REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF TRANS NZOIA FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the County Executive of Trans Nzoia set out on pages 1 to 107, which comprise the statement of assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts recurrent and development combined, for the year then ended, 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, in all material respects, the financial position of the County Executive of Trans Nzoia as at 30 June, 2019, 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 Public Finance Management Act, 2012 and the County Governments Act, 2012.

Basis for Qualified Opinion

1. Unconfirmed Fixed-Assets

Annexure 4 to the financial statements reflects a fixed assets balance amounting to Kshs.8,044,578,414 comprised of Ksh.4,723,499,761 and Kshs.3,312,078,657 county direct-owned and community assets respectively. However, a recast of the composite asset values yielded Kshs.8,035,578,418 resulting to a variance of Kshs.8,999,996.
No explanation has been provided for the variance.

Further, the following anomalies are notable in relation to county direct-owned assets:

(i) The county direct-owned assets balance of Kshs.4,723,499,761 includes land and buildings valued at Kshs.2,480,000 and Kshs.553,366,070 respectively. However, title deeds for the two parcels of land were not presented for audit. Further, details on the assets, such as conveyance, location, dates and costs of acquisition and lease hold terms were not updated in the assets register.

(ii) Included in the county direct-owned assets are additions to motor vehicles and other transport equipment valued at Kshs.38,575,025. As with the pieces of land , details on the vehicles, including, registration numbers, were not shown in the assets register, and further, the original log books were not presented for audit,

(iii) The county direct-owned assets balance further includes additions valued at Kshs.94,757,914 for specialized plant, equipment, machinery, office furniture and general equipments; made during the year under review . However, details on the new assets were not recorded in the assets register and as a result, it is not possible to confirm the accuracy and valuation of the expenditure reported to have been incurred on them.

In view of these anomalies, the ownership, accuracy and completeness of the fixed assets balance totalling Kshs.8,044,578,414 as at 30 June, 2019 has not been confirmed.

2. Differences Between Financial Statements and IFMIS Report Balances

The statement of receipts and payments for the year ended 30 June, 2019 reflects receipts totalling Kshs.6,767,116,947 against Kshs.7,836,553,113 reflected in the Integrated Financial Management System (IFMIS) on the said date resulting to an unexplained variance of Kshs.1,069,436,166.

In addition, the statement of receipts and payments reflects payments totaling Kshs.6,980,734,939 whereas the IFMIS report reflects payments totaling Kshs.4,833,794,792 resulting to an unexplained variance of Kshs.2,146,940,147.
The statement of assets and liabilities as at 30 June, 2019 reflects total financial assets valued at Kshs.339,836,791 whereas the IFMIS report shows assets totalling Kshs.23,416,371,677 resulting to an unexplained variance of Kshs.23,076,535,886.
Similarly, the statement of assets and liabilities as at 30 June, 2019 reflects total liabilities and fund balance totalling Kshs.553,454,785 whereas the IFMIS report reflects Kshs.20,071,752,447 in respect to the account, resulting to a variance of Kshs.19,517,297,662. The two sets of records have not been reconciled.

In view of these discrepancies, the completeness and accuracy of the financial statements for the year ended 30 June, 2019 has not been confirmed.

3. Unconfirmed Accounts Payables

As similarly reported in the previous year, the financial statements reflect pending accounts payables balance totalling Kshs.897,852,419 as disclosed under Note 5.10(1)(2) and (3) on other important disclosures. However, documents on the expenditure such as local purchase and service orders as well as invoices and goods received notes, certified interim completion certificates and payment vouchers, were not presented for audit.

In addition, analysis of pending bills as at 30 June, 2019 indicated that bills totalling Kshs.92,238,845 had been outstanding for more than a year with some dating back to the year 2011. Further, a special report on the pending bills indicated that out of the total bills reported as at 30 June, 2018 amounting to Kshs.1,079,983,912,only bills totalling Kshs.666,047,614 were eligible for payment and therefore the remainder totalling Kshs.413,936,297 were ineligible**.** However, at the time of the audit, the committee constituted by the County Executive to determine the status of the ineligible bills had not finalized its report to allow Management to make a decision.

In the circumstances, it was not possible to confirm the validity and accuracy of pending bills totalling Kshs.897,852,419 reflected in the financial statements for the year under review.

4. Unsupported Expenditure on Construction of Buildings

The statement of receipts and payments for the year ended 30 June, 2019 reflects expenditure on acquisition of assets totalling Kshs.1,518,293,601, as further disclosed in Note 10 to the financial statements. The balance includes Kshs.109,755,961 and Kshs.126,870,220 paid in respect of construction of buildings and civil works, respectively. However, procurement and other supporting documents for contracts costing Kshs.85,002,981 were not presented for audit.

(i) The Trade and Urban Development Department implemented three market construction projects at an aggregate contract sum of Kshs.31,821,775 but the project files were not presented for audit.

(ii) The Department of Gender engaged a local contractor to build a rehabilitation centre at Kwanza at a cost of Kshs.14,107,827. However, the engineer's estimates, tender evaluation report, project file, minutes of site progress meetings, interim payment certificates, inspection and acceptance reports, and title deed of the plot of land were not presented for audit.

(iii) The Department of Education engaged several local contractors to build classrooms and pit latrines in various primary and Early Childhood Development (ECD) schools across the county at contract sums totalling Kshs.11,912,787. However, bills of quantities, tender documents, tender award letters, local service orders and inspection and acceptance reports were not presented for audit.

(iv) The Department of Education, Vocational Training and ICT funded ten Vocational Training Centres (VTCs) projects at an estimated cost of Kshs.22,768,889. The funds were to be expended on various development projects in the institutions. However, the project files were not presented for audit.

(v) The Department of Livestock implemented five projects at a contract sum of Kshs.4,391,703 during the year under review. However, interim certificates, inspection and acceptance committee reports, tender documents, site inspection minutes and bills of quantities were not presented for audit. In addition, renovation works at Misanga Cattle Dip were carried out at a cost of Kshs.930,888 without bills of quantities to provide objective estimates of the Project's costs. Further, the inspection and acceptance minutes and tender evaluation reports were not presented for audit.

In view of these anomalies, it is not possible to confirm the occurrence, accuracy and validity of expenditures totalling Kshs.85,002,981 reported to have been incurred on the projects. Further, it is not possible to confirm whether the resources were applied in an effective, way and whether value for money was attained on the expenditures.

5. Unsupported Expenditures on Use of Goods and Services

The statement of receipts and payments for the year ended 30 June, 2019 reflects use of goods and services expenditures totalling Kshs.1,554,262,226, as further disclosed under Note 6 to the financial statements. However, the following payments were not supported with relevant documents:

(i) The Department of Lands procured staff uniforms and security reflectors costing Kshs.3,970,864 from a local contractor during the year under review. However, evaluation and inspection committee reports as well as the distribution list for the items were not provided for audit.

(ii) The Department of Public Service Management procured information and communication technology items costing Kshs.7,350,000 from various local firms during the year under review. However, the Management did not present user specifications outlined in the tender advertisement for audit review. As a result, it was not possible to confirm whether the supplies were made as contracted. In addition, five sets of computers procured were not issued to the offices they were bought for but were instead kept in the stores contrary to Section 162(3) of the Public Procurement and Assets Disposal Act, 2015 which prohibits exposure of inventory and assets to deterioration from under-use.

(iii) The Department of Agriculture procured acaricides worth Kshs.8,020,600 from various local firms for use in control of ticks and mites. However, the inspection and acceptance committee reports, signed distribution lists, as well as other relevant records were not presented for audit.

(iv) The Department of Health and Sanitation procured drugs and non-pharmaceutical items valued at Kshs.47,486,192 from various local firms during the year. However, requisitions from the health facilities and delivery notes duly signed by managers at the facilities the supplies were delivered, were not availed for audit.

(v) The Department of Agriculture paid pending bills totalling Kshs.39,744,000 for pesticides and other agro supplies reported to have been used to fight an army worm invasion that occurred in the County. However, the delivery notes, inspection and acceptance reports, and distribution lists together with the relevant work tickets for chemicals worth Kshs.30,331,499 were not availed for audit.

(vi) The Department of Gender, Sports and Culture incurred expenditure totalling Kshs.13,043,100 to facilitate staff participation in various sporting activities and the development of tourist sites. However, expenditures totalling Kshs.9,457,950 were not supported with participants' invitation letters, approval documents, sports equipments distribution lists, original work tickets, signed attendance registers and activity reports.

In view of the missing documents, the occurrence, measurement and validity of these expenditures has not been confirmed. In addition, Management did not comply with regulations on procurement and management of inventory and assets. Further, the expenditure cannot be confirmed to have been a proper charge to public funds.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Executive of Trans Nzoia in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Qualified Opinion section of my report, I have determined that there are no key audit matters to communicate in my report.

Other Matter

Budgetary Control and Performance

(i) Under-Collection of Own Revenue

The summary statement of appropriation: recurrent and development combined for the year ended 30 June, 2019 reflects county-generated receipts budget of Kshs.500,000,000 and actual receipts of Kshs.372,555,742 resulting to a revenue shortfall of Kshs.127,444,258 equivalent to 25% of the budget. No plausible explanation has been provided by Management for the shortfall.

Failure by the County Executive to collect all revenue constrains provision of services to residents and hampers investment in new projects.

(ii) Under-Absorption of Budget

Summary statement of appropriation: recurrent and development combined reflects approved budget expenditure totalling Kshs.8,042,560,324 against actual expenditure totalling Kshs.6,980,734,939 resulting to under-absorption of Kshs.1,061,825,385 equivalent to 13% of the budget. **.**
As a result of the under-expenditure, all planned activities for the year under review were not executed.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Basis for Conclusion

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

1. Irregular Spending of County Own-Generated Revenue

Out of own generated revenues totalling Kshs.372,555,792 collected by the County Executive during the year under review, Kshs.156,612,845 was from public health facilities. However, examination of revenue records indicated that actual transfers to the County Revenue Fund from health facilities during the year totaled Kshs.125,996,839 resulting to under-banking of Kshs.30,616,006. This was contrary to Section 109(2) of the Public Finance Management Act, 2012 which requires County Governments to ensure all monies received are paid into the County Revenue Fund.

Consequently, Management breached the law on management of revenue receipts.

2. Unsatisfactory Performance of Agricultural Sector Development Support Programme

The statement of receipts and payments reflects donor funds released through exchequer releases totalling Ksh.573,881,186 as further disclosed under Note 1B to the financial statements. During the year under review , the County Executive of Trans Nzoia received Kshs.7,143,407 from the Agricultural Sector Development Support Programme (ASDSP) and reported a cumulative expenditure budget on the Programme totalling Kshs.30,268,683 over the two financial years ending 30 June, 2019.

However, as disclosed in Note 5.10(2) to the financial statements, the County Executive did not disburse the sum of Kshs.7,143,407 received from donors to ASDSP projects during the year under review. In addition, actual receipts by the local projects during the two-year period amounted to Kshs.5,291,375 equivalent to 17% of the expected revenue and thus resulted in underfunding by Kshs.24,977,308 or 83% of the budget.

Further, only fifty-nine(59) of one hundred and fifty-four (154) budgeted ASDSP 11 activities were implemented, which resulted in 62% level of performance. Management's failure to disburse funds to the project was the most significant cause of the underperformance.

Due to the under-expenditures, the ASDP activities were not fully implemented and the services due to the Programme's beneficiaries were largely not received.

3. Irregular Purchase of Plant and Machinery

During the year under review, the County Executive spent Kshs.77,649,909 on purchase of specialized plant, equipment and machinery which in turn included plant and machinery costing Kshs.18,900,000 procured by the Department of Agriculture from a local dealer.

However, important records on the procurement, including requisitions from the user department, the tender evaluation report, inspection and acceptance minutes, mechanical inspection report and contract documents were not presented for audit review. In addition, audit inspection of the procured assets indicated that some of the machinery had broken down and were no longer in use.

Consequently, Management contravened Section 104 of the Public Finance Management Act, 2012 on use and control of county budgetary resources.

4. Incomplete Refurbishment of Buildings

During the year under review, the County Executive spent Kshs.31,019,838 on refurbishment of buildings. Out of this amount, the Governance Department spent Kshs.7,613,741 to complete the construction of the Deputy Governor's residence.

However, physical verification of the building indicated that compacted natural stone was not used on the vehicle path, twelve(12) out of thirty-five 35 chain-link posts and all 15 supporting posts were not erected, three(3) out of the six(6) barbed wire strands to be used to reinforce the chain-link were not fixed, and a curtain box, door stops and a branded mortice lock for the guard house, all provided for and costed in the Bills of Quantities, were not installed.

Clearly, the project's resources were not applied in an economic and effective way.

5. Stalled Construction of Health Facilities

Similarly, during the year under review, expenditures totalling Kshs.109,755,961 were incurred on various building projects. Among these were five projects implemented by the Department of Health at an aggregate cost of Kshs.13,121,747. However, the projects stalled at various stages of completion and were thereafter abandoned by the respective contractors.

In addition, the Department of Education, Vocational Training and ICT implemented ten early childhood and development (ECD) projects at a contract sum of Kshs.13,033,472. However, some of the works were of substandard quality. Further, several of the projects, were abandoned by contractors before they were completed.

In view of the foregoing, the public funds invested in the projects were not used in an effective way.

6. Vandalized, Damaged and Burst Water Pipelines

Expenditure records indicated that the County Executive spent Kshs.106,800,988 on rehabilitation of civil works during the year under review. Out of this sum, the Department of Water and Irrigation spent Kshs.6,337,075 on rehabilitating a water pipeline at Chemuk Bondeni Water Project at a cost of Kshs.3,499,500. However, the pipeline thereafter suffered numerous bursts that resulted in water leakages. In addition, portions of the pipeline were vandalized. Further, the Department extended the Mount Elgon Khalwange Water Project in Endebess at a cost of Kshs.2,837,575 but the pipeline was thereafter damaged by a road contractor.

In view of the low quality workmanship, and damage caused to the water pipelines, the benefits due to the local communities from the two projects implemented at an aggregate cost of Kshs.9,274,650 were not realized as expected.

7. Low Quality Workmanship on Road Projects

During the year under review, the County Executive spent Kshs.468,999,313 on construction of roads out of which the sum of Kshs.19,176, 409 was incurred by the Department of Roads and Public Works on six (6) road projects.

However, physical verification of the work done revealed that the roads were rendered impassable during the rainy season because of the poor quality of gravel used on the surfaces and failure to install proper storm water drainage systems.

Consequently, the expenditure totalling Kshs.19,176, 409 was not applied in an effective, way.

8. Unverified Recruitment of Temporary Employees

Personal emoluments records examined during the audit indicated that the County Executive spent Kshs.104,826,169 on basic wages for temporary employees during the year under review.

However, documentation on recruitment of the staff such as advertisements, lists of the applicants and those shortlisted, interview and evaluation reports, letters of offer and acceptance and letters of appointment showing employment terms and remuneration, were not presented for audit verification.

In the circumstance, it is not possible to confirm whether the appointments conformed to Sections 65 and 66 of the County Government Act, 2012 which require consideration of merit in job appointments and publicizing of vacant posts, among other legal considerations.

9. Lack of Ethnic Diversity in Staff Establishment

Analysis of the County Integrated Personnel and Payroll Database (IPPD) indicated that 1,359 (48.08%) staff of the total 2,826 were from the dominant community in the County. Moreover, the Management recruited 195 new staff during the year under review, out of whom 103 (52.82%) were from the dominant community.

Therefore, Management contravened Part III (Section 7) of the National Cohesion and Integration Act, 2008 which provides that all public establishments should represent the diversity of the people of Kenya in employment of staff and ensure that not more than one-third of new staff recruited belong to the same ethnic community.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Unsurrendered Imprests

As similarly reported in the previous year, the statement of assets and liabilities as at 30 June, 2019 reflects accounts receivables-outstanding Imprest balance amounting to Kshs.2,582,678, as disclosed under Note 15 to the financial statements.

Management did not provide a plausible explanation on why the imprests were not surrendered as provided for in Regulation 93(5) of the Public Financial Management Regulations (County Governments, 2015). The Regulation requires a holder of a temporary imprest to account or surrender the imprest within seven (7) working days after returning to the duty station.

By failing to enforce surrender of the imprests, Management contravened regulations on accountable management of public funds.

2. Lack of Effective Oversight by Internal Audit Department

As in previous years, several weaknesses were observed in the internal audit function of the County Executive:

(i) The Internal Audit Charter prepared by the Internal Audit Unit was not approved by the Audit Committee for adoption by the County Executive and was therefore not put to use,

(ii) there was no risk management framework and policy to manage risks and support implementation of the County Executive's strategic and operational plans and

(iii) the internal audit department did not publish any report during the year and therefore the Department did not discharge its oversight role in an effective way.

By failing to establish an effective internal audit function, the County Executive contravened the law and exposed the financial and other public resources that it manages to severe risk of loss and misuse.

3. Inadequate Internal Control on Information and Communication Technology (IT) Operations

Review of Information Technology (IT) and governance documents and interviews with managers revealed several weaknesses in the County Executive's IT control environment:

(i) Although Section 7.0 of the County Executive's ICT policy makes it mandatory for all computers to be secured, this had not been done at the time of the audit. Further, Management had not developed a Disaster Recovery Plan to guide mitigation measures should unfavorable events occur.

(ii) Evaluation of access controls for sensitive IT assets such as the main server revealed that the controls were weak. Therefore the hardware is vulnerable to unauthorized use and other risks. Moreover, the server room lacks properly fitted and well-serviced fire-fighting and suppression equipment.

(iii) An IT Strategy Committee and IT Steering Committee to oversee the County's IT assets had not been established.

(iv) A substantive Director of ICT required to steer the department's operations had not been appointed.

(v) Management had not developed an IT Strategic Plan to guide use and management of IT resources to support the County Executive's strategic goals.

(vi) Backups were not run regularly so data on the system is unlikely to be recovered should the system break down.

As a result of these internal control weaknesses, the operations of the County's IT assets is vulnerable to many risks. Furthermore, the assets are not used in the most effective way.

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the County Executive's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the

Management is aware of the intention to dissolve the County Executive or cease operations.

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

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

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the County Executive monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them, and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgment 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'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 applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County Executive's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the County Executive 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 activities of the County Executive 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Nancy Gathungu
AUDITOR-GENERAL

Nairobi

17 November, 2020