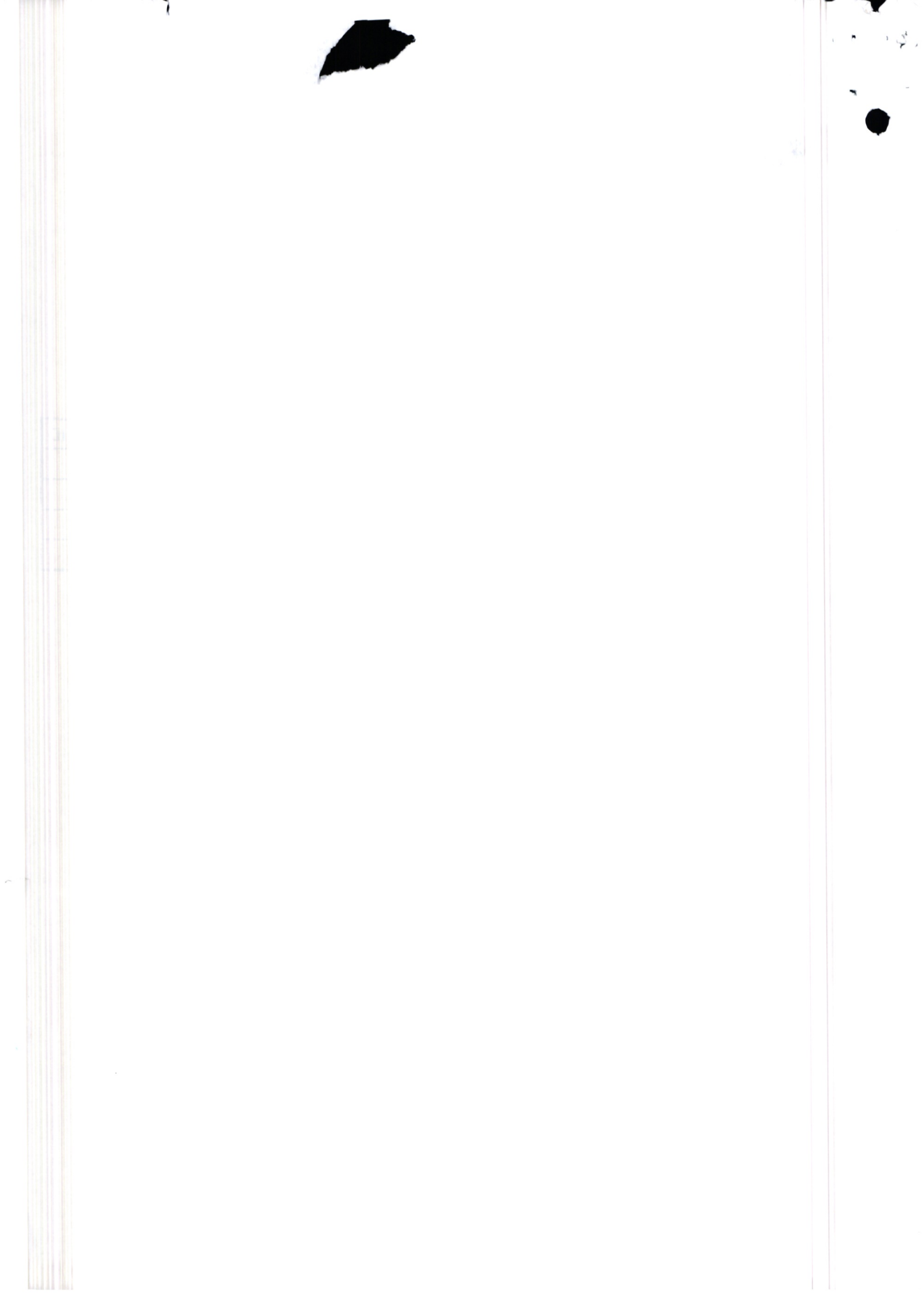
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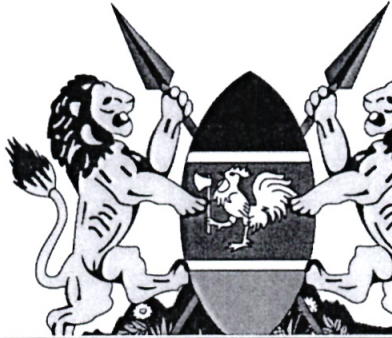
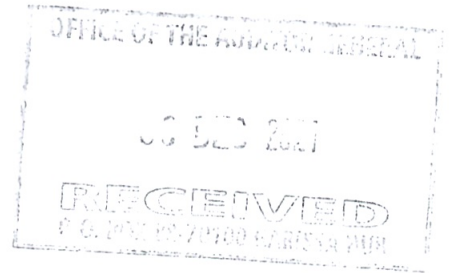
**THE AUDITOR-GENERAL**

**ON**

**COUNTY ASSEMBLY OF TANA RIVER**

**FOR THE YEAR ENDED  
30 JUNE, 2021**





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COUNTY ASSEMBLY OF TANA RIVER

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2021

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

**COUNTY ASSEMBLY OF TANA RIVER**  
*Reports and Financial Statements*  
*For the year ended June 30, 2021*

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# COUNTY ASSEMBLY OF TANA RIVER

## Reports and Financial Statements

For the year ended June 30, 2021

### 1 KEY COUNTY ASSEMBLY OF TANA RIVER 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 23 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 County Assembly's day-to-day management is under the following key organs:

- County Assembly Service Board
- Senior Management

#### (c) Fiduciary Management

The key management personnel who held office during the year ended 30<sup>th</sup> June, 2020 and who had direct fiduciary responsibility were:

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

#### (d) Fiduciary Oversight Arrangements

The County Assembly has 9 sectorial committees each with specific mandates towards the County's sectors.

The committees are required by the assembly's standing orders to oversight and hold to account respective CECs for service delivery in their departments. The Assembly has managed this through committee work, and chamber business

#### (e) County assembly of Tana River Headquarters

County Assembly of Tana River  
P.O. Box 113 - 70101  
HOLA, KENYA

**COUNTY ASSEMBLY OF TANA RIVER**

***Reports and Financial Statements***

***For the year ended June 30, 2021***

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**(f) County assembly of Tana River Contacts**

Telephone: (254) 0708005459

E-mail: [info@tanariverassembly.go.ke](mailto:info@tanariverassembly.go.ke)

Website: [www.tanariverassembly.go.ke](http://www.tanariverassembly.go.ke)

**(g) County assembly of Tana River 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

**(h) Independent Auditors**

Auditor General  
Office of the Auditor General  
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

**COUNTY ASSEMBLY OF TANA RIVER**

***Reports and Financial Statements***

***For the year ended June 30, 2021***

**2 STATEMENT OF PERFORMANCE AGAINST COUNTY PREDETRMINED OBJECTIVES.**

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 19/20

<b>Program 1</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
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 2020/2021 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

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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*

**1. 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.*

**2. 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 Tana River involves community in public participation in various ward in the three sub counties*




#### 4 FORWARD BY THE CLERK OF THE ASSEMBLY

During the FY 2020/2021 the County Assembly had a budget of Kshs. 616,497,243 out of which Kshs 100,000,000 was allocated towards development and Kshs. 516,497,243 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 614,549,783 for both recurrent and development allocations from the County treasury. The total actual expenditure comprising of Kshs. 515,816,919 for recurrent and Kshs. 98,519,740 for development activities, representing absorption rate of 100 percent and 99 percent respectively.

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 honorable members.

The implementation of all this projects ensures that there is value for money as the assembly ensures that the institution follows the laid down procurement procedures.

Notwithstanding the above milestones, the County Assembly has faced a number of challenges that include among others; (i) Inability to access the development fund directly from the National treasury (ii) Delayed disbursement of funds that hampered the legislative process (iii) Vastness of the County posed great challenge to members while undertaking public participation.

  
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**Abdullahi Dayib Hussein**  
Clerk of the County Assembly

**COUNTY ASSEMBLY OF TANA RIVER**

*Reports and Financial Statements*

*For the year ended June 30, 2021*

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**5 STATEMENT OF MANAGEMENT RESPONSIBILITIES**

Section 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

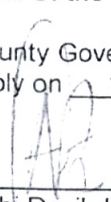
The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended on 30th June 2021. This responsibility includes: (i) maintaining adequate 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 30th June 2021, and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the County Assembly which have been relied upon in the preparation of the its financial statements as well as the adequacy of the systems of internal financial control.

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

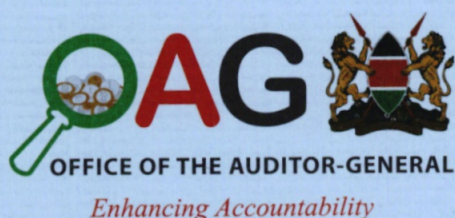
**Approval of the financial statements**

The County Government's financial statements were approved and signed by the Clerk of the County Assembly on 2/12/21 2021.

  
\_\_\_\_\_  
Abdullahi Dayib Hussein  
Clerk of the County Assembly

# REPUBLIC OF KENYA

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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, 2021**

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### **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, Gazetted notices, circulars, guidelines and manuals and 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 intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity 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 entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal control, 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, 2021 and the statement of receipts and payments, statement of cash flows, statement of appropriation and budget execution by programme and sub-programme for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the County Assembly of Tana River as at 30 June, 2021 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 County Governments Act, 2012 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1.0 Unsupported Mileage Allowance**

Included in the compensation of employees' figure of Kshs.271,274,548 is mileage allowance of Kshs.33,273,337. The expenditure was not supported by the relevant documents including a report from the transport section of the State Department of Public Works to confirm the distance between the Members of the County Assembly (MCAs) home and the Assembly's chambers. It was, therefore, not possible to verify the distance used to pay the mileage allowance.

Consequently, the accuracy, completeness and validity of the expenditure on mileage allowance of Kshs.33,273,337 could not be confirmed.

#### **2.0 Unsupported Domestic Travel and Subsistence**

The statement of receipts and payments for the year ended 30 June, 2021 reflects use of goods and services amount of Kshs.214,148,843 and as disclosed in Note 3 to the financial statements. Included in this amount is Kshs.125,302,735 in respect of domestic travel and subsistence allowances. Examination of payment records and other supporting documents revealed that expenditure of Kshs.11,616,500 made to Members of the County Assembly (MCAs) and staff as subsistence allowance while on official duties outside their duty station was not supported with relevant documents such as travel documents, duly approved invitations for the meetings or training. Further, a return to office report was not prepared.

In the circumstances, the accuracy, completeness and validity of domestic travel and subsistence allowance amounting to Kshs.11,616,500 could not be ascertained.

#### **3.0 Unsupported Training Expenses**

The statement of receipts and payments for the year ended 30 June, 2021 reflects use of goods and services amount of Kshs.214,148,843 and as disclosed in Note 3 to the

financial statements. Included in the use of goods and services figure of Kshs.214,148,843 is Kshs.4,955,804 incurred on training expenses. However, examination of payment records and other supporting documents revealed that payments amounting to Kshs.1,985,816 were not supported with training needs assessment report, travel documents and attendance register.

Consequently, the accuracy, completeness and validity of training expenses of Kshs.1,985,816 could not be ascertained.

#### **4.0 Unconfirmed Office and General Supplies**

The statement of receipts and payments for the year ended 30 June, 2021 reflects use of goods and services amount of Kshs.214,148,843 and as disclosed in Note 3 to the financial statements. Included in the use of goods and services figure of Kshs.214,148,843 is office and general supplies amount of Kshs.33,053,222 out of which procurement and payment documents to support an expenditure of Kshs.2,575,000 were not provided for audit verification.

In the circumstances, the accuracy, completeness and validity of office and general supplies expenditure of Kshs.2,575,000 could not be confirmed.

#### **5.0 Irregular and Unsupported Contributions to County Assemblies Forum**

The statement of receipts and payments for the year ended 30 June, 2021 reflects use of goods and services amount of Kshs.214,148,843 and as disclosed in Note 3 to the financial statements. Included in other operating expenses amount of Kshs.24,191,765 is an amount of Kshs.5,000,000 made to the County Assemblies' Forum. However, no documentary evidence was provided for audit to indicate that the payments were received by County Assemblies Forum (CAF).

In addition, Management did not provide the basis for making the expenditure as the County Assembly Forum is not a legally recognized entity.

In the circumstances, the validity of expenditure of the Kshs.5,000,000 could not be confirmed and Management was in breach of law.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Assembly of Tana River Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

## **Other Matter**

### **Late Exchequer Releases**

During the year under audit review, the County Assembly received exchequer amount of Kshs.43,452,450 in the month of June, 2021. Due to the late remittances by The National Treasury, the Assembly could not undertake the planned and budgeted for programmes on time.

The delayed implementation of the budget affected the planned activities and may have impacted negatively on service delivery to the public.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, based on the audit procedures performed, 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. Exceeded Number of Assembly Staffs**

A review of the payroll for the Assembly revealed that there were seventy-seven (77) employees as at 30 June, 2021. This is against the provision of the Commission on Revenue Allocation Circular No.CRA/FA/01 VOL 11 (22) which set the limit of the County Assembly employees to seventy-five (75) and therefore exceeding the required number by two (2) employees.

In the circumstances, Management is in breach of the guidelines.

#### **2.0. Over Commitment of Salary**

An analysis of the payrolls for the year ended 30 June, 2021 revealed that seven (7) employees received net salaries of less than a third of their basic salary.

This was contrary to the provisions of Section 19(3) of Employment Act, 2007 which states that the total amount of all deductions which under the provisions made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages.

In the circumstances, Management is in breach of law.

### **3.0. Over Employment of Staff in the County Wards Offices**

The Management of the Assembly engaged one hundred and forty-nine (149) employees for both elected and nominated Members of County Assembly in their respective wards' offices instead of sixty-nine (69) employees as required by Commission of Revenue Allocation Circular Ref. CRA/CSO/CMG/9/VOL.V/43 dated August, 2021.

The Assembly, therefore, engaged eighty (80) employees over and above the required number resulting in an irregular expenditure of Kshs.16,312,962 during the year under review in contravention of the law.

### **4.0. Compensation of Employees in Relation with Total Receipts**

The County Assembly incurred expenditure of Kshs.271,274,548 as compensation of employees. This was 44% of the total revenue of Kshs.614,549,783 and thus exceeded the recommended ratio of 35% stipulated under Regulation 25(1)(b) of Public Finance Management (County Governments) Regulation, 2015.

Consequently, Management was in breach of law.

### **5.0. Failure to Establish Audit Committee**

The Assembly had not established an Audit Committee. This was contrary to Regulation 167(1) of Public Finance Management (County Governments) Regulations, 2015 which requires the County Government entities to establish audit committee to monitor the entities governance processes, accountability processes and control systems, offer objective advice on issues concerning risk control and governance and associated assurance and also follow up on the implementation of the recommendations of internal and external auditors.

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

### **6.0. Lack of Functional Internal Audit Unit**

During the year under review, the Assembly did not have a functional internal audit department. This was contrary to Section 155 of the Public Finance Management Act, 2015 which states that a County Government entity shall ensure that it has appropriate arrangements for conducting internal audit according to the guidelines issued by the Public Sector Accounting Standards Board. In the absence of an Internal Auditor, the internal control system was considered fairly weak.

Consequently, Management was in breach of law.

### **7.0. Stalled Construction of Speakers Residence**

The County Assembly entered into a contract for the Construction of the Speaker's residence at a contract cost of Kshs.28,088,685. During the year under review, the Assembly Management incurred expenditure of Kshs.5,188,028 in respect of the

construction of Speaker's residence. Records provided for audit revealed that the contract had a completion period of forty (40) weeks which ended on February, 2021. However, physical verifications conducted on 12 November, 2021 revealed that works at the site had stalled at the sub structure level as the contractor was not on site at the time of inspection, nine (9) months past the expected completion.

In the circumstances, value for money on the Construction of the Speaker's residence has not been achieved.

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, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, based on the audit procedures performed, 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. Ineffective Internal Controls on Cash and Bank**

The Assembly prepared its bank reconciliation statements manually instead of using IFMIS. Further, Management did not submit the bank reconciliations to the Office of the Auditor-General as required by Regulation 90 of Public Finance Management (County Governments) Regulations, 2015 which requires that Accounting Officers shall ensure bank accounts reconciliations are completed for each bank account held by that Accounting Officer every month and submit a bank reconciliation statement not later than the 10th of the subsequent month to the County Treasury with a copy to the Auditor-General.

#### **2.0. Lack of Updated Fixed Assets Register**

Annex 2 to the financial statements reflects a summary of fixed assets register balance of Kshs.438,034,081 as at 30 June, 2021 compared to Kshs.339,514,341 as at 30 June, 2020 as the balance for Assembly's non-current assets. The Assembly did not however, have in place policies and procedures relating to asset management. Non-current assets were not physically inspected on a regular basis. In addition, the Assembly did not maintain a register of land and buildings recording each parcel of land and each



building and the terms on which it is held, with reference to the conveyance, address, area, dates of acquisition, disposal or major change in use, capital expenditure, lease hold terms, maintenance contracts and other pertinent management details as required by Regulation 136(2) of the Public Finance Management (County Governments) Regulations, 2015.

Further, it was not clear how assets inherited from defunct local authorities were treated in Assembly's books.

This is an indication of poor internal control systems.

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 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 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 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 Assembly's financial reporting process, reviewing the effectiveness of how the Assembly monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to

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 noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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 County Assembly to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the County Assembly to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**19 May, 2022**

COUNTY ASSEMBLY OF TANA RIVER

Reports and Financial Statements

For the year ended June 30, 2021

6 FINANCIAL STATEMENTS

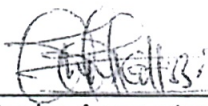
6.1 STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2020/2021 Kshs	2019/2020 Kshs
<b>RECEIPTS</b>			
Transfers from the County Treasury/Exchequer Releases	1	614,549,783	618,016,515
<b>TOTAL RECEIPTS</b>		<b>614,549,783</b>	<b>618,016,515</b>
<b>PAYMENTS</b>			
Compensation of Employees	2	271,274,548	226,728,921
Use of goods and services	3	214,148,843	245,815,464
Transfers to Other Government Entities	4	30,393,528	3,046,158
Acquisition of Assets	5	98,519,740	113,334,387
<b>TOTAL PAYMENTS</b>		<b>614,336,659</b>	<b>588,924,930</b>
<b>SURPLUS/(DEFICIT )</b>		<b>213,124</b>	<b>29,091,585</b>

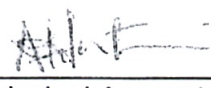
The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 21/12/2021 2021 and signed by:



Clerk of the Assembly  
Name: **Abdullahi Dayib Hussein**



Senior Accountant  
Name: **Wehliye Ahmed**  
ICPAK Member Number:17115




Principal Accounts controller  
Name: **Alex Kibwage**

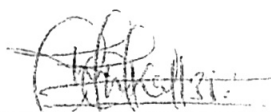
**COUNTY ASSEMBLY OF TANA RIVER  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2021**

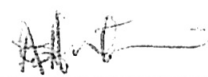
**6.2 STATEMENT OF FINANCIAL ASSETS AND LIABILITIES**

FINANCIAL ASSETS	Note	2020/2021 Kshs	2019/2020 Kshs
<b>Cash and Cash Equivalents</b>			
Bank Balances	6	661,450	66,562,535
<b>Total Cash and cash equivalents</b>		<b>661,450</b>	<b>66,562,535</b>
Accounts receivables – Outstanding Imprests	7	120,000	7,288,860
<b>TOTAL FINANCIAL ASSETS</b>		<b>781,450</b>	<b>73,851,395</b>
<b>NET FINANCIAL ASSETS</b>		<b>781,450</b>	<b>73,851,395</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd.	8	73,851,395	44,745,196
Prior Year Adjustment	9	(73,283,069)	14,614
Surplus/(Deficit) for the year		213,124	29,091,585
<b>NET FINANCIAL POSITION</b>		<b>781,450</b>	<b>73,851,395</b>

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 2/12/2021 2021 and signed by:

  
Clerk of the Assembly  
Name: **Abdullahi D. Hussein**

  
Senior Accountant  
Name: **Wehliye Ahmed Dakat**  
ICPAK Member Number: 17115

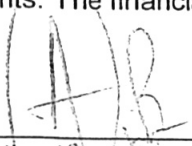
  
Principal accounts controller  
Name: **Alex Kibwage**


**COUNTY ASSEMBLY OF TANA RIVER**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

**6.3 STATEMENT OF CASH FLOWS**

	Note	2020/2021 Kshs.	2019/2020 Kshs.
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts from operating income</b>			
Transfers from the County Treasury/Exchequer Releases	1	614,549,783	618,016,515
<b>Payments for operating expenses</b>			
Compensation of Employees	2	271,274,548	226,728,921
Use of goods and services	3	214,148,843	245,815,464
Transfers to other Government Entities	4	30,393,528	3,046,158
<b>Adjusted for:</b>			
Decrease in Receivables during the year		7,168,860	-2,609,546
Prior Year Adjustment		(73,283,069)	
<b>Net cash flows from operating activities</b>		<b>32,618,655</b>	<b>139,816,426</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	5	98,519,740	113,334,387
<b>Net cash flows from investing activities</b>		<b>98,519,740</b>	<b>113,334,387</b>
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(65,901,085)</b>	<b>26,482,039</b>
Cash and cash equivalent at BEGINNING of the year	8	66,562,535	40,080,496
Cash and cash equivalent at END of the year		<b>661,450</b>	<b>66,562,535</b>

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 2/2/21 2021 and signed by:

  
 Clerk of the Assembly  
 Name: **Abdullahi Dayib Hussein**

  
 Senior Accountant  
 Name: **Wehliye Ahmed**  
 ICPAK Member Number: 17115

  
 Principal Accounts Controller  
 Name: **Alex Kibwage**

**COUNTY ASSEMBLY OF TANA RIVER**

*Reports and Financial Statements*

*For the year ended June 30, 2021*

**6.4 STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT AND DEVELOPMENT COMBINED**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of utilization difference to final budget
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>RECEIPTS</b>					
Transfers from the County Treasury/Exchequer Releases	621,497,243	5,000,000	616,497,243	614,549,783	1,947,460
<b>TOTAL</b>	<b>621,497,243</b>	<b>5,000,000</b>	<b>616,497,243</b>	<b>614,549,783</b>	<b>1,947,460</b>
<b>PAYMENTS</b>					
Compensation of Employees	272,042,701		272,042,701	271,274,548	768,153
Use of goods and services	214,454,542		214,454,542	214,148,843	305,699
Transfers to CRF Account		30,000,000	30,000,000	30,393,528	(393,528)
Acquisition of Assets	135,000,000	(35,000,000)	100,000,000	98,519,740	1,480,260
<b>TOTAL</b>	<b>616,497,243</b>	<b>-</b>	<b>616,497,243</b>	<b>614,336,659</b>	<b>2,160,584</b>

**COUNTY ASSEMBLY OF TANA RIVER**  
*Reports and Financial Statements*  
 For the year ended June 30, 2021

**6.5 STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of utilization difference to final budget
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>RECEIPTS</b>					
Transfers from the County Treasury/Exchequer Releases	486,497,243	30,000,000	516,497,243	516,029,661	467,582
<b>TOTAL</b>	<b>486,497,243</b>	<b>-</b>	<b>516,497,243</b>	<b>516,497,243</b>	<b>467,582</b>
<b>PAYMENTS</b>					
Compensation of Employees	272,042,701		272,042,701	271,274,548	768,153
Use of goods and services	214,454,542		214,454,542	214,148,843	305,699
Transfers to Other Government Entities		30,000,000	30,000,000	30,393,528	(393,528)
<b>TOTAL</b>	<b>486,497,243</b>	<b>-</b>	<b>516,497,243</b>	<b>515,816,919</b>	<b>680,324</b>



**COUNTY ASSEMBLY OF TANA RIVER**  
*Reports and Financial Statements*  
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**6.6 STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: DEVELOPMENT**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of utilization difference to final budget
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>RECEIPTS</b>					
Transfers from the County Treasury/Exchequer Releases	135,000,000	(35,000,000)	100,000,000	98,519,740	1,480,260
<b>TOTAL</b>	<b>100,000,000</b>	<b>( 35,000,000)</b>	<b>100,000,000</b>	<b>98,519,740</b>	<b>9,938,878</b>
<b>PAYMENTS</b>					
Acquisition of Assets	135,000,000	(35,000,000)	100,000,000	98,519,740	1,480,260
<b>TOTAL</b>	<b>100,000,000</b>	<b>(35,000,000)</b>	<b>100,000,000</b>	<b>98,519,740</b>	<b>1,480,260</b>

**COUNTY ASSEMBLY OF TANA RIVER**  
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**6.7 BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES**

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2019/2020		2019/2020	Date, 2019/2020	
	Kshs	Kshs	Kshs	Kshs	
P.1- Legislation and Representation	272,042,701		272,042,701	271,274,548	768,153
P.2- Legislative Oversight	214,454,542	30,000,000	244,454,542	244,542,371	87,829
P.- General Administration and Planning	135,000,000	(35,000,000)	100,000,000	98,519,740	1,480,260
<b>Total</b>	<b>621,497,243</b>	<b>(5,000,000)</b>	<b>616,497,243</b>	<b>585,878,772</b>	

**COUNTY ASSEMBLY OF TANA RIVER  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2021**

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**6.8 SIGNIFICANT ACCOUNTING POLICIES**

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

**1. Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy notes below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include Imprest 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 County assembly of Tana River 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 County assembly of Tana River as specified in section 164 of PFM Act 2012.

**3. Recognition of receipts and payments**

**a) Recognition of receipts**

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

**Tax receipts**

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

**Transfers from the Exchequer/ County Treasury**

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

**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.

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b) Recognition of payments**

The County assembly of Tana River recognises all expenses when the event occurs and the related cash has actually been paid out by the County assembly of Tana River.

**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 County assembly of Tana River and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

**4. In-kind contributions**

In-kind contributions are donations that are made to the *County assembly of Tana River* 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 *County assembly of Tana River* includes such value in the statement of receipts and payments both as receipts and as 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.

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**7. Accounts Receivable**

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

**8. 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.

**9. 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 County assembly of Tana River fixed asset register a summary of which is provided as a memorandum to these financial statements.

**10. 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 *County assembly of Tana River* 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.

**11. 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 recognized 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.

## COUNTY ASSEMBLY OF TANA RIVER

### *Reports and Financial Statements*

*For the year ended June 30, 2021*

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Some of contingent liabilities may arise from: litigation in progress, guarantees, and 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.

Section 185 (2) (i) of the PFM Act requires the County Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial year, including payments made in respect of loan write-offs or waiver of interest on loans

### **12. 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.

### **13. 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 *County assembly of Tana River's* budget was approved as required by Law. The original budget was approved by the County Assembly on 30<sup>th</sup> June 2019 for the period 1<sup>st</sup> July 2019 to 30 June 2020 as required by law. There were one supplementary budgets passed in the year. A high-level assessment of the *County assembly of Tana River'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.

**COUNTY ASSEMBLY OF TANA RIVER**

*Reports and Financial Statements*

*For the year ended June 30, 2021*

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**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**14. Comparative figures**

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

**15. 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.

**16. 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.

**17. 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.

**COUNTY ASSEMBLY OF TANA RIVER**  
*Reports and Financial Statements*  
*For the year ended June 30, 2021*

**6.9 NOTES TO THE FINANCIAL STATEMENTS**

**1 TRANSFERS FROM THE COUNTY TREASURY/EXCHEQUER RELEASES**

	2020/2021	2019/2020
	Kshs	Kshs
Transfers from the County Treasury for Q1	102,670,400	88,000,000
Transfers from the County Treasury for Q2	202,603,712	204,000,000
Transfers from the County Treasury for Q3	120,717,000	167,196,515
Transfers from the County Treasury for Q4	188,558,671	158,820,000
<b>Cumulative Amount</b>	<b>614,549,783</b>	<b>618,016,515</b>

**2. COMPENSATION OF EMPLOYEES**

	2020/2021	2019/2020
	Kshs	Kshs
Basic salaries of permanent employees	271,274,548	226,728,921
<b>Total</b>	<b>271,274,548</b>	<b>226,728,921</b>

**3. USE OF GOODS AND SERVICES**

	2020/2021	2019/2020
	Kshs	Kshs
Utilities, supplies and services	713,477	1,610,464
Domestic travel and subsistence	125,302,735	156,813,980
Foreign travel and subsistence	-	5,434,230
Printing, advertising and information supplies & services	4,332,606	5,039,832
Rentals of produced assets	7,899,250	3,390,000
Training expenses	4,955,804	3,991,048
Hospitality supplies and services	3,316,325	9,181,410
Insurance costs	8,000,000	14,454,000
Specialized materials and services	-	281,704
Office and general supplies and services	33,053,222	16,001,200
Other operating expenses	24,191,765	27,012,666
Routine maintenance – vehicles and other transport equipment	2,383,659	2,604,930
<b>Total</b>	<b>214,148,843</b>	<b>245,815,464</b>



**COUNTY ASSEMBLY OF TANA RIVER****Reports and Financial Statements****For the year ended June 30, 2021****4. TRANSFERS TO OTHER GOVERNMENT ENTITIES**

Description	2020/2021	2019/2021
	Kshs	Kshs
Transfers to other fund account-Car loan	30,000,000	-
Transfer to CRF Account	393,528	3,046,158
<b>TOTAL</b>	<b>30,393,528</b>	<b>3,046,158</b>

**5. ACQUISITION OF ASSETS**

Non-Financial Assets	2020/2021	2019/2020
	Kshs	Kshs
Refurbishment of Buildings	-	-
Construction and Civil Works	98,519,740	113,334,387
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialized Plant, Equipment and Machinery	-	-
<b>Total</b>	<b>98,519,740</b>	<b>113,334,387</b>

**6. BANK ACCOUNTS**

		2020/2021	2019/2020
		Ksh	Ksh
KCB Account Number 1143877578	Recurrent	159,388	160,579
Central Bank, 1000247077	Recurrent	-	21,321,629
Central Bank 1000282282	Development	-	45,065,713
KCB Account Number 1169962343	Gratuity	502,062	14,614
<b>Total</b>		<b>661,450</b>	<b>66,562,535</b>

**COUNTY ASSEMBLY OF TANA RIVER**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**7. ACCOUNTS RECEIVABLE**

	2020/2021	2019/2020
	Kshs	Kshs
Government Imprests	-	4,813,860
Staff Advances	120,000	2,475,000
Other Advances		
<b>Total</b>	<b>120,000</b>	<b>7,288,860</b>

**8. FUND BALANCE BROUGHT FORWARD**

	2020/2021	2019/2020
	Kshs	Kshs
Bank accounts	66,562,535	40,080,496
Accounts Receivables	7,288,860	4,664,700
<b>Total</b>	<b>73,851,395</b>	<b>44,745,196</b>

**9. PRIOR YEAR ADJUSTMENT**

Description of the adjustment	2020/2021	2019/2020
	Kshs	Kshs
Adjustments on banks accounts not previously recognized	-	14,614
Payments for Previous year not reported	73,283,069	
<b>Total</b>	<b>73,283,069</b>	<b>14,614</b>

**COUNTY ASSEMBLY OF TANA RIVER  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2021**

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**6.10 OTHER DISCLOSURE**

**1. PENDING ACCOUNTS PAYABLE (See Annex 1)**

	<b>2020/2021</b>	<b>2019/2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Supply of goods and Services	-	-
<b>Total</b>	-	-

**2. RELATED PARTY DISCLOSURES**

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

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

COUNTY ASSEMBLY OF TANA RIVER

*Reports and Financial Statements*

*For the year ended June 30, 2021*

OTHER DISCLOSURES (CONTINUED)

Related party transactions:

	2020- 2021	2019- 2020
	Kshs	Kshs
<b>Compensation to Key Management</b>		
Compensation to the Speaker, Deputy Speaker and the MCAs	201,894,387	-
<b>Total Compensation to Key Management</b>	<b>503,168,935</b>	-
<b>Transfers to related parties</b>		
Transfers to CRF Account	393,528	-
Transfer to Car and Mortgage	<b>30,000,000</b>	
<b>Total Transfers to related parties</b>	<b>30,393,000</b>	-
<b>Transfers from related parties</b>		
Transfers from the County Executive- Exchequer	614,549,783	-
<b>Total Transfers from related parties</b>	<b>614,549,783</b>	-

**COUNTY ASSEMBLY OF TANA RIVER  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2021**

**7 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Unconfirmed Use of Goods and Services Expenditures	Position remains the same	Clerk to the Assembly	Not resolved	30 June 2022
2.0	Unsupported Acquisition of Assets Expenditure	Position remains the same	Clerk to the Assembly	Not resolved	30 June 2022
<b>Other Matter</b>					
3.0	Budgetary Control and Performance	Position remains the same	Clerk to the Assembly	Not resolved	30 June 2022
<b>REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES</b>					
1.0	Exceeded Number of Assembly Staffs	Position remains the same	Clerk to the Assembly	Not resolved	30 June 2022
2.0	Over Employment of Staffs in the County Ward Offices	Position remains the same	Clerk to the Assembly	Not resolved	30 June 2022
3.0	Unauthorized Mileage Allowance	Position remains the same	Clerk to the Assembly	Not resolved	30 June 2022
4.0	Irregular payment of Salary Advances	Position remains the same	Clerk to the Assembly	Not resolved	30 June 2022
5.0	Irregular Contributions to County Assemblies Forum	Position remains the same	Clerk to the Assembly	Not resolved	30 June 2022

**COUNTY ASSEMBLY OF TANA RIVER**

*Reports and Financial Statements*

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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)
<b>REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE</b>					
1.0	Weak Inventory Control	Position remains the same	Clerk to the Assembly	Not resolved	30 June 2022
2.0	Weak Control over Bank reconciliations	Position remains the same	Clerk to the Assembly	Not resolved	30 June 2022
3.0	E procurement	Position remains the same	Clerk to the Assembly	Not resolved	30 June 2022
4.0	Audit Committee Not Appointed	Position remains the same	Clerk to the Assembly	Not resolved	30 June 2022
5.0	Internal Auditor not Appointed	Position remains the same	Clerk to the Assembly	Not resolved	30 June 2022
6.0	Lack of Updated Fixed Assets Register	Position remains the same	Clerk to the Assembly	Not resolved	30 June 2022

**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 County assembly of Tana River 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.

Clerk of the County Assembly

Sign.....

COUNTY ASSEMBLY OF TANA RIVER

*Reports and Financial Statements*

*For the year ended June 30, 2021*

**ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER**

<b>Asset class</b>	<b>Historical Cost b/f (Kshs) 2019/2020</b>	<b>Additions during the year (Kshs)</b>	<b>Disposals during the year (Kshs)</b>	<b>Historical Cost c/f (Kshs) 2020/2021</b>
Buildings and structures	230,432,569	98,519,740	-	328,952,309
Transport equipment	77,083,925	-	-	77,083,925
Office equipment, furniture and fittings	18,186,735	-	-	18,186,735
ICT Equipment, Software and Other ICT Assets	13,811,112	-	-	13,811,112
<b>Total</b>	<b>339,514,341</b>	<b>98,519,740</b>	<b>-</b>	<b>438,034,081</b>

**COUNTY ASSEMBLY OF TANA RIVER**

*Reports and Financial Statements*

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**ANNEX 4- ANALYSIS OF SALARY ADVANCE.**

	<b>Name</b>	<b>Position/Title</b>	<b>Balance as at 30th june 2021</b>
<b>S/No.</b>			<b>Kshs</b>
1	MOHAMED ABDI ABDULLAHI	RECORDS OFFICER	120,000
	<b>Total</b>		<b>120,000</b>



**COUNTY ASSEMBLY OF TANA RIVER**

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**ANNEX 5. BANK RECONCILIATION /FO 30 REPORT  
TANA RIVER COUNTY ASSEMBLY RECURRENT ACCOUNT  
ACCOUNT NUMBER 1000247077**

BALANCES AS PER THE UPDATED CASHBOOK				0.00
<b>ADD</b>				
PAYMENT IN CASHBOOK NOT RECORDED IN BANK STATEMENT				
<b>Unpresented Cheques</b>				
				29,867,777
<b>LESS</b>				
PAYMENT IN BANK STATEMENT NOT RECORDED IN THE CASHBOOK				
BALANCE AS PER THE BANK STATEMENT				29,867,777
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 ..... *Wahlye Ahmed* .....

SIGNATURE ..... *[Signature]* .....

VERIFIED BY ..... *Alex Ouhmani* .....

SIGNATURE ..... *[Signature]* .....

**COUNTY ASSEMBLY OF TANA RIVER**  
*Reports and Financial Statements*  
 For the year ended June 30, 2021

**TANA RIVER COUNTY ASSEMBLY DEVELOPMENT ACCOUNT**  
**ACCOUNT NUMBER 1000282282**

BALANCES AS PER THE UPDATED CASKBOOK		0.00		
<b>ADD</b>				
PAYMENT IN CASHBOOK NOT RECORDED IN BANK STATEMENT				
<b>DATE</b>	<b>CHQ NO</b>			
		10,012,668		
<b>LESS</b>				
PAYMENT IN BANK STATEMENT NOT RECORDED IN THE CASHBOOK				
BALANCE AS PER THE BANK STATEMENT		10,012,668		
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 ..... *Wenhige Ahmed* .....

SIGNATURE ..... *[Signature]* .....

VERIFIED BY ..... *Alex Othman* .....

SIGNATURE ..... *[Signature]* .....

**COUNTY ASSEMBLY OF TANA RIVER**

*Reports and Financial Statements*

*For the year ended June 30, 2021*

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

BALANCES AS PER THE UPDATED CASHBOOK						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 *Wahidye Ahmed* .....

SIGNATURE *[Signature]* .....

VERIFIED BY *Alex Oatman* .....

SIGNATURE *[Signature]* .....

**COUNTY ASSEMBLY OF TANA RIVER**

*Reports and Financial Statements*

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

BALANCES AS PER THE UPDATED CASKBOOK							502,062
<b>ADD</b>							
PAYMENT IN CASHBOOK NOT RECORDED IN BANK STATEMENT							
<b>DATE</b>	<b>CHQ NO</b>						
<b>LESS</b>							
PAYMENT IN BANK STATEMENT NOT RECORDED IN THE CASHBOOK							
							-
BALANCE AS PER THE BANK STATEMENT							502,062
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 ..... *Melvin Ahmed* .....

SIGNATURE ..... *[Signature]* .....

VERIFIED BY ..... *Alex Ombani* .....

SIGNATURE ..... *[Signature]* .....