

REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF WEST POKOT FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Executive of West Pokot set out on pages 16 to 63, which comprise the statement of assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and 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 County Executive of West Pokot as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Transfers from National Treasury

The statement of receipts and payments for the year ended 30 June 2018 reflects transfers from National Treasury figure of Kshs.4,741,400,000 which is at variance with the figure of Kshs.4,473,082,388 as indicated in the report of the Controller of Budget for the same period resulting into an unexplained or unreconciled difference of Kshs.268,317,612.

Consequently, the accuracy and completeness of the transfer from National Treasury figure of Kshs.4,741,400,000 for the year ended 30 June 2018 could not be confirmed.

2.0 Fixed Assets

The summary of fixed assets register attached as an annexure 5 to the financial statements reflects total fixed assets balance of Kshs.5,232,315,953 out of which a balance of Kshs.703,758,001 is in respect of assets acquired during the year under review, however total assets acquired were Kshs.1,148,492,752 resulting into unexplained difference of 444,734,750. Further, the total fixed assets balance of Kshs.5,232,315,953 does not include the values of the fixed assets inherited from the defunct local authorities in the County which were handed over to the County Government. In addition, the balances in the annex on fixed assets was not supported by fixed assets register contrary to Section 136(1) of Public Finance Management

Regulations, 2015 which requires each accounting officer to maintain a register of all assets under his control.

Further, the summary of the fixed assets included as annexure does not conform to the reporting format prescribed by the Public Sector Accounting Standards Board (PSASB) through circular reference No.AG4/16/1/VOL.IV/76 of 13 July 2017. The circular requires that the balances as at the end of the year is the cumulative cost of all assets bought and inherited by the County Government and additions during the year should tie with the acquisition of assets balance in the statement of receipts and payments.

Consequently, the accuracy and completeness of the fixed assets of the County Executive presented in these financial statements as at 30 June 2018 could not be confirmed.

3.0 Cash and Bank Balances

3.1 Unsupported Cash Withdrawals

Included in the total payments figure of Kshs.4,879,303,237 reflected in the statement of receipts and payments for the year ended 30 June 2018 is an amount of Kshs.112,500,000 withdrawn from various commercial bank accounts as cash for office use and cash for operations in the month of July 2017 as summarized below;

	Department	Account No.	Chq. No.	Date	Amount (Kshs)
1	Trade , Industry and Technology	1144890845	103	06 July 2017	700,000
2	Agriculture & Irrigation	1144889855	107	04 July 2017	1,500,000
		1144889855	108	11 July 2017	10,000,000
		1144889855	106	08 July 2017	800,000
3	Health and Sanitation	1144889340	180	15 July 2017	1,500,000
		1144889340	181	23 July 2017	7,000,000
4	Roads, Works	1144889057	321	08 July 2017	3,500,000
		1144889057	322	09 July 2017	2,000,000
		1144889057	323	16 July 2017	2,000,000
5	Finance and Economic Planning	1144891515	241	30 July 2017	1,500,000
		1144891515	242	04 July 2017	2,000,000
		1144891515	243	05 July 2017	13,000,000
		1144891515	244	07 July 2017	10,000,000
6	Lands, Physical planning	1144891140	179	20 July 2017	10,000,000
7	Education and ICT	1144889782	96	12 July 2017	10,000,000
8	Operating Transport	1140770845	2880	10 July 2017	10,000,000
		1140770845	2891	24 July 2017	15,500,000

		1140770845	2895	26 July 2017	500,000
		1140770845		26 July 2017	1,000,000
9	Tourism, Culture	1144891345	103	18 July 2017	10,000,000
	Total				112,500,000

However, documents in support of these payments were not provided for audit verification.

In consequence, the accuracy, completeness and propriety of Kshs.112,500,000 cash withdrawal included in the total payments figure of Kshs.4,879,303,237 for the year ended 30 June 2018 could not be confirmed.

4. Pending Bills

During the year ended 30 June 2018, the County Executive of West Pokot accrued pending bills amounting to Kshs.1,287,634,704 which were not paid but were instead carried forward to 2018/2019. Had these bills been paid and charged to the accounts for 2017/2018, the statement of receipts and payments for the year ended 30 June 2018 would have reflected a deficit of Kshs.954,880,970 instead of a surplus of Kshs.332,753,734 now shown. Further, Note 3 on Other pending staff payables indicates unsupported staff allowances of Kshs.42,344,659.

Non-payment of bills during the year in which they are incurred is an indication of non-compliance with the budget and negatively affects the programs and activities of the ensuing year to which the bills have to be charged.

Further, invoices, local purchase orders, delivery notes, certificates of completion, inspection and acceptance reports in support of the pending bills balance of Kshs.1,287,634,704 were not provided for audit review.

In view of the foregoing, the accuracy, completeness, validity, legality and propriety of the pending bills of Kshs.1,329,979,363 as at 30 June 2018 could not be ascertained

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of County Executive of West Pokot in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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. Except for the matter(s) described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

1.0 Other Revenues

1.1 Local Revenue Collections

The statement of receipts and payments reflects receipts of Kshs.88,743,201 in respect of other revenues (Local Revenue) for year ending 30 June 2018. According to the approved budget for the year 2017/2018, an estimated amount of Kshs.111,250,000 was expected to be collected from approved local revenue sources. The actual collections for the year was 79.8% of local revenue budget projections resulting in under collection of Kshs.22,506,799 (20.2%) . The County Treasury has not indicated the strategies it intends to formulate and implement to enhance own source revenue collection. The continued under collection of local revenues affects negatively the execution of planned programs and activities and therefore result in poor or non-delivery of services to the residents of West Pokot County.

2.0 Budgetary Control and Performance

2.1 Budget Absorption

During the year under review, County Executive of West Pokot had a total budget of Kshs.5,649,110,171 comprising development budget of Kshs.1,718,854,294 and recurrent budget of Kshs.3,930,255,876. Further, the total budget reflected overall under absorption of Kshs.769,806,933 or 14 % as summarized below:

Item	Approved Budget for 2017/2018 Kshs.	Actual Expenditure for 2017/2018 Kshs.	Under Absorption Kshs.	Under Absorption (%)
Development Vote	1,718,854,294	1,148,492,752	570,361,542	33
Recurrent Vote	3,930,255,876	3,730,810,485	199,445,391	5
Total	5,649,110,170	4,879,303,237	769,806,933	14

The under absorption of approved budget is an indication that activities and projects in the annual work plan not implemented by the County Executive which is likely to have negative effect on goods and service delivery to the residents of the West Pokot County. Further, the County Executive had a revenue budget of Kshs.5,649,110,170 for the year under review and managed to collect a total Kshs.5,510,476,999 resulting in under-collection of Kshs.138,633,171 or 2.5%. Under collection of revenue impacts negatively on expenditure budget leading to non-delivery or delivery of poor quality services and goods to the residents of the County. It is also a pointer to ineffective or inadequate revenue collection controls by management.

2.2 Development Budget

During the year under review, County Executive of West Pokot allocated Kshs.1,718,854,294 for development projects and spent Kshs.1,148,492,752, resulting in under expenditure of Kshs.570,361,542 or 33.5% of budget. The under expenditure was mainly on the following items:

Development Item	Budget Kshs.	Actual Expenditure as Per Financial Statements Kshs.	Under Absorption Kshs.	Over Absorption Kshs.
Construction of Buildings	766,552,966	465,227,533	301,325,433	
Refurbishment of Buildings	9,486,183	3,238,830	6,247,353	
Construction of Roads	389,237,909	296,022,011	93,215,898	
Construction and Civil Works	242,996,371	180,913,857	62,082,514	
Purchase of Vehicles and Other Transport Equipment	62,752,400	60,752,400	2,000,000	
Purchase of Office Furniture and General Equipment	21,250,000	6,394,400	14,855,600	
Purchase of ICT Equipment	6,123,790		6,123,790	
Purchase of Specialized Plant, Equipment and Machinery	21,012,954	12,985,620	8,027,334	
Rehabilitation and Renovation of Plant, Machinery and Equip.	74,153,931	39,157,500	34,996,431	
Purchase of Certified Seeds, Breeding Stock and Live Animals	74,687,791	80,774,300		(6,086,509)
Research, Studies, Project Preparation, Design & Supervision	6,500,000	3,026,300	3,473,700	
Rehabilitation of Civil Works	40,000,000		40,000,000	
Acquisition of Land	4,100,000		4,100,000	
Total	1,718,854,294	1,148,492,752	570,361,542	(6,086,509)

From the above table, it is clear that the County executive did not utilize Kshs.570,361,542 (33.5%) of the funds allocated for construction of buildings, roads, civil works and rehabilitation of civil works, which means the County Executive did not implement or complete some projects as planned, and hence the intended objectives may not have been achieved.

3.3 Recurrent Budget

During the year under review, County Executive of West Pokot allocated Kshs.3,930,255,877 for recurrent expenditure but spent a total of Kshs.3,730,810,485 resulting in net under expenditure of Kshs.199,445,390 or 5%.

A review of the budget estimates for the period 2017/2018, indicated that routine maintenance of motor vehicles was overspent by Kshs.48,872,423. The management has not provided satisfactory explanation for excess expenditure and the failure to utilize all approved budgetary provisions. Underutilization of budget results in non-implementation of planned development projects negatively affecting service delivery to the public.

3.4 Projects Budgeted but not Implemented

Records availed for audit review indicated that the following five projects were allocated a total of Kshs.57,962,653 during the year under review. However, the implementation of projects had not started as at 30 June 2018:

	Project	Amount Budgeted (Kshs)
1	Construction of Governor's residence	8,526,082
2	Completion of Ward Offices	10,134,103
3	Refurbishment and Renovation of Toilets at Kapenguria County Referral Hospital	22,000,000
4	Construction of Isolation Ward	6,000,000
5	Construction Of Mortuary At Kacheliba Sub-County Hospital	11,302,467
	Total	57,962,653

The management has not provided explanation for not starting projects for which they were budgeted for during the year under review. Failure to implement the projects every year to completion means that the purpose for which these projects were intended will not be achieved.

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 matter(s) described in the Basis for [Conclusion on Lawfulness and Effectiveness in Use of Public Resources/ Qualified Opinion] section 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

1.0 Road Maintenance Levy Fund (RMLF)

Note 3 to the financial statements reflects Ministry of State Department of Infrastructure- Fuel Levy of Kshs.183,793,165 being conditional grants from the Kenya Roads Board (KRB) towards maintenance of county roads. This was subsequently included in the County Government budget under the department of roads as a lump sum and was not broken down into individual road projects.

According to Treasury letter Ref.AG/CON.1/022/Vol.13/101 dated August 2015 to Principal Secretary, Ministry of Transport and Infrastructure and copied to all governors and County Executive Members (CECs) for Finance, the recipients of the grant were required to prepare work plans for the roads to be implemented by the grant for approval by the County Executive Committee and be submitted to Kenya Roads Board to ensure that there is no duplication/overlap with the roads to be maintained by the national government. However, there was no approval of the work plan by the County Executive Committee approving the same for submission to the Kenya Roads Board as per National Treasury directive.

Consequently, the County Executive was in breach of the law and it risks spending conditional grants on purposes other than what they were intended and therefore the propriety of the grants amounting to Kshs.183,793,165 for the year ended 30 June 2018 could not be confirmed.

2.0 Use of Goods and Services

2.1 Failure to Form a Training Committee

Included in the use of goods and services of Kshs.868,419,038 is training expenses of Kshs.32,503,708.00 as reflected in note 12 to the financial statements for the year ended 30 June 2018. However, a review of the payment vouchers and other records availed during the audit exercise revealed that the County Executive had not formed a departmental training committee contrary to the requirements of County Human Resources manual of 2013. Further training projections for each department were not availed for review.

Consequently, the county executive management has contravened the regulations on training.

2.2 Unsupported Payments to Council of Governors

Included in the use of goods and services balance of Kshs.868,419,038 disclosed in the statement of receipts and payments for the year ended 30 June 2018 is expenditure on other operating expenses figure of Kshs.36,485,504, which include Kshs.2,000,000 paid to council of Governors on 6 April 2018. However, the payments were made contrary to Section 37 of the Inter-Governmental Relations Act,2012 which requires that the operational expenses of Council of Governors should be provided for in the annual estimates of the revenue expenditure of the National government. Hence, the county executive management is in contravention of the law.

3.0 Other Operating Expenses

3.1 Tax arrears

Included in the use of goods and services figure balance of Kshs.868,419,038 in note 12 to the financial statement for the year ended 30 June 2018 is operating expenses figure of Kshs.36,485,504 which include amount of Kshs.17,000,000 paid on 9 December 2017 vide payment voucher number 604 for the tax arrears for the period April 2013 to June 2016. Available records shows that the entity has not paid tax arrears of Kshs.39,038,180 as shown below;

Item	Amount (Kshs)
Withholding tax (IT)	3,288,229.00
Withholding tax (VAT)	877,712.00
Payee	34,872,247.00
Total	39,038,188.00
Payment during the year	17,000,000.00
Balance	22,038,188.00

However, management has not provided the breakdown of payments showing the individuals affected, amount due and the penalties. Further it has not explained the cause of late remittances of these deductions.

Consequently, the management is in contravention of the tax laws and regulations.

4.0 Acquisition of Assets

4.1 Supply and Implementation of Enterprise Resource Planning (ERP) System

As previously reported, an expenditure of Kshs.4,800,000 was incurred on the acquisition of ERP system. The contract was awarded to a consultancy firm at a contract sum of Kshs.16,000,000 on 21 January 2016. The contract entailed installation of five modules, that is, fleet management, Human Resource, Assets Register, Project information and Payroll. However, some of the modules amount to duplication since there are currently systems serving the same function for example, Government Human Resource Information System (GHRIS) for Human Resource records, IPPD for payroll processing.

A further review of the procurement documents indicated that the firm was single sourced contrary to the Procurement law.

Further information revealed that only the Human Resource module of the system had been implemented and was 80% complete but has not been put into use as User Acceptance Training (UAT) has not been done.

Consequently, the management is in breach of the law and no value for money has been so far obtained on the expenditure of Kshs.4,800,000 for the year ended 30 June 2018 since the modules were not functional.

4.2 Construction of Roads

Included in the acquisition of assets figure of Kshs.1,148,492,752 is construction of roads balance of Kshs.296,022,011 which include an expenditure of Kshs.34,168,000 paid to M/s Mechanical Transport Fund (MTF) for construction of various roads. M/s Mechanical Transport Fund (MTF) was paid an amount of Kshs.34,168,000. The equipment hire was for dry rate which was depended on the capacity of the machine. The details are summarized below:

Date	PV. No	Payee	Details	Amount (KShs)
31-May-18	PV NO 987	Mechanical and Transport fund	Land grading services	14,764,000.00
22-Feb-18	PV NO 4217	Mechanical and Transport fund	Hire of machines	8,674,000.00
31-May-18	PV NO 8819	Mechanical and Transport fund	Hire of dozer excavator	10,730,000.00
		Total		34,168,000.00

However, management has not provided the registration numbers and log books of the hired equipment to ascertain the ownership and capacity of the machines hired. Further the daily machine utilization sheets used to record the number of machine hours worked which was the basis for payments made did not indicate the number of kilometres of roads done.

Consequently, the propriety of the expenditure of Kshs.34,168,000 paid in respect to road construction for the year ended 30 June 2018 could not be confirmed.

4.3 Supply, Delivery and Commissioning of a Fire Fighting Machine

As previously reported, the tender for supply, delivery and commissioning of a fire fighting machine was awarded to a Trading Company Ltd at a contract sum of Kshs.69,000,000 on 21 September 2016. An amount of Kshs.13,800,000 was paid on 3 July 2017. An additional amount of Kshs.55,200,000 was paid vide voucher No.96 during the financial year resulting in total payments of Kshs.69,000,000.

Further, the firm was paid a down payment of Kshs.13,800,000 although there was no provision in the contract agreement for an advance payment. This was done through a recommendation by the County Mechanical Engineer on pre- delivery inspection report dated 25 May 2016 which stated that the supplier is entitled to 20% down payment to facilitate logistics and registration. Even though an advance payment security letter for Kshs.13,797,884 from Credit Bank dated 6 July 2017 was provided, no requisition for this advance payment was made by the company.

Consequently, the propriety of the expenditure of Kshs.69,000,000 on the acquisition of the fire fighting machine for the year ended 30 June 2018 could not be confirmed.

4.4 Construction of Keringet Agricultural Training College

As reported in the previous year, included in the acquisition of assets figure of Kshs.1,148,492,752 for the year ended 30 June 2018 as disclosed in note 17 to the financial statements is construction of civil works figure of Kshs.175,713,857. The figure of Kshs.175,713,857 includes Kshs.14,678,814 paid to a construction company during the year under review for construction of an agricultural training college at Keringet bringing total payments so far made for this project to Kshs.303,766,419. The company was awarded the initial contract to build a twin three storey building, kitchen and social hall on 25 May 2015 at a contract sum of Kshs.233,609,318 and the total contract sum had been paid as at 30 June 2016. The contract for phase two(II) was awarded to the same company at a contract sum of Kshs.117,649,471 in August 2016 and an amount of Kshs.55,478,287 was paid in the financial year 2016/2017. In total the firm was paid Kshs.303,766,419. However, no evidence was provided to indicate that the contract was subjected to competitive bidding as required by Section 91 of the Public Procurement and Asset Disposal Act, 2015.

Further, the bills of quantities and drawings to support the additional works in phase two of the contract were not provided for audit verification. In addition, interim certificates in support of the payments were not provided for audit review.

Consequently, the propriety of the expenditure of Kshs.117,649,471 for the year ended 30 June 2018 could not be confirmed.

5.0 Management Equipment Services(MES)

The National Government leased medical equipment to the County Executive of West Pokot in the year 2015 under the Management Equipment Services (MES) agreement. According to the agreement, the County Executive was to contribute an amount of Kshs.95,744,681 annually as lease rentals for the machines. The amount was to be deducted directly by the National Treasury from the equitable revenue share of the County. As at 30 June 2018 a total of Kshs.287,234,043 had been deducted for the three financial years. However, a copy of the lease agreement was not availed for audit review and to confirm terms of the lease.

A physical verification of the machines at Kapenguria Referral Hospital in November 2018, confirmed that the renal machine was installed in the year 2015 but it has never

been used. The management has not provided explanations in regard to non-functioning of the machine. Further, the Digital X- ray unit- Brivo DRF was installed but it could not function due to lack of power connection. Similarly, HCIT Equipment was delivered but not yet installed and the CT Scan is yet to be delivered.

In the circumstances, the county executive did not obtain value for money on the leased rental contributions of Kshs.287,234,043.

6.0 Stalled Projects

A physical verification of projects in November 2018 confirmed that projects started in the financial year 2016/2017 and earlier had stalled since there was no budgetary allocation to the projects in the financial year 2017/2018. The details are **Appendix I**.

In the circumstances, there was no value for money obtained from the expenditure of Kshs.215,895,172 on the projects.

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 INTERNAL CONTROLS EFFECTIVENESS, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. 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 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 governance.

In preparing the financial statements, management is responsible for assessing the County Executive of West Pokot ability to continue as a going concern/ sustain services, disclosing, as applicable, matters related to sustainability of services and using the alternative basis of accounting unless the County either intends to liquidate the County Executive of West Pokot or to cease operations, or have no realistic alternative but to do so.

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion 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 County Executive of West Pokot policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County Executive of West Pokot ability to continue as a going concern or 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 of West Pokot to cease to continue as a going concern or 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 of West Pokot to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



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

Nairobi

22 January 2019

Appendix I: Details of Stalled Projects

Financial Year	Ministry/ Department	Project Description	Contractor	Project Tender Sum Kshs.	Total Payments Kshs.	Balance Kshs.
2016/2017	Administration	Construction Of Lomut Ward Office	Sirmach Holdings Limited	3,863,150.20	1,766,515.28	2,096,634.92
2014/2015	Administration	Construction Of Kodich Ward Office	Kodomeri Company Ltd	3,745,644.00	2,434,410.80	1,311,233.20
2014/2015	Administration	Construction Of Masol Ward Office	Simbol Construction Company	3,763,150.20	2,773,656.40	989,493.80
2014/2015	Administration	Construction Of Sub County Office at Makutano	Ipeet Freight	64,048,936	38,529,945.37	25,518,990.63
2015/2016	Administration	Construction Of Governors Residence	Wimex Commodities Ltd	113,008,580.00	55,683,454.88	57,325,125.12
2014-2015	Education/TT	Proposed Construction of A Dormitory Block For Chesta TTC	M/S Cecil Engineering Ltd Box 528 Kapenguria.	37,400,536.60	30,158,895.03	7,241,641.57
2014-2015	Education/TT	Proposed Erection & Completion of Multi-Purpose Hall& Kitchen for ECD Training College at Kapenguria.	Fanstanc Agencies P O Box 103156	41,727,079.20	41,727,079.20	-
2014-2015	Education/TT	Proposed Construction Of ECD Classroom & a pit latrine at Warar in	M/S Kamkelo Co. Ltd P O Box 44 Kapenguria.	1,992,547.08	1,547,745.00	444,802.08

		Endough Ward.				
2015/2016	Finance	Proposed Construction of Administration Block for Masol Integrated Project	Chepkosir Enterprises Ltd	77655140	6,654,625.00	71,000,515.00
2015/2016	Finance	Proposed Construction Of Classroom Block For Masol Intergrated Project	Cecil Engineering Ltd	11,996,950.00	10,421,400.00	1,575,550.00
2014-2015	Tourism	Construction of High Altitude Training Camp and Hostels at Kaptabuk	Dawn Logistics Ltd	29,272,440	24,197,445.80	5,074,994.20
		Total		388,474,153.28	215,895,172.76	172,578,980.52