

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of County Assembly of Isiolo set out on pages 6 to 18, which comprise statement of financial assets as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I 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, because of the significance of the matters discussed in the Basis for Adverse Opinion Section of my report, the financial statements do not present fairly, the financial position of County Assembly of Isiolo as at 30 June 2018 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with the Public Finance Management Act, 2012 and County Government Act, 2012.

Basis for Adverse Opinion

1.0 Presentation of the Financial Statements

The County Assembly's financial statements for the year ended 30 June 2018 reflected a statement of financial assets. However, the Public Sector Accounting Standards Board (PSASB) format indicates that the statements be referred to as 'statement of financial assets and liabilities'. In addition, the Board's format also indicates that the financial statements should include a budget execution by programmes and sub-programmes and a progress on follow-up of the auditor's recommendation on previous financial year's audit issues. However, the two items were not disclosed in the financial statements for the year ended 30 June 2018.

Further, the Board's format indicates that the financial statements should be approved by the Clerk of the Assembly and the principal finance officer by signing and indicating their names in the financial statements. The principal finance officer is also required to indicate his/her Institute of Certified Public Accountants (ICPAK) member number. However, the two officers did not indicate their names while the principal finance officer did not also indicate his ICPAK member number in the financial statements.

In the circumstances, the presentation of the financial statements was therefore not in accordance with the recommended PSASB format.

2.0 Inaccuracies in the Financial Statements

2.1 The Statement of Financial Assets

The Assembly's statement of financial assets as at 30 June 2018 reflected net financial assets and net financial position of Kshs.27,948,745 and Kshs.21,551,771 respectively resulting to an unexplained variance of Kshs.6,396,974. In addition, the statement of financial assets reflected a balance of Kshs.21,075,248 in respect to fund balance brought forward while the 2016/2017 audited financial statements reflected a closing balance of Kshs.53,744,456 for the same item resulting to unexplained variance of Kshs.32,669,208 as at 30 June 2018.

Further, the County Assembly's statement of cash flow for the year ended 30 June 2018 reflected Kshs.21,075,248 in respect to cash and cash equivalent at the beginning of the financial year while the 2016/2017 audited financial statements reflected Kshs.53,744,456 in respect to closing cash and cash equivalent balance again resulting to unexplained variance of Kshs.32,669,208 as at 30 June 2018.

In the circumstances, the accuracy of the County Assembly's financial statements as at 30 June 2018 could not be ascertained.

2.2 Variances Between the Financial Statement and the General Ledger

The financial statements for the year under review reflected a balance of Kshs.202,164,089 in respect to four items. However, the respective ledger reflected a balance of Kshs.204,729,435 on the four items resulting into an unexplained and unreconciled negative variance of Kshs.2,565,346 as follows;

Item	Financial Statements Figure (Kshs)	Ledger (Kshs)	Variances (Kshs)
Compensation of Employees	188,264,089	185,348,935	2,915,154
Acquisition of Assets - Purchase of Vehicle and other Transport Equipment	10,900,000	10,986,000	(86,000)
Acquisition of Assets - Purchase of Specialized Materials	3,000,000	4,000,000	(1,000,000)
Accounts Receivables - Outstanding Imprests	-	4,394,500	(4,394,500)
Total	202,164,089	204,729,435	(2,565,346)

In the circumstances, the validity and accuracy of the financial statements could not be ascertained for the year ended 30 June 2018.

3.0 Cash and Cash Equivalents

The financial statements submitted for audit on 28 September 2018 reflected a cash and cash equivalents balance of Kshs.4,878,064. However, the figure was subsequently revised to Kshs.27,948,745 for the same item resulting to an increase in the cash and cash equivalents by Kshs.23,070,681. However, cash books, bank reconciliations, bank confirmation certificates and journal vouchers supporting the Kshs.23,070,681 increase were not availed for audit review. Further, two bank accounts in Equity Bank and National Bank were held in commercial banks contrary to Section 82(1) (a) of the Public Finance Management (County Government) regulations, 2015 that require such accounts to be held at the Central Bank.

In the circumstances, the accuracy of the cash and cash equivalents of Kshs.27,948,745 reflected in the financial statements as at 30 June 2018 could not be confirmed.

4.0 Outstanding Imprests

Note 8 to the financial statements for the year under review reflect nil outstanding imprest. However, the Assembly's imprest register made available for audit review reflected an outstanding imprest of Kshs.4,394,500 as at 30 June 2018. Further, one officer was issued with two imprests totalling to Kshs.502,000 before surrendering the first one contrary Section 93(4b) of the Public Finance Management (PFM) County Regulations 2015 which states that an officer with an outstanding imprest should not be issued with another imprest.

In the circumstance, the accuracy of Kshs.27,948,745 total financial assets reflected in the financial statements as at 30 June 2018 could not be ascertained.

5.0 Use of Goods and Services

5.1 Domestic Travel and Subsistence

5.1.1 Per diem Allowances Paid to the MCAs and Staff

Note 4 to the financial statements reflected Kshs.175,864,973 in respect to use of goods and services for the year ended 30 June 2018 which included Kshs.92,058,000 in respect to domestic travel and subsistence out of which Kshs.851,300 was not authorized and could not be verified due to lack of supporting documents as follows;

Date	Description	No of Days	Warrant Number	Per diem (Kshs)	Transport (Kshs)	Total Amount (Kshs)
17-10-17	MCA's and Staff travelling to Meru to attend a seminar for 2 days on 21-23/10/2017	2	None	84,500	44,100	128,600
19-02-18	Reimbursement of night out allowances to MCAs and staff	26	3244316	604,700		604,700
23-01-18	MCAs and staff Facilitation to participate in the young Christians Democrats of Norway meeting held in Mombasa from 23-25/01/2018	7	None	98,000	20,000.00	118,000
	Total			787,200	64,100	851,300

In the circumstances, the accuracy of Kshs.92,058,000 expenditure in respect to domestic travel and subsistence reflected in the statement of receipts and payments for the year ended 30 June 2018 could not be ascertained.

5.1.2 Payment of Allowance to Attend Political Parties Workshop

Note 4 to the financial statements reflected Kshs.175,864,973 in respect to use of goods and services which included Kshs.92,058,000 in respect to domestic travel and subsistence which further included Kshs.132,000 paid to a Member of County Assembly

(MCA) to attend a political party's workshop held in Nairobi and Elementaita for four (4) days from 23 to 26 February 2018. However, the expenditure was contrary to Section 93(3) of Public Finance Management Act (County Government), 2012 and was not a proper charge to public funds as the workshop was a private party affair.

In the circumstances, the validity for the expenditure of the Kshs.132,000 paid to the Member of the County Assembly to attend the political party workshop could not be ascertained.

5.2 Foreign Travel and Subsistence

Note 4 to the financial statements reflected Kshs.175,864,973 in respect to use of goods and services which included Kshs.2,378,109 in respect to foreign travel and subsistence which further included Kshs.542,000 paid as imprest to a Member of County Assembly for a foreign trip to Switzerland on 8 May 2018. However, the imprest was not recorded in the register and there was no evidence that the same had been accounted for as at 30 June 2018.

In the circumstances, the accountability and recoverability of the Kshs.542,000 paid as imprest to a Member of County Assembly for a foreign trip to Switzerland expenditure reflected in the financial statements for the year ended 30 June 2018 could not be ascertained.

5.3 Unsupported Expenditure

Note 4 to the financial statements reflected Kshs.175,864,973 in respect to use of goods and services which included Kshs.14,610,236 in respect to expenditure that had no supporting schedule for the year ended 30 June 2018 as shown below;

Expenditure Item	Amount in Financial Statement (Kshs)	Amount Accounted for (Kshs)	Amount un Accounted for (Kshs)
Other Operating expenses	9,400,000	1,771,706	7,628,294
Utilities supplies Services	1,391,200	795,628	595,572
Communication supplies Services	3,760,000	1,134,912	2,625,088
Routine maintenance other assets	1,000,000	0	1,000,000
Printing and advertising and information supplies	5,753,600	2,992,318	2,761,282
Total	21,304,800	6,694,564	14,610,236

In the circumstances, the accuracy and validity of the unaccounted for expenditure totaling Kshs.14,610,236 for the year ended 30 June 2018 could not be ascertained.

6.0 Acquisition of Assets

6.1 Refurbishment of Buildings

Note 5 to the financial statements reflected Kshs.150,894,415 in respect to acquisition of assets which included Kshs.2,500,000 in respect to refurbishment of buildings out of which Kshs.199,395.50 had no supporting documents.

In the circumstances, the accuracy and validity of the unsupported expenditure totalling Kshs.199,395.50 reflected in the financial statements for the year ended 30 June, 2018 could not be ascertained.

6.2 Purchase of the County Assembly Speaker's Car

Note 5 to the financial statements reflected Kshs.150,894,415 in respect to acquisition of assets which included Kshs.10,900,000 in respect to purchase of vehicles and other transport equipment which was used to procure a Toyota Land Cruiser for the County Assembly Speaker. However, the County Assembly paid Kshs.10,986,000 in respect of the purchase but recorded Kshs.10,900,000 resulting into an unexplained variance of Kshs.86,000 and which was not disclosed in the financial statements for the year ended 30 June 2018.

Further, the County Assembly's Service Board approval minutes for the purchase of the vehicle, professional opinion, signed sales contract, notification of tender award and letter of acceptance, Local Purchase Order (LPO) and logbook for the vehicle were not availed for audit verifications.

In addition, the vehicle was not recorded in the County Assembly's fixed assets register.

In the circumstances, the ownership, accuracy and completeness of the Kshs.10,900,000 expenditure reflected in the financial statements as at 30 June 2018 could not be ascertained.

6.3 Purchase of Curtains, Carpet and Web Development and Upgrade

Note 5 to the financial statements reflected Kshs.150,894,415 in respect to acquisition of assets which included Kshs.10,700,000 in respect to purchase of office furniture and general equipment which further included Kshs.2,118,000. The amount of Kshs.2,118,000 is comprised of Kshs.1,768,000 and Kshs.350,000 in respect to procurement of curtains and carpet, and web development and upgrade respectively. However, the purchase requisition document, appointment of ad hoc quotation opening committee, evaluation and inspection report/minutes, notification of award to the winning bidder, regret letters to the losing bidders and letter of acceptance from the winning bidder were not availed for audit verifications contrary to Section 9(1)(e) of the Public Audit Act, 2015 which states that the Auditor-General has unrestricted access to all books, records, returns, reports and any property or premises used or held by state organs or public entities. In addition, the payment voucher for web development and upgrade was not approved.

In the circumstances, the accuracy completeness and validity of the expenditure of Kshs.2,118,000 could not be ascertained.

6.4 Purchase of Specialized Materials

Note 5 to the financial statements reflected Kshs.150,894,415 in respect to acquisition of assets which included Kshs.3,000,000 for purchase of specialized materials out of which Kshs.2,424,000 was not supported by relevant documents including payment vouchers, invoices, local purchase orders and delivery notes.

In the circumstances, the accuracy and validity of the Kshs.3,000,000 expenditure reflected in the statement of receipts and payments for the year ended 30 June, 2018 could not be ascertained.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of County Assembly of Isiolo in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Adverse Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

1.0 Budgetary Control and Performance

1.1 Budget Performance – Revenue

The combined statement of comparison of budget and actual amounts - recurrent and development for the year under review reflected an approved receipt budget of Kshs.545,967,572 and actual receipts of Kshs.515,500,000 resulting to a revenue shortfall of Kshs.30,467,572 or 6% as analyzed below;

The County Assembly under collected its revenue by Kshs.30,467,572. No satisfactory explanation on the under collection which could be an indication of revenue leakage or lack of proper budgeting mechanism.

1.2 Budget Performance – Expenditure

The combined statements of comparison of budget and actual amounts for the year under review reflected an expenditure budget of Kshs.548,470,572 and an actual expenditure of Kshs.515,023,477 resulting an under-absorption of Kshs.33,447,095 as summarized below:

Expense Item	Approved Budget (Kshs)	Actual (Kshs)	Under (Kshs)	Over (Kshs)	%
Compensation of employees	188,264,089	188,264,089	0	-	
Use of Goods & Services	176,192,551	175,864,973	(327,578)		-0.2%
Acquisition of Assets	184,013,932	150,894,415	(33,119,517)		18.0%
Total	548,470,572	515,023,477	(33,447,095)		-6.1%

The County Assembly underspent the allocated funds by Kshs.33,447,095 or 6%. However, no satisfactory explanation was provided for under-absorption which may impact negatively on delivery of goods and services to the residents of Isiolo County.

2.0 Variance Between the Approved Budgets and Statement of Comparison of Budget and Actual Amounts

The combined Statement of Comparison of Budget and Actual Amounts - recurrent and development for the year under review reflected an approved budget Kshs.545,967,572 while the separate recurrent and development Statements of Comparison of Budget and Actual Amounts reflected a budget of Kshs.364,456,640 and Kshs.189,917,341 respectively both totaling Kshs.554,373,981 resulting into an unexplained and unreconciled variance of Kshs.8,406,409 as follows;

Item	Budget (Kshs)	Statement of Comparison of Budget and Actual Amounts (Kshs)	Variations (Kshs)
Recurrent	388,553,640	364,456,640	(24,097,000)
Development	157,413,932	189,917,341	32,503,409
Total	545,967,572	554,373,981	8,406,409

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed 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 public resources have not been applied lawfully and in an effective way.

1.0 Failure to Prepare, Publish and Publicize Quarterly Financial Reports

As reported in the previous year, the County Assembly did not prepare, publish and publicize quarterly financial reports as required by Section 166 of the Public Finance Management Act, 2012. In addition, quarterly cash flow reports supported by approved procurement plan as required by Section 43(3),(4) of the Public Finance Management Act, 2012 were also not provided for audit review.

In the circumstance, the County Assembly was in breach of the law

2.0 Failure to Publish and Publicize Contract Awards

As reported in the previous year, the head of procurement did not prepare and submit monthly progress reports for all procurement contracts as required by Section 152 of Public Procurement and Assets Disposal (PPAD) Act, 2015. Further, quarterly reports stating compliance with Sections 157(12),(13)(b) and 158(3) containing disaggregated data indicating the number of youth, women and persons with disability whose goods and services have been procured was not provided. In addition, no documentary evidence was provided to show that the Assembly published and publicized all contract awards on its notice boards at conspicuous places, and website as required by Section 138(1) of the PPAD Act, 2015 which states that the accounting officer of a procuring entity shall publish and publicize all contract awards on their notice boards at conspicuous places, and website if available within a period as prescribed.

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

3.0 County 2018 – 2022 Integrated Plan

Included in the domestic travel and subsistence expenditure figure of Kshs.92,058,000 is Kshs.4,799,800 paid to various MCA's and staff as domestic travel and subsistence to scrutinize the County's 2018-2022 integrated plan in Mombasa and to disseminate the 2018-2022 County Assembly development program in Meru. However, these activities could have been undertaken in Isiolo at no extra cost thereby avoiding the expenditure.

In the circumstances, the residents of Isiolo may not have received value for money on the Kshs.4,799,800 expenditure for the year ended 30 June 2018.

4.0 Fencing of MCA's Wards Offices

Note 5 to the financial statements reflected Kshs.150,894,415 in respect to acquisition of assets included Kshs.46,030,245 in respect to construction and civil works. The amount of Kshs.46,030,245 in respect to construction and civil works also included Kshs.9,630,000 paid for fencing of nine (9) MCA's wards offices as follows;

	Quotation No	Contract Date	Contract Price (Kshs)	Amount Paid in (Kshs)	Ward
1	ICA/43/2017/2018	27.6.2018	2,860,000	1,070,000	Ngaremara
2	ICA/46/2017/2018	27.6.2018	2,854,836	1,070,000	Oldonyiro
3	ICA/40/2017/2018	27.6.2018	2,998,200	1,070,000	Cherab
4	ICA/45/2017/2018	27.6.2018	3,890,000	1,070,000	Sericho
5	ICA/40,2017/2018	27.6.2018	2,980,000	1,070,000	Chari
6	ICA/49/2017/2018	27.6.2018	2,894,590	1,070,000	Garbatulla
7	ICA/42/2017/2018	27.6.2018	3,100,000	1,070,000	Bula Pesa
8	ICA/47/2017/2018	27.6.2018	2,890,000	1,070,000	Burat
9	ICA/44/2017/2018	27.6.2018	2,950,000	1,070,000	Wabera
		Total	27,417,626	9,630,000	

However, though the work should have been advertised as a single tender, it was split into nine (9) different procurements contrary to Section 54(1) of the Public Procurement and Disposal Act, 2015. Further, the evaluation criteria, quotations register and contracts agreements were not availed for audit verifications.

In addition, a physical verification of the projects done on 24 October 2018 on three projects revealed the following;

- **Ngaremara Ward Office** - The perimeter wall was not complete as it was not reinforced by columns (Pillars) and the gate was not in two equal halves as indicated in the Bill of Quantities (BQ). Further, the contractor was not on site to complete the remaining part of the perimeter fence. In addition, the Ward office was completed in 2016/2017 financial year but it had not been put to the intended use as at the time of this audit in October, 2018.

- **Bula Pesa Ward** – The fence was not complete and the contractor was not on site
- **Oldonyiro Ward** – Though the contractor was not on site, the building was not complete while the fence had not started.

In the circumstances, the Kshs.9,630,000 expenditure reflected in the financial statements as at 30 June 2018 was in breach of the law and the value for money could not be ascertained.

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, because of the significance of the matters discussed 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 internal controls, risk management and governance were not effective.

1.0 Non Establishment of Audit Committee

The County Assembly did not have in place an audit committee contrary to Regulation 167 (1) of the public Finance Management Regulations, 2015 which states that each County Government entity shall establish an audit committee.

As a result, the County Assembly was in contravention of the law.

2.0 Human Resources Management

The County Assembly did not have an approved human resources plans contrary to Human Resource Policies and Procedures Manual for the Public Services, May 2016. In the circumstance, the existence of effective controls in the management of human resources in the County Assembly could not be confirmed.

3.0 Internal Control Effectiveness - Information, Communication and Technology (ICT) Environment

Review of the Assembly's ICT environment revealed that there was no formal approved ICT policy in place as at 30 June 2018. The policy would have included data security and disaster recovery plans. Further, the ICT organization structure was not provided for audit review.

In the circumstances, the security and reliability of the County Assembly's data integrity and the management information system could not be confirmed.

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standard requires that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 County Assembly's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the County Assembly or to cease operations, or have no realistic alternative but to do so.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public money is 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 the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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 going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County Assembly's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or

conditions may cause 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.



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

Nairobi

18 February 2019