

REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF MARSABIT FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Marsabit County Executive set out on pages 8 to 37, which comprise the statement of assets as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation 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 effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, the financial position of Marsabit County Executive as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the County Government Act, 2012 and the Public Finance Management Act, 2012.

In addition, and as required by Article 229(6) of the Constitution, based on the audit procedures carried out, except for the matters described in the Basis for the Qualified Opinion and Other Matter sections of my report, I confirm that, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

1.0 Presentation and Disclosure of Financial Statements

The International Public Sector Accounting Standards (Cash Basis) reporting template prescribed by the Public Sector Accounting Standards Board requires that a report on the follow up of previous year's audit recommendations and summary of the fixed assets register be included as part of the annexures to the financial statements. However, the summary of fixed assets at annex 4 of the financial statements is just a template with no figures. While, a report on follow-up on previous year's and its recommendation has not been included on annex 3 to the financial statements as at 30 June 2017.

Further, page seven (7) of the financial statements for the year under review reflects an alleged unqualified report of the independent auditors which did not originate from the Auditor-General while table of contents page and the key entity information and management page have both been given the same page number. In addition, no entity contact information has been provided.

In the circumstances, the presentation and disclosure of the financial statements for the year ended 30 June 2017 did not comply with the prescribed format under the

International Public Sector Accounting Standards (Cash Basis) as prescribed by the Public Sector Accounting Standards Board and the Public Finance Management Act,2012.

2.0 Fixed Assets

2.1 Lack of Proper Controls in Asset Management

The statement of receipts and payments reflects acquisition of fixed assets worth Kshs.2,314,499,845 and Kshs.2,301,262,778 for the 2015/2016 and 2016/2017 financial years respectively. However, the amounts are not shown on the summary fixed assets register at annex 4 to the financial statements. Further, during the financial year under review, the County Government of Marsabit spent Kshs.25,797,400 on purchase of vehicles and other transport equipment. However, verification of the vehicles and equipment revealed that the asset register in place did not have sufficient information and had not been updated. Further, included in the Kshs.25,797,400 expenditures were Kshs.5,600,000 which was spent under administration on purchase of motorcycles. However, no logbooks relating to the purchase were made available for audit review. In addition, the inclusion of inherited fixed assets from the defunct local authorities could not be confirmed.

Consequently, the ownership, completeness, accuracy, security and location of the fixed assets worth Kshs.25,797,400 as at 30 June 2017 could not be confirmed.

2.2 Failure to Have an Asset Disposal Plan

During the year under review, the County Executive of Marsabit did not prepare and maintain an asset disposal plan as required by Section 53 (4) of the Public Procurement and Assets Disposal Act, 2015.

In the circumstances, the County Executive of Marsabit was in breach of the law.

3.0 Unacknowledged Scholarship Grants

During the year under review, the County scholarship fund got an allocation of Kshs.45,401,000. Available schedules showed that out of the Kshs.45,401,000, Kshs.38,578,100 was disbursed to beneficiaries through the various Higher Education Institutions while the bank had an undisbursed balance of Kshs.5,374,911 both totalling to Kshs.43,953,011 leading to an unexplained variance of Kshs.1,447,989. Further, as at the time of audit verification carried out in December 2017, it was revealed that included in the disbursements of Kshs.38,578,100 is Kshs.9,833,000 which had not been acknowledged as received. In addition, a reconciliation of the bank statements revealed a bank balance of Kshs.5,474,965, while the actual balance as per the bank statement was Kshs.5,374,911 resulting to an unexplained variance of Kshs.100,053.

In view of the foregoing, the propriety of the expenditure of Kshs.45,401,000 as at 30 June 2017 could not be confirmed.

4.0 Equipping of Bongole Tourist Resort

During the year under review, the County Executive awarded a contract to Hyrise General Supplies to equip Bongole Tourist Resort at a contract sum of Kshs.7,679,300. However, no list of the procured equipment was made available for audit review. Further, the counter receipt voucher (S13) raised to confirm delivery of the supplies did not indicate the specific bin cards where the items were taken on charge. In addition, stores records were not maintained at the premises. A physical inspection carried out on 8 December 2017 revealed that the facility had only one casual worker who was acting as a store keeper and a caretaker at the same time and he was not able to identify the equipment worth Kshs.7,679,300 bought during the year as items were haphazardly stored.

In consequence, the propriety of the expenditure of Kshs.7,679,300 and the safety of the equipment and premises as at 30 June 2017 could not be ascertained.

5.0 Procurement of Drugs to Health Centres

Note 13 to the financial statements for the year under review reflected specialized materials and services expenditure of Kshs.223,234,369 which included Kshs.85,577,686 incurred by the County Executive for the procurement of drugs for various Health facilities as follows:

PV No,	Date	Payee	Institution	LPO	Amount (Kshs.)
272	-	Mission for essential drugs	Mbt County Health Facility	2650626	43,000,000
300	3/5/2017	Mbt Jamia medical service	Kalacha Medical Camp	2650637	2,577,686
070	19/10/2016	Mission for essential drugs and supplies	Mbt County Health Facility	2380617	40,000,000
TOTAL					85,577,689

However, these drugs were never taken to the central store for control and proper accounting of their issuance and it was also noted that the health centres that were supplied with the specialized items had not raised any requisition for the same. Further, the drugs and the specialized materials were not taken on charge on the stores records as the deliveries were made directly to the point of disposal (Health Centres). This was done by the suppliers without a responsible officer escorting them to confirm the actual deliveries. There was no independent record which would confirm the actual deliveries such as certificate of inspection and acceptance committee.

In the circumstances, the propriety and validity of the expenditure of Kshs.85,577,689 as at 30 June 2017 could not be confirmed.

6.0 Procurement of Motor Vehicle Fuel

Note 13 to the financial statements on Use of Goods and Services for the year under review reflects an expenditure of Kshs.91,981,513 for fuel, oil and lubricants which includes Kshs.9,599,837 for fuel (Diesel) which was not taken on charge in the availed fuel registers as shown below;

DATE	PV. NO.	PAYEE	DEPT	LPO NO.	INVOICE NO.	FUEL IN (Litres)	AMOUNT (Kshs)
17/10/2016	616	M/S Saku Investment LTD	Water	2448943	12657	21874.4	2,000,000
08/10/2016	1639	Saku Investment	Health	2638958	14534	16465	1,499,962
08/03/2017	1638	Omar Salim Baslum	Health	2638957	135330	32930	2,999,923
Undated	1304	Omar Salim Baslum	Health	2650623	134717	17977	1,599,953
Undated	1526	Saku Investment LTD	Tourism	2619494	14526	16483.52	1,500,000
TOTAL							9,599,838

Further, fuel detail orders, vehicle work tickets and fuel consumption statements from the various petrol stations were not made available for audit review.

Under the circumstances, it has not been possible to confirm the propriety and value for money of the expenditure of Kshs.9,599,837 as at 30 June 2017.

7.0 Human Resource Management

7.1 Use of a Manual Payroll

The statement of receipts and payments for the year ended 30 June 2017 reflects an expenditure of Kshs.1,293,146,869 in respect to compensation of employees. However, the County Government of Marsabit operated two payroll systems namely the manual payroll system and the integrated personnel and payroll database (IPPD). Use of the manual system requires manual calculation of deductions and net pay by the human resource officers and constant monthly and/or annual updates of the data which is subject to manipulation. It was not possible to establish why management introduced a manual system.

In the circumstances, the accuracy of the payroll and the compensation of Employees balance of Kshs.1,293,146,869 as at 30 June 2017 could not be confirmed.

7.2 Irregular Employment

A review of the recruitment process during the year under review revealed that the County Government of Marsabit recruited 424 officers out of which 206 were duly employed by the County Public Service Board in exercise of the powers granted by the County Government Act, 17 of 2012. However, the remaining 218 were recruited via delegated instrument by chief officers and other accounting officers of different departments. Scrutiny of the recruitment process and delegated instruments issued to the accounting officers revealed that the recruitment of the 218 employees did not involve notice to the County Public Service Board contrary to the provisions of delegated instrument issued by the County Public Service Board.

In the circumstances, management was in breach of the law and the cost of the irregularly recruited staff is not a proper charge to public funds.

8.0 Supply of Office Stationery

Included in the office and general supplies and services expenditure of Kshs.41,819,992 is Kshs.2,487,200 and Kshs.2,610,100 all totalling to Kshs.5,097,300 paid out for supply of office stationery to North Horr sub county and to the governor's office respectively. However, a review of the supporting documents revealed that procurement documents including requisition from the user department to the procurement office were not made available for audit scrutiny.

In the circumstances, the propriety of the expenditure of Kshs.5,097,300 as at 30 June 2017 could not be ascertained.

9.0 Transfer of Funds to Lake Turkana Festival Account

Note 13 to the financial statements for the year under review reflects printing, advertising and information supplies and services balance of Kshs.83,016,484 which included Kshs.18,136,100 incurred by the department of culture and social services under the County Government. A review of the supporting documents revealed that the Kshs.18,136,100 was transferred from the Central Bank of Kenya account to Lake Turkana cultural festival A/c, 1010262167434 Equity Bank, Marsabit Branch as per the letter written by the Chief Officer of culture and social services to the Chief Officer of Finance. The transfer was to facilitate the 2017 festival preparation held on 4th-6th May 2017. It was however noted that documents authorizing opening of the bank account and bank reconciliations relating to the bank account have not been provided for audit review.

Further, a review of the expenditure in the above bank account revealed that Kshs.1,200,000.00 was paid to Oasis Lodge for Catering and Accommodation of VIPs for 3 days. Review of the Supporting documents however revealed that LSO issued to the service provider was not attached. The procurement documents relating to this expenditure have also not been provided for audit review.

Consequently, the propriety and validity of the expenditure of Kshs.18,136,100 as at 30 June 2017 could not be confirmed.

10.0 Unauthorized Bank Accounts

According to note 26.4 of the financial statements, the County Executive operated ten (10) other county bank accounts in commercial banks. However, this was contrary to Section 82 (1) (a) of the Public Finance Management County Government Regulations 2015 which stipulates that all county exchequer accounts shall be opened at the Central Bank of Kenya. No authority for operating these accounts was availed. Further, the bank accounts balances have been disclosed in the financial statements.

In the circumstances, management was in breach of the law and failed to disclose the bank accounts balances as required casting doubts on completeness of the financial statements as at 30 June 2017.

11.0 Irregular Hire of Transport

The financial statements for the year under review reflects rentals of produced assets balance of Kshs.50,695,062 which included an expenditure on hire of transport of Kshs.29,300,000. Further included was Kshs.13,601,000 paid out to various transporters who were not in the County Executive's list of service providers. In addition, user departments did not send requisition notes to the procurement department requesting for the services.

In the circumstances, management did not comply with the requirements of Section 57 (1) of the Public Procurement and Asset Disposal Act, 2015 and the expenditure of Kshs.13,601,000 as at 30 June 2017 was irregular.

12.0 Construction of Perimeter Fence at Moyale General Hospital

During the previous financial year, the County Government Executive contracted M/s Ujira construction co. Ltd to build a perimeter fence at Moyale General Hospital at a contract sum of Kshs.45,174,801. A physical inspection carried out on 19 December 2017 revealed that the wall had been completed but no provision was made for the control of storm waters and therefore the wall is likely to be destroyed by heavy rains as the storm waters has already deposited huge amounts of sand along the wall. Further, no advertisement for the open tender, project file and handing over reports were availed for audit review.

In the circumstances, the propriety and value for money for the expenditure of Kshs.45,174,801 as at 30 June 2017 could not be confirmed.

13.0 Construction of Marsabit Modern Market

During the year under review, the County Government awarded M/s Holale construction Ltd a contract to build a modern market at a cost of Kshs.247,794,948 in Marsabit town on 19 June 2015. However, no contract period was stipulated in the agreement. A physical inspection carried out on 11 December 2017 revealed that the project has been done up to first floor and it was nearing completion while second floor has not been

started. It was also observed that there was no provision for septic and water tanks despite toilets having been done and therefore their drainage system could not be confirmed. Further, no project file was made available for audit review and therefore the exact amount paid to date could not be ascertained.

In the circumstances, the propriety of the expenditure of Kshs.247,794,948 and the value for money of the modern market as at 30 June 2017 could not be confirmed.

14.0 Construction of a Boardroom for the County Public Service Board

During the year under review, the County Government contracted M/s Nomads construction on 22 December 2016 to construct a boardroom at a contract sum of Kshs.3,995,000. The Bill of Quantities and the architectural design had provided for four toilets, two for each gender. However, a physical verification carried out on 13 December 2017 revealed that only two toilets were done instead of the four and there was no authority for the changes.

In the circumstances, the propriety of the expenditure of Kshs.3,995,000 and the value for money of the expenditure could not be confirmed as at 30 June 2017.

15.0 Construction of Pavilion

During the year under review, the County Government awarded a contract to M/s Arid Lands Construction Co. Ltd to construct a Stadium pavilion (phase I) in Marsabit at a contract sum of Kshs.30,542,653. The total cost of the pavilion was estimated at Kshs.77,051,120 as per the Bill of Quantities of the lowest evaluated bidder. However, a physical verification carried out on 13 December 2017 revealed that works have been done up to the foundation level and the contractor was not on site including the equipment and it was not known as to when he will be back. Further, no contract file was available to ascertain the terms of the contract including the start and end dates.

In the circumstances, the propriety of the expenditure of Kshs.30,542,653 and the value for money of the pavilion's total cost of Kshs.77,051,120 as at 30 June 2017 could not be confirmed.

16.0 Unexplained Recurrent Expenditure Budget Variance

The summary statement of appropriation reflects a recurrent expenditure final budget figure of Kshs.3,622,025,371 while the final approved budget reflected a balance of Kshs.3,609,180,281 in respect to the same item resulting in an unreconciled and unexplained variance of Kshs.12,845,090.

Consequently, the correctness of the approved budget for the recurrent expenditure could not be confirmed as at 30 June 2017.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Marsabit County Executive 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 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 discussed in the Basis for Qualified Opinion and Other Matter sections of my report, I have determined that there were no Key Audit Matters to communicate in my report.

Other Matter

1.0 Budgetary Control and Performance

During the year under review, the County Executive had an approved budget of Kshs.6,819,178,302 for both the County Executive and the County assembly which comprised of Kshs.3,609,180,281(53%) recurrent expenditure and development expenditure of Kshs 3,209,998,021(47%).

Included in the total approved budget of Kshs.6,819,178,302 was the County Executive budget of Kshs.6,258,870,161 which comprised of Kshs.3,109,180,281 (49.7%) for recurrent expenditure and Kshs.3,149,689,880(50.3%) for development expenditure as follows;

Item	Budget(Kshs)	Actual(Kshs)	Variance(Kshs)	Absorption rate
Recurrent	3,109,180,281	2,893,500,000	215,680,281	93%
Development	3,149,689,880	2,837,273,761	407,969,880	87%
Total	6,258,870,161	5,635,220,000	623,650,161	90%

1.1 Expenditure

1.1.1 Recurrent Expenditure

The actual total expenditure on recurrent activities amounted to Kshs.2,893,500,000 against a budget of Kshs.3,109,180,281 which represented an absorption rate of 93 % as follows;

Department	Budget (Kshs)	Actual (Kshs)	Variance (Kshs)	Absorption rate(%)
Office of the Governor/County Executive services	399,827,178.00	386,070,000.00	13,757,178.00	97
Finance and Economic planning	491,356,305.28	471,450,000.00	19,906,305.28	96

Agriculture,Livestock,Veterinary & Fisheries	160,589,965.00	148,240,000.00	12,349,965.00	92
Water environment and Natural resources	168,524,689.88	157,520,000.00	11,004,689.88	93
Education ,youth affairs & sports	159,151,879.84	146,840,000.00	12,311,879.84	92
County Health services	899,370,360.00	839,490,000.00	59,880,360.00	93
Lands,physical planning and urban development	96,606,760.94	89,820,000.00	6,786,760.94	93
County transport,public works and roads	269,668,964.08	240,000,000.00	29,668,964.08	89
Trade,tourism cooperatives and enterprise development	77,306,772.00	73,870,000.00	3,436,772.00	96
Culture social services and gender	41,572,483.02	31,890,000.00	9,682,483.02	77
County public service board	74,817,014.30	74,160,000.00	657,014.30	99
Administration,cordination & ICT	270,387,908.52	234,150,000.00	36,237,908.52	87
	3,109,180,280.86	2,893,500,000.00	215,680,280.86	93

The under absorption of Kshs.215,680,281 may be a pointer to unrealistic budgeting process. These unspent funds could have been budgeted to provide services in other critical areas like boreholes for the benefit of Marsabit county residents.

1.1.2 Development Expenditure

The total expenditure on development activities amounted to Kshs.2,741,720,000 against a budget of Kshs.3,149,689,880 which represented absorption rate of 87% and an under expenditure of Kshs.407,969,880 as follows:

Department	Budget (Kshs)	Actual (Kshs)	Variance (Kshs)	Absorption rate(%)
Office of the Governor/County Executive services	353,720,000.00	366,240,000.00	12,520,000.00	104
Finance and Economic planning	192,380,000.00	163,150,000.00	29,230,000.00	85
Agriculture,Livestock,Veterinary & Fisheries	136,550,000.00	133,330,000.00	3,220,000.00	98
Water environment and Natural resources	608,840,000.00	473,140,000.00	135,700,000.00	78
Education ,youth affairs & sports	366,530,000.00	317,110,000.00	49,420,000.00	87
County Health services	475,490,000.00	392,580,000.00	82,910,000.00	83
Lands,physical planning and urban development	257,860,000.00	228,240,000.00	29,620,000.00	89

County transport,public works and roads	337,860,000.00	324,000,000.00	13,860,000.00	96
Trade,tourism cooperatives and enterprise development	219,100,000.00	181,010,000.00	38,090,000.00	83
Culture social services and gender	144,220,000.00	107,360,000.00	36,860,000.00	74
County public service board	5,000,000.00	4,990,000.00	10,000.00	100
Administration,cordination & ICT	52,140,000.00	50,570,000.00	1,570,000.00	97
Total	3,149,690,000.00	2,741,720,000.00	407,970,000.00	87

The development under-expenditure of Kshs.407,970,000 renders the budget unrealistic and also translates to denial of equivalent and promised services to the County residents.

1.2 Revenue

During the year under review, the County Executive's total budgeted revenue amounted to Kshs.5,738,335,187 as follows;

Details	Amount budgeted (Kshs)	Amount received (Kshs)	Variance (Kshs)
Exchequer releases	5,603,124,204	5,599,495,638	3,628,566
Local revenue	120,000,000	128,628,566	(8,628,566)
World bank (MOH)	34,627,134	24,712,500	9,914,634
Ministry of transport & infrastructure-Fuel levy	86,036,213	86,036,213	-
Ministry of health-use/maternal fees	6,872,636	6,872,636	-
Ministry of health-Medical allowance	-	40,812,000	(40,812,000)
DANIDA	7,675,000	7,675,000	-
Total	5,738,335,187	5,894,232,553	(155,897,366)

From the above, although the local revenue budget of Kshs.120,000,000 appears to have been surpassed by 7%, the County may have under-budgeted on the item considering that the 2015/2016 budget was Kshs.130,000,000.

Further, the actual exchequer releases of Kshs 5,599,495,638 fell short of the budget of Kshs.5,603,124,204 by Kshs.3,628,566.

In the circumstances, the residents of Marsabit County may not have received services amounting to Kshs.3,628,566.

2.0 Failure to Establish an Audit Committee

During the year under review, it was observed that the County Executive did not have an audit committee in place as required by Section 155 (5) of the Public Finance Management (PFM) Act, 2012 and Section 167 (1) of the Public Finance Management (County Governments) Regulations 2015.

Further, although the County Executive has established an internal audit department, the department was not fully functional.

The County Executive was therefore in breach of the law.

3.0 Information, Communication Technology (ICT) Environment

Audit of the ICT environment revealed that the County Executive did not have an approved ICT policy for management of business processes for the delivery of services to the public in an effective and efficient manner. The County also lacks a comprehensive ICT inventory.

Lack of an approved ICT policy may lead to:

- i. Loss of information
- ii. Irregular activities taking place/loss of electronic data
- iii. Access of confidential information by unauthorized persons
- iv. Unauthorized changes to information
- v. Inappropriate decisions regarding IT investments.
- vi. Loss of ICT assets without trace due to lack of a comprehensive ICT inventory

During the year under review the County spent Kshs.7,679,300 to purchase ICT equipment. Without an ICT policy, such investments are at risk where there are no defined structures.

4.0 Non-Operationalization of Completed Projects

A physical inspection carried out on 8 and 19 December 2017 on three projects namely Bongole Tourist Resort, Sololo Community Market and Sololo Slaughter House revealed that they had been completed earlier on undetermined dates but they were not operationalized as at the inspection date. The Resort is composed of two conference halls, a kitchen, eight cottages of two rooms each, swimming pool, septic tank and other facilities that are all fully furnished. The community market has equally been abandoned and it has a broken gate while the slaughter house has a connected water tank with no water tap. Files for all the three projects were not made available for audit scrutiny and therefore the exact costs and dates of commencement and completion of the respective projects could not be confirmed.

In consequence, the value for money for the three projects of undetermined value as at 30 June 2017 could not be confirmed.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such 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.

In preparing the financial statements, management is responsible for assessing the County Executive's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the management either intends to cease operations.

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

Those charged with governance are responsible for overseeing the County Executive's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

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 of Kenya. 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 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.

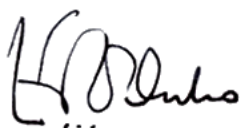
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the County Executive's 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 Executive/Assembly's ability to continue offering 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 consolidated/ 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 Executive/Assembly to cease to continue offering 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 of the entities or business activities 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

16 July 2018