

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

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of County Executive of Taita Taveta set out on pages 1 to 29, which comprise the statement of assets and liabilities as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

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

In addition, as required by Article 229(6) of the Constitution, I have not been able to obtain sufficient appropriate audit evidence to confirm that public money has been applied lawfully and in an effective way.

Basis for Disclaimer of Opinion

1.0 Errors in the Financial Statements

The following misstatements were noted in relation to the financial statements for the year ended 30 June 2017

- 1.1 Annexure 1 to the financial statements for the year ended 30 June 2017 reflects a Nil balance for pending accounts payable, while statement of assets and liabilities reflects a balance of Kshs.30,556,873 for the current year and Kshs.23,148,872 for the previous year.
- 1.2 Annexure 2 to the financial statements for the year ended 30 June 2017 reflects a Nil balance for pending staff payable, while note 18.2 to the financial statements reflects a balance of Kshs.82,488,678 for the current year and Kshs.10,307,387 for the previous year.
- 1.3 Annexure 3 to the financial statements for the year ended 30 June 2017 reflects a Nil balance for the summary of fixed asset register, while statements of receipts and payments reflects acquisition of assets of Kshs.529,265,122 for the current year and Kshs.633,451,705 for the previous year.
- 1.4 Table of contents indicates that commentary by CEC Finance and Economic and Planning is at page viii while it is at page ix.
- 1.5 The statement of receipts and payments for the year ended 30 June 2017 reflects transfer from other Government Entities as Kshs.202,095,189 while note 3 to the

financial statement for the year then ended reflects Kshs.202,060,864 resulting to a variance of Kshs.34,324. Further, note 3 is under casted by Kshs.27,000.

- 1.6 Note 5 to the financial statements for the year ended 30 June 2017 is under casted by Kshs.362,541.
- 1.7 Note 7 to the financial statements for the year then ended reflects the total expenditure under use of goods and services as Kshs.849,782,029 while the correct amount after casting is Kshs.849,863,907 resulting to a variance of Kshs.81,878.
- 1.8 Significant accounting policies no. 3 stipulates that the financial statements for the year ended 30 June 2017 are based on consolidation of the financial statements of individual entities. However, the financial statements are not consolidated.
- 1.9 The statement of assets and liabilities and Note 14A indicate bank balances as Kshs.189,581,246 while the casting note 14A reflects Kshs.189,582,259 resulting to a variance of Kshs.1,013.

Consequently, the financial statements presented for the year ended 30 June 2017 were not fairly stated.

2.0 Proceeds from Domestic and Foreign Grants

The statement of receipts and payments for the year ended 30 June 2017 reflects proceeds from domestic and foreign grants balance of Kshs.7,405,000. However, no detailed summary and no support schedules were presented for audit review.

Consequently, the accuracy and validity of Kshs.7,405,000 from proceeds from domestic and foreign grants for the year ended 30 June 2017 could not be ascertained.

3.0 Transfers to Other Government Entities

The statement of receipts and payments for the year ended 30 June 2017 reflects transfers to other government entities balance of Kshs.727,636,690, out of this amount, Kshs.22,811,165 relates to other current transfers as detailed in Note 8 to the financial statements. However, the supporting schedules availed for audit review indicated a balance of Kshs.34,915,000 resulting to unexplained and unreconciled variance of Kshs.12,103,835.

Consequently, the accuracy and validity of Kshs.22,811,165 relating to other current transfers could not be ascertained.

4.0 Cash and Cash Equivalent

4.1 Unsupported Bank Accounts

The statement of assets and liabilities as at 30 June 2017 reflects a bank balance of Kshs.189,581,246. However, the bank confirmation certificates and cash books for the following two (2) bank accounts with a total balance of Kshs.20,787,410 were not presented for audit review, contrary to Section 90(1) of the Public Finance Management

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(County Governments) Regulations, 2015 which requires Accounting Officers to ensure that bank reconciliations are prepared for each bank account held.

S/No	Name of Bank, Account No.	Type of Bank Account	Balance (Kshs.)
1.	Kenya Commercial Bank Ac No.1166131580 (Datu Fund)	Imprest	3,094,970
2.	Co-Operative Bank Ac No. 01141222222000 (Datu Fund)	Fund Operations	17,692,440
	Total		20,787,410

Consequently, the accuracy and completeness of the bank balances of Kshs.189,581,246 could not be confirmed.

4.2 Taita Taveta County CBK Recurrent Account

The statement of assets and liabilities as at 30 June 2017 reflects a bank balance of Kshs.189,581,246. Included in this balance is an account balance of Kshs.1,587,254 in respect of Taita Taveta County Recurrent Account. However, the bank reconciliation statement reflects receipts in cash book not yet recorded in the bank statement amounting to Kshs.3,000,000. However, at the time of audit the amount was not banked and no explanation was given.

Consequently, the validity and accuracy of the bank balance of Kshs.1,587,254 in respect of Taita Taveta County Recurrent Account could not be confirmed.

4.3 Wesu Sub-county Hospital Maternity Account

Included in the bank balance of Kshs.189,581,246 is an account balance of Kshs.929,589 in respect of Taita Taveta County – Wesu Hospital Maternity Account. However, a bank reconciliation statement as at 30 June 2017 reflects payments in cash book not in bank statement (un-presented cheques) amounting to Kshs.169,950, but the bank statements to verify the dates when these un-presented cheques were subsequently cleared was not availed for audit review.

Consequently, the validity and accuracy of the bank balance of Kshs.929,589 in respect of Taita Taveta County Wesu Hospital Maternity as at 30 June 2017 could not be confirmed.

4.4 Taita Taveta County Health Services CHMT Danida

The bank balance of Kshs.189,581,246 includes an account balance of Kshs.10,689,078 in respect of Taita Taveta County – CHMT Danida Account. However, bank reconciliation statement as at 30 June 2017 reflects payments in cash book not reflected in bank statement (un-presented cheques) amounting to Kshs.402,936.40 out of which cheques totaling Kshs.254,788 were stale. However, no explanation has been given for the non-reversal of the stale cheques in the cash book.

Consequently, the completeness and accuracy of the bank balance of Kshs.10,689,078 in respect of Taita Taveta County – CHMT Danida Account as at 30 June 2017 could not be confirmed.

4.5 Taita Taveta County Revenue Imprest Account

The bank balance of Kshs.189,581,246 includes an account balance of Kshs.67,811 in respect of Taita Taveta County Revenue Imprest Account. However, the bank reconciliation statement as at 30 June 2017 reflects payments in cash book not in bank statement (un-presented cheques) amounting to Kshs.17,155, but the bank statements to verify the dates when these un-presented cheques were subsequently cleared were not provided for audit review.

Consequently, the validity and accuracy of the bank balance of Kshs.67,811 in respect of Taita Taveta County Revenue Imprest Account could not be confirmed.

4.6 Taita Taveta County Treasury Standing Imprest Account

The statement of assets and liabilities as at 30 June 2017 reflects a bank balance of Kshs.189,581,246. Included in this balance is an account balance of Kshs.39,246,254 in respect of Taita Taveta County Treasury Standing Imprest Account. However, the bank reconciliation statement as at 30 June 2017 reflects payments in cash book not in bank statement (un-presented cheques) amounting to Kshs.118,592,022. In addition, the payments dates for the expenditure were not indicated and the bank statements to verify the dates when the un-presented cheques were subsequently cleared were not provided for audit review.

Further, the bank reconciliation statement reflects payments in bank statement not yet recorded in cash book amounting to Kshs.127,894.5 relating to bank charges which are not part of the reconciling items.

It was further noted that the bank reconciliation statement reflects receipts in cash book not yet recorded in the bank statement amounting to Kshs.112,530,185.80 which no details of the receipts had been provided. The money was not banked intact and could have been misappropriated.

Consequently, the accuracy and completeness of the bank balance of Kshs.39,246,254 in respect of Taita Taveta County Treasury Standing Imprest Account could not be confirmed.

4.7 Taita Taveta Revenue Collection Account

Taita Taveta County Revenue Collection Account reflects a nil balance though the bank reconciliation statement reflects receipts in bank statement not yet recorded in the cash book amounting to Kshs.2,744,226.30 and which no details of the receipts had been provided.

Consequently, the completeness and accuracy of the nil balance in respect of Taita Taveta County Revenue Collection Account as at 30 June 2017 could not be confirmed.

4.8 Taita Taveta County Public Service Board

The bank balance of Kshs.189,581,246 includes an account balance of Kshs.152,394 in respect of Taita Taveta County Public Service Board. However, the bank reconciliation statement for the same account reflects a cash book balance of Kshs.149,126 resulting to unexplained variance of Kshs.3,268.

Further, the bank reconciliation statement reflects payments in cash book not yet reflected in bank statement (un-presented cheques) amounting to Kshs.1,583,303.40, but the bank statements to verify the dates when these un-presented cheques were subsequently cleared were not provided for audit review.

Consequently, the completeness and accuracy of the bank balance of Kshs.152,394 in respect of Taita Taveta County Public Service Board as at 30 June 2017 could not be confirmed.

4.9 Wundanyi Hospital Maternity Account

The bank balance of Kshs.189,581,246 includes an account balance of Kshs.244,105 in respect of Taita Taveta County – Wundanyi Hospital Maternity Account. However, the bank reconciliation statement as at 30 June 2017 reflects payments in cash book not reflected in bank statement (un-presented cheques) amounting to Kshs.176,381.70, but payments amounting to Kshs.35,744.70 as at 30 June 2017 relate to stale cheques. No explanation has been given for the non-reversal of the stale cheques in the cash book.

Consequently, the completeness and accuracy of the bank balance of Kshs.225,510 in respect of Taita Taveta County – Wundanyi Hospital Maternity Account as at 30 June 2017 could not be confirmed.

4.10 Moi Voi Sub-county Maternity Account

The statement of assets and liabilities as at 30 June 2017 reflects a bank balance of Kshs.189,581,246. Included in this balance is an account balance of Kshs.140,413 in respect of Taita Taveta County – Moi Voi Sub County Maternity Account. However, the bank reconciliation statement reflects a balance as per cash book of Kshs.151,385 resulting to unreconciled variance of Kshs.10,972.

Further, the bank reconciliation statement reflects payments in cash book not yet reflected in bank statement (un-presented cheques) amounting to Kshs.238,136, but payments amounting to Kshs.191,077 were stale cheques. No explanation has been given for the non-reversal of the stale cheques in the cash book.

Consequently, the completeness and accuracy of the bank balance of Kshs.140,413 in respect of Taita Taveta County – Moi Hospital Maternity Account as at 30 June 2017 could not be confirmed.

4.11 Mwatate Sub-county Hospital Maternity Account

Note 11 of the statement of financial assets as at 30 June 2017 reflects a bank balance of Kshs.189,581,246. Included in this balance is an account balance of Kshs.13,268 in

respect of Mwatate Sub County Hospital Maternity Account. However, the bank reconciliation statement as at 30 June 2017 reflects payments in cash book not yet reflected in bank statement (un-presented cheques) amounting to Kshs.292,446, but payments amounting to Kshs.103,367 were stale cheques. No explanation has been given for the non-reversal of the stale cheques in the cash book.

Consequently, the accuracy, completeness and validity of bank balance of Kshs.13,268 in respect to Mwatate Sub-county Hospital Maternity Account could not be ascertained.

5.0 Outstanding Imprest

Note 15 to the financial statements reflects an outstanding imprest balance of Kshs.37,191,652. However, records availed for audit revealed that imprest totalling to Kshs.10,649,888 were outstanding for more than six months, contrary to Section 93(5) of the Public Finance Management (County Government) Regulations, 2015 which states that a holder of a temporary imprest shall account or surrender the imprest within seven (7) working days after returning to duty station.

In addition, the outstanding imprest included Kshs.8,757,868.00 being multiple imprest issued to staff of the county executive, contrary to Section 93(4) of the Public Financial Management (County Government) Regulations, 2015 which requires accounting officers to ensure applicants have no outstanding imprests.

Consequently, the propriety, accuracy and validity of outstanding imprest balance of Kshs.37,191,652 as at 30 June 2017 could not be ascertained.

6.0 Unsupported Pending Bills

Note 18 to the statement of financial assets reflects pending accounts payable and pending staff payables balances of Kshs.598,255,705 and Kshs.82,488,678 respectively. However, no support documents for the pending bills were availed for audit verification.

Consequently, the validity, accuracy and authenticity of the pending bills amounting to Kshs.680,744,383 as at 30 June 2017 could not be ascertained.

7.0 Irregular Procurement

7.1 Installation of Main Switch Board at Moi County Referral Hospital

Note 11 to the financial statements reflects acquisition of assets balance of Kshs.529,265,122. Included in this balance is Kshs.242,528,380 related to construction and civil works, of which Kshs.3,924,550 was a tender awarded to a supplier to install a main switch board at Voi Referral Hospital. However, the contract sum was above the maximum threshold set for request of quotation of Kshs.2,000,000 as per Section 105 Public Procurement and Asset Disposal Act, 2015 which states that a procuring entity may use a request for quotations from the register of suppliers for a procurement if the estimated value of the goods, works or non-consultancy services being procured is less than or equal to the prescribed maximum value for using requests for quotations as prescribed in Regulations.

Consequently, the County Executive was in breach of the law and the propriety of the expenditure totaling to Kshs.3,924,550 could not be ascertained for the year ended 30 June 2017.

7.2 Direct Procurement and use of Imprest to Procure Goods and Services

Note 7 to the financial statements for the year ended 30 June 2017 reflects use goods and services balance of Kshs.849,782,029. Included in this amount is goods and services amounting to Kshs.8,048,411 procured through imprest as summarized below;

Department	Details	Amount	Comment
Health - Mwatate sub county hospitals	Procure goods and services	1,554,260	Use of Imprest to procure goods and services
Health - Moi referral hospitals	Procure goods and services	2,782,300	Use of imprest to procure goods and Services
Finance	Procurement of air tickets	3,711,851	Use of direct procurement without competitive bidding
	Total	8,048,411	

This is contrary to the treasury circular No. 3/2010 dated 7 May 2010 on control of imprest, which states that that temporary imprest should not be issued for procurement of goods and services and in situations of emergencies, the Head of procurement unit should take charge to ensure compliance with the Public Procurement and Asset Disposal Act, 2015.

Further, Section 105 Public Procurement and Asset Disposal Act, 2015 states that a procuring entity may use a request for quotations from the register of suppliers for a procurement if the estimated value of the goods, works or non-consultancy services being procured is less than or equal to the prescribed maximum value for using requests for quotations as prescribed in Regulations.

Consequently, the County Executive is in breach of the law and the propriety of expenditure of Kshs.8,048,411 for the year ended 30 June 2017 could not be ascertained.

8.0 Unsupported Expenditure

The statement of receipts and payments for the year ended 30 June 2017 reflects payments from various departments totaling Kshs.48,160,923 to different suppliers for various goods and services. The payment vouchers were not supported with requisitions from user departments, quotations and tender/evaluation minutes as shown below:

No.	Department	Details	Amount	Comment
1.	Health - Moi referral hospitals	supply of medicinal gas, gas cylinders and payment to dislodge the septic tank and electric installation	2,206,394	Payment vouchers were not supported with requisitions from user departments, quotations and tender/evaluation minutes.
2.	Health – Various hospitals	Supply of food and ration	3,189,419	Not inspected by the inspection and acceptance committee, not taken on charge and recorded before issued and no quotations and minutes of the tender/evaluation committee minutes
3.	Health - Moi referral hospitals	Payment to various firms for supply of office furniture, medical supplies, fuel and lubricants, repairs and maintenance and sanitary and cleaning materials at the hospital.	7,721,518	Payment vouchers were not supported with inspection and acceptance committee minutes, not taken on charge and recorded before issued and no quotations and minutes of the tender/evaluation committee minutes
4.	Health - Mwatate sub county hospital	Payment to various firms for supplying office furniture, medical supplies, fuel and lubricants, repairs and maintenance and sanitary and cleaning materials at the hospital.	3,153,393	Payment vouchers were not supported with inspection and acceptance committee minutes, not taken on charge and recorded before issued and no quotations and minutes of the tender/evaluation committee minutes
5.	Health - Wundanyi sub county hospital	Payment to various firms for supplying office furniture, medical supplies, fuel and lubricants, repairs and maintenance and sanitary and cleaning materials at the hospital.	713,639	Payment vouchers were not supported with inspection and acceptance committee minutes, not taken on charge and recorded before issued and no quotations and minutes of the tender/evaluation committee minutes

6.	Education	Partially supported vouchers	545,340	Quotation, tender opening minutes and tender evaluation minutes were not availed as well as detail orders, work tickets and fuel register.
7.	Governor's office	Foreign Travel	510,000	Air tickets and boarding passes to Frankfurt in Germany and Guangdong in China were not availed for inspection
8.	Various Departments	Purchase of Household Furniture and Institutional Equipment	5,606,226	Payment vouchers were not availed for audit verification
9.	Various departments	Motor vehicle Insurance Costs	24,514,994	Supporting documents such as; the list of all insured motor vehicles, sums assured, the tender opening, evaluation and award minutes, insurance policy documents, were not availed.
	Total Unsupported payments		48,160,923	

In view of the above anomalies, the propriety of expenditure totaling to Kshs.48,160,923 being payment to various suppliers for the year ended 30 June 2017 could not be confirmed.

9.0 Construct of Saghasa Vighombonyi Water Project

Note 11 to the financial statements reflects acquisition of assets balance of Kshs.529,265,122. Included in this balance is Kshs.242,528,380 related to construction and civil works, of which Kshs.2,558,730 was paid to a supplier to construct Saghasa Vighombonyi water project. However, project verification revealed that the water project has never been functional since it was completed, the generator was not working and the 10% contingency and 5% for project management provisional sums of Kshs.237,315 and Kshs.118,657 respectively were not accounted for.

In the circumstances, it is clear that the citizens of the County did not get value for money on Kshs.2,558,730 paid for the project for the year ended 30 June 2017 and the propriety for the same could not be ascertained.

10.0 Budgetary Control and Performance

10.1 Revenue Budget

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The statement of receipts and payments for the year ended 30 June 2017 reflects County own generated receipts totaling to Kshs.165,992,249 against a budget of Kshs.355,387,656, resulting to a shortfall of Kshs.189,395,407 or 53%. The County Executive has not been meeting its target for the last 3 years, while the revenue has been declining as shown below:

Item	FY 2016/2017	FY 2015/2016	FY 2014/2015
Budgeted own generated receipts	355,389,656	352,351,618	483,884,111
Actual own generated receipts	165,992,249	197,351,618	253,972,089
Under collection	189,397,407	155,000,000	229,912,022
% under collection	53	44	47.5

The under collection indicates possible weakness in revenue management in such aspects as recording of revenue and enforcement of control systems. Under collection of revenue negatively constraints service delivery and implementation of planned programs in Taita Taveta County.

10.2 Budget Absorption

During the financial year 2016/2017, the County Government of Taita Taveta had a total budget of Kshs.4,656,442,555 comprising of recurrent vote of Kshs.3,240,518,045 and development vote of Kshs.1,415,924,510. Actual expenditure of Kshs.3,949,970,535 reflected net under absorption of Kshs.706,472,020 or 15 % of the budget as summarized below:

Vote	Approved Budget for 2016/2017	Actual Expenditure for 2016/2017	Over Absorption	Under Absorption	%
Recurrent Vote	3,240,518,045	3,420,705,413	180,187,368	-	5.6
Development Vote	1,415,924,510	529,265,122	-	886,659,388	-62.6
Total	4,656,442,555	3,949,970,535	180,187,368	886,659,388	

The overall under absorption of the approved budget of Kshs.706,472,020 or 15% resulted from failure by the County Executive to implement some development activities planned for the year. The failure had a negative effect on service delivery to the residence of Taita Taveta County.

10.3 Recurrent Budget

During the year under review, the County Government of Taita Taveta was allocated Kshs.3,240,518,045 for recurrent expenditure against actual expenditure of Kshs.3,250,904,903 resulting to net over expenditure of Kshs.10,386,858 or 0.3% as detailed below.

Item	Approved Budget for 2016/2017	Actual Expenditure for 2016/2017	Under Absorption	Over Absorption	%
Compensation of Employees	1,890,237,317	1,783,102,797	107,134,520		5.6
Use of goods and services	1,283,355,360	810,333,638	473,021,722		36.9
Transfers to Other Government Units	5,812,168	604,546,213		598,734,045	-10301.4
Other grants and transfers	(24,533,000)	12,236,344		36,769,344	- 15
Social Security Benefits	-	11,697,827		11,697,827	-100
Acquisition of Assets	92,390,488	28,988,084	63,402,404		68.6
Other Expenses	(6,744,288)	-		6,744,288	-100
Total	3,240,518,045	3,250,904,903	643,558,646	653,945,504	

Approval by the County Assembly for the over – expenditure of Kshs.10,386,858 was not presented for audit review.

10.4 Development Budget

During the year under review, the County Executive of Taita Taveta was allocated Kshs.1,415,924,510 for development expenditure against actual expenditure of Kshs.699,065,631 resulting to net under expenditure of Kshs.716,858,879 or 51% as detailed below:

Item	Approved Budget for 2016/2017	Actual Expenditure for 2016/2017	Under Absorption	Over Absorption	%
Compensation of Employees	5,300,000	3,981,052	1,318,948		24.9
Use of goods and services	14,704,591	39,368,589		24,663,998	- 167.7
Transfers to Other Government Units	141,484,061	123,090,477	18,393,584		13.0
Other grants and transfers	-	32,348,476		32,348,476	-100
Acquisition of Assets	1,021,214,527	500,277,038	520,937,489		51.0
Other Expenses	233,221,331		233,221,331		100
Total	1,415,924,510	699,065,631	773,871,352	57,012,474	51

The County Executive under absorbed development budget by Kshs.716,858,878 leading to non-implementation or incomplete projects.

The failure to implement the projects as budgeted may lead to negative impact on service delivery and development to the residents of Taita Taveta County.

11.0 Fixed Asset Register

Review of the fixed assets register maintained by Taita Taveta County Executive revealed that the date of asset acquisition, asset codes, dates of disposal where applicable and costs were not indicated. This is contrary to Section 149 (2) (O) of the Public Finance Management Act, 2012 which states that the Accounting Officer designated to County Executive shall maintain an asset register that is current and accurate.

In the circumstances, the County Executive is in breach of the Law and it may not be possible to ascertain the physical existence of the County Executive's fixed assets in absence of such a critical document.

12.0 Project Status and Implementation

Review of project implementation status reports for the year ended 30 June 2017 availed for audit revealed that projects with a total of Kshs.1,363,023,157 were contracted. However, only projects worth Kshs.807,170,595 or 59% were implemented resulting to Kshs.555,852,562 or 41% of projects not implemented as detailed below;

Departments	Contracted Amount (Kshs.)	Amount Paid (Kshs.)	Work Outstanding (Kshs.)
Education and Libraries	383,661,550	222,133,919	161,527,631
Livestock and Fisheries	19,540,128	15,289,761	4,250,367
Public Works	279,460,967	187,783,564	91,677,403
Trade	184,414,182	50,482,065	133,932,117
Water and Irrigation	495,946,330	331,481,286	164,465,044
Total	1,363,023,157	807,170,595	555,852,562

Failure to deliver projects on time means that service delivery to the county residents has been affected negatively. The implementation cost of the projects may escalate due to inflation. This is contrary to Section 149 (1) of the Public Finance and Management Act 2012 which states that (1) an accounting officer is accountable to the county assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is; lawful and authorized. (2)(d) Ensure that all contracts entered into by the entity are lawful and are complied with.

Consequently, the management was therefore in breach of the Law in delaying project implementation.

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 Taita Taveta County Executive's ability to continue 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 liquidate the Taita Taveta County Executive's 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.

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

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

My responsibility is to conduct an audit of the County Executive of Taita Taveta's financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

I am independent of County Executive of Taita Taveta in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya.



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

Nairobi

16 July 2018