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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Executive of Turkana set out on pages 1 to 52, which comprise the statement of assets and liabilities as at 30 June, 2019, statement of receipts and payments, statement of cash flows and the summary 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 have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the County Executive of Turkana 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

1.0 Own-Generated Receipts

The statement of receipts and payments reflects county own-generated receipts totalling Kshs.174,345,685, as further disclosed in Note 9 to the financial statements. However, the total receipts credited to the collection account for the year under review amounted to Kshs.208,575,485. No adequate explanation has been provided by Management on why the receipts reflected in the financial statements fall short of the revenue shown in the revenue accounts by Kshs.34,229,800.

In view of the anomaly, the completeness and accuracy of the county own-generated receipts totalling Kshs.174,345,685 reflected in the statement of receipts and payments for the year ended 30 June, 2019 has not been confirmed.

2.0 Unsupported Engagement of Casual Workers

The statement of receipts and payments reflects compensation of employees expenditure totalling Kshs.3,459,823,611,as further disclosed in Note 11 to the financial statements. The balance includes expenditure totalling Kshs.12,655,330 spent on wages of casual laborers. However, documentation on the wages, including approvals for the recruitments granted by the County Public Service Board, advertisements for the respective posts and job interview records were not presented for audit verification. Further, the casual workers were engaged for more than three (3) months contrary to the provisions of the Employment Act, 2007.

In the absence of relevant evidence, the occurrence and validity of the expenditure totalling Kshs.12,655,330 spent on wages for casual laborers has not been confirmed.

3.0 Unsupported Legal Services

The statement of receipts and payments reflects other operating expenses totalling Kshs.415,506,121, as further disclosed in Note 12 to the financial statements. The balance includes legal fees totalling Kshs.33,277,712 paid to various law firms for legal services reported to have been provided to the County Executive. However, no evidence has been provided by Management to show that the services were procured in a competitive manner. Further, records on the court proceedings over which the expenditures were incurred were not availed for audit.

Consequently, the validity of the legal fees expenditure amounting to Kshs.33,277,712 spent in the year under review has not been confirmed.

4.0 Unsupported Transfers to Other Government Units

The statement of receipts and payments reflects transfers to other government entities totalling Kshs.2,275,203,735 , as further disclosed in Note 14 to the financial statements. The sum includes transfers to Turkana County Fuel Levy Fund (RMLF) amounting to Kshs.457,302,130 and Turkana County Car Loan and Mortgage Fund amounting to Kshs.120,000,000. However, Management did not submit the annual reports and financial statements for the two Funds for audit. Available information indicates that the transfers were accounted for as operational costs and expensed at the point of transfer.

In the circumstances, the occurrence and validity of transfers totalling Kshs.577,302,130 reportedly made to the two Funds has not been confirmed. As a result, the accuracy and completeness of transfers to other government entities totalling Kshs.2,275,203,735 reflected in the statement of receipts and payments for the year ended 30 June, 2019 has also not been confirmed.

5.0 Unsupported Other Grants and Transfers

The statement of receipts and payments reflects other grants and payments totalling Kshs.933,758,168 as disclosed under Note 15 to the financial statements. However, available records indicate that included in the emergency relief and refugee assistance balance amounting to Kshs.621,864,155 is Kshs.174,768,410 paid on 10 July, 2019 after the closure of the financial year. Therefore, the payment should be included in the 2019/2020 financial year and not the year under review.

Consequently, the accuracy of the other grants and payments totalling Kshs.933,758,168 reflected in the statement of receipts and payments for the year ended 30 June, 2019 has not been confirmed.

6.0 Unsupported Acquisition of Assets

The statement of receipts and payments reflects acquisition of assets totalling Kshs.1,449,662,013, as further disclosed in Note 17 to the financial statements. However, the following unsatisfactory observations were made in respect to the balance:

6.1 Research, Studies, Project Preparation, Design and Supervision

The acquisition of assets balance includes outstanding imprests totalling Kshs.14,330,574 irregularly charged to research, studies, project preparation, design and supervision.

6.2 Construction of Roads

Included in the construction of roads expenditure is Kshs.16,818,840 incurred on routine maintenance of Napakin-Nadapal Road in Turkana West under a contract valued at Kshs.18,582,040. However, the undated invoice for Kshs.16,818,840 availed for audit included preliminaries and general cost items amounting to Kshs.1,896,500 which were, however, not supported to show how they were incurred. As a result, the occurrence and validity of the expenditure could not be confirmed.

Further, a contractor was paid Kshs.80,000,000 on a contract to upgrade to bitumen standard four kilometers of A1-Ekaales Centre Road, at a cost of Kshs.287,862,120. An interim certificate presented for audit reflected completed works valued at Kshs.197,808,078.90 which sum included general office administration and overheads and preliminaries costed at Kshs.29,845,386.40 and materials on site worth Kshs.5,184,562.60. However, Management did not avail supporting documents for general office administration and overheads and delivery notes and goods received notes for the materials on site. In addition, the Engineer's Estimates and other measurement data were not availed for audit review. As a result of these anomalies, the occurrence and validity of expenditures totalling Kshs.35,029,949 incurred on the two items was not confirmed.

In addition, the performance bond and insurance policy for the contract were not submitted for audit review.

Records on the project further reflected payments totalling Kshs.101,391,550 in respect of previous certificates. However, as reported in 2018/2019, the contractor was overpaid by Kshs.12,407,399 after Kshs.69,866,907 was remitted to his bank account against the sum of Kshs.57,459,508 reflected in the respective payment voucher. Further, included in the Bills of Quantities for the contract was purchase of two new four-wheel-drive (4WD) double cabin motor vehicles valued at Kshs.9,600,000. However, no documentary evidence was availed for audit to confirm that the motor vehicles were purchased, and their ownership and custody assigned to the County Executive of Turkana.

In addition, the Engineer's Estimates and other data supporting the contract sum for the two contracts were not presented for audit review.

6.3 Unsupported Purchase of Motor Vehicles

Management spent Kshs.17,220,516 on purchase of two (2) vehicles for the Office of the Governor. However, the respective tender evaluation minutes, contract agreements, local purchase orders, delivery notes, counter receipt vouchers (S13) and inspection and acceptance reports were not presented for audit verification.

In addition, Management incurred expenditure totalling Kshs.35,550,000 for the supply and delivery of three (3) trucks for the Department of Education. Review of the documents availed for audit revealed that five (5) bids were received and one firm was evaluated as the only responsive supplier and awarded the contract. However, the valuation criteria, scores for the bids and reasons for failure of the other bidders were not availed for audit review. In addition, the logbooks for the trucks were not presented for audit and as a result, their ownership by the County Government of Turkana could not be confirmed.

7.0 Inaccuracy in Cash and Cash Equivalents

The statement of assets and liabilities as at 30 June, 2019 reflects a cash and cash equivalents balance of Kshs.3,429,053,696, as further disclosed in Note 21A to the financial statements. However, the sum excludes cash held in the revenue collection current account amounting to Kshs.68,527,170. The amount relates to revenues collected at various stations and banked in the collection account but not transferred to the County Revenue Fund Account at the Central Bank of Kenya.

Regulation 81 of the Public Finance Management (County Governments) Regulations, 2015 requires revenue collections to be transferred without delay and, not later than five (5) working days after receipt thereof. No explanation has been provided for the delay in banking the funds.

In view of the anomaly, the accuracy and completeness of the cash and cash equivalents balance of Kshs.3,429,053,696 reflected in the statement of assets and liabilities as at 30 June, 2019 has not been confirmed.

8.0 Inaccuracy in Accounts Payables- Deposits and Retention

The statement of assets and liabilities reflects accounts payables-deposits and retention balance amounting to Kshs.100,834,359 as at 30 June, 2019 and as further disclosed in Note 23 to the financial statements. However, the balance excludes retention monies totalling Kshs.38,335,648 deducted from suppliers during the year under review.

In the circumstances, the accuracy and completeness of accounts payables-deposits and retention balance amounting to Kshs.100,834,359 reflected in the statement of assets and liabilities as at 30 June, 2019 has not been confirmed.

9.0 Budget and Expenditure Variance

The summary statement of appropriation-recurrent and development combined reflects final total budget expenditure of Kshs.14,924,810,128 for the year under review whereas the IFMIS records reflect a total budget of Kshs.13,507,958,239 resulting in a variance of Kshs.1,416,851,889 which has not been reconciled.

Consequently, the accuracy and completeness of the final budget amounting to Kshs.14,924,810,128 reflected in the summary statement of appropriation: recurrent and development combined for the year ended 30 June, 2019 has not been confirmed.

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

Key Audit Matters

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

Other Matter

1.0 Budget Control and Performance

1.1 Under-Collection of County Own-Generated Receipts

The statement of receipts and payments reflects county own-generated receipts totalling Kshs.174,345,685 received through fourteen (14) revenue streams and Kshs.5,054,962 from miscellaneous income sources.

The collections were equivalent to 70% of budgeted local revenues for the year amounting to Kshs.250,000,0000 and therefore resulted in shortfalls totalling Kshs.75,654,315 equivalent to 30% of the total budget. The shortfalls were mainly recorded in single business permit, hospital and cess revenue streams.

Further, royalty fees income totaling Kshs.21,075,000 invoiced to contractors was not collected.

Management has not disclosed the actions it is taking to meet local revenue targets. Failure to meet the revenue targets for the year may have hampered the capacity of the County Executive to provide services to the residents of Turkana County.

1.2 Budget Under-Absorption

The budget for the County Executive of Turkana for the year under review totaled Kshs.14,924,810,128 comprised of development vote funds totalling Kshs.5,324,474,997 and recurrent budget of Kshs.9,600,335,131.

Overally, Kshs.10,895,111,393 of the budget was spent during the year which resulted in an absorption rate of 73% and under-absorption of Kshs.3,375,596,658 or 23% of the budget. Management allocated Kshs.4,664,270,625 for acquisition of assets but spent Kshs.983,850,713 only resulting in under-expenditure of Kshs.3,680,419,912. The County Executive therefore, did not utilize 87% of the funds allocated to implementation of projects.

In view of the under-expenditure, most of the projects included in the annual work plan were not implemented. As a result, goods and services due to the residents of the County were not delivered and the development of the County was affected.

No plausible explanation has been provided by Management for the extremely low rate of absorption of development funds. Further, Management has not indicated the actions it has taken to reverse the unsatisfactory performance for the benefit of the residents of Turkana County and the development of the County was adversely affected.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

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.

Basis for Conclusion

1. Stalled Projects

Review of project status reports, indicated that implementation of eight (8) projects shown in the table below had stalled and all works abandoned:

No.	Project Name	Contract Price Kshs.	Payments to Contractors Kshs.
1	Nakalale Ward Administrator’s Office	12,228,947	9,355,144
2	Kanamkemer Ward Administrator’s Office	9,843,272	7,973,109

3	Katilu Ward Administrator's Office	11,732,021	9,502,937
4	Lobokat/Kainuk Ward Administrator's Office	9,991,760	8,542,954
5	Proposed construction of Elelea Bridge	120,533,373	-
6	Proposed Protection Works over Kawalase River	58,603,200	-
7	Proposed Protection Works over Lokichar River	24,847,200	-
8	Kamuge Drift	7,004,399	2,101,320
	Total	**254,784,172**	**Unconfirmed**

Further, records on the projects presented for audit did not disclose the respective contract commencement dates and execution periods. As a result, it was not possible to confirm the timelines set for the projects.

Delay in execution and completion of the projects has denied the residents of Turkana County goods and services planned for their use. Further, costs for completion of the projects could rise in future due to inflationary factors.

2. Non-Compliance with Mandatory Retirement Age

A review of personnel records revealed that Management retained thirty-two (32) officers in service beyond the mandatory retirement age of sixty (60) years. In the year ended June, 2019, the officers earned a consolidated gross salary of Kshs.14,509,694. No plausible explanation has been provided for the retention of staff beyond the mandatory retirement age.

Management is therefore, in breach of the Law.

3. Officers Earning Less than a Third of Basic Salary

Section19(3) of the Employment Act, 2007 provides that the total amount of all monthly deductions made by an employer on an employee's wages shall not exceed two thirds of the net wages after statutory deductions.

However, review of the payroll records, revealed that thirty-two (32) members of staff earned net salaries that were less than a third of their basic pay. The anomaly resulted from Management allowing the staff to effect excessive loan and other deductions of non-statutory nature on their monthly pay.

Management is therefore in breach of the law.

4. Irregular Retention of Seconded Officers

A review of personnel records revealed that an Officer of the Ministry of Environment, Natural Resources and Regional Development Authorities seconded to the County Executive continued at his post even after his three-year contract ended on 31 January, 2019.

Further, the Officer was appointed as Chief Superintending Engineer Electrical J/G “P” in the County Government on 4 December, 2015 for a five (5) year contract term to end 2020. However, before the expiry of the contract term he was paid a service gratuity amounting to Kshs.660,897 and thereafter offered a new appointment as the Director of Public Works J/G “R” for three years starting 25 October, 2018.

In the circumstances, the officer’s stay in his post after the initial contract ended, and the two appointments that followed the expired contract were irregular.

5. Irregular Remuneration of Officers

Examination of personnel records revealed that an officer was appointed as Deputy Director, Alcohol Drinks and Substance Abuse Control on Job J/G “Q”. The starting basic salary stated in the letter of appointment was Kshs.97,320 but payroll records indicated that he was placed on a starting basic salary of Kshs.102,200 resulting to a variance of Kshs.4,880 per month or Kshs.29,280 for the year under review. Similarly, another officer was appointed as Director Social Protection at Job J/G “R” at a basic salary of Kshs.118,290 per month. However, the Officer was paid Kshs.124,210 per month resulting to an overpayment of Kshs.5,920 per month or Kshs.35,520 per year.

In the circumstances, the additional pay granted to the two officers was not valid. Further, the payments suggest internal controls on determination and payment of salaries, wages other personnel emoluments in the County Executive is weak and prone to abuse.

6. Irregular Recruitment of Clerical Officers

Personnel records examined indicated that the County Public Service Board advertised seventy-seven (77) Clerical Officer (Job Group “F”) vacancies but appointed eighty-five (85) officers to the posts. However, Management did not avail the staff establishment to confirm that there were vacancies for the posts advertised and the additional eight appointed.

Failure to observe established staffing levels is likely to cause misuse of resources by diverting the funds to pay for salaries and emoluments instead of public services.

7. Irregular Issue of Imprest

Examination of expenditure records indicated that imprests totalling Kshs.42,680,218 were issued to facilitate training of staff during the year under review. However, the imprests were collected by officers other than those they were issued to, contrary to Regulation 91 and 93 of the Public Finance Management (County Governments) Regulation, 2015.

In the circumstances, the occurrence and propriety of expenditures totalling Kshs.42,680,218 reportedly incurred on training activities during the year ended 30 June, 2019 has not been confirmed.

8. Irregular Supply of Maize

Examination of expenditure records indicated that Kshs.42,000,000 was spent on purchase 12,000 bags of maize at a cost of Kshs.3,500 per 50kg bag. Review of the expert opinion provided to Management and tender evaluation minutes availed for audit revealed that two (2) lowest evaluated bidders quoted Kshs.2,800 per 50kg bag of maize. However, Management chose to buy from a supplier who had quoted Kshs.3,500 per 50kg bag of maize and thereby exceeded the lowest evaluated bidders by Kshs.700 bag. As a result, expenditure on the purchase was Kshs.8,400,000 higher than that offered by the lowest bidders. No adequate reason was provided by Management to explain why the award was made to the highest priced bidder.

In the circumstances, the County Executive did not obtain value for money on the purchase.

9. Irregular Payments to Council of Governors and Frontier Counties Development Council

During the year under review, Management paid Kshs.9,769,538 to the Council of Governors as contributions for meeting the Council's expenses for the first three quarters of the year, and a further Kshs.6,000,000 and Kshs.2,000,000 as support to the Intergovernmental Relations Technical Committee and the 6th Devolution Conference respectively. However, the payments were contrary Section 37 of the Intergovernmental Relations Act, 2012 which provides that expenses of institutions established by the Act shall be met from the budget of the national government.

Similarly, Management supported the activities of the Frontier Counties Development Council (FCDC) with a grant amounting to Kshs.5,350,000. No evidence was presented to show that the payment was included in the annual budget authorized by the County Assembly.

10. Delay in Construction of Stadium

During the year under review, Management paid Kshs.6,566,580 to a contractor appointed to build a sports stadium at a contract cost of Kshs.39,997,937. The records availed for audit indicated that the contract was entered into on 19 April, 2016 but was terminated on 15 January, 2019 with works valued at Kshs.18,565,901 or approximately 46% of the contract value done. The termination followed a reported change of the master plan for the stadium. The value of works reported to have been completed included payments totalling Kshs.300,000 and Kshs.4,400,000 for preliminaries and provisional sums respectively. These were, however, not supported with documented evidence. At the time of the cessation, the project was behind schedule but no liquidated damages had been recovered or demanded from the contractor.

In view of the delay, the objective of the project has not been achieved and no value has been obtained by the residents of Turkana County on the expenditure totalling Kshs.18,565,901 incurred thereof. Further, Management has not explained when works under the new designs and master plan will commence and be completed.

11. Purchase of Unauthorized Vehicles

Further, Management spent Kshs.37,247,726 on purchase of three (3) vehicles. However, there was no record that the procurement was made from the approved County Executive budget for the year. In addition, the vehicles had engine capacity ratings of 4,164cc which is above the threshold of 2000cc for saloon cars and 2900cc for four-wheel-drive (4WD) utility vehicles set in Section 137(3) of the Public Finance Management (County Governments) Regulations, 2015.

No adequate explanations have been provided by Management for these anomalies.

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 Public Resources and Basis for Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Lack of Risk Management Policy

There was no indication that Management had a Risk Management Policy in place, as required by Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015. The Regulation requires every Accounting Officer of a County Government entity to develop risk management strategies and a system of risk management that supports robust business operations.

Consequently, I am unable to confirm that Management has the capacity to respond appropriately to emerging risks and unfavorable events that may impact on the operations of the County Executive.

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

Responsibilities of Management and those charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International 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 continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of 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 judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County 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 business 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
<u>AUDITOR-GENERAL</u>

Nairobi

25 January, 2021