

# **REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF EMBU FOR THE YEAR ENDED 30 JUNE, 2020**

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## **REPORT ON THE FINANCIAL STATEMENTS**

### **Qualified Opinion**

I have audited the accompanying financial statements of County Executive of Embu set out on pages 1 to 48, which comprise the statement of assets and liabilities as at 30 June, 2020, 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 the County Executive of Embu as at 30 June, 2020, 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 the Public Finance Management Act, 2012 and the County Governments Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Presentation of the Financial Statements**

The financial statements contain the following misrepresentations:

- i) Annexures 2,3 and 4 reflect pending accounts payables, pending staff payables and other pending payables respectively. However, no data or information is presented in the annexures.
- ii) Annex 6 to the financial statements reflects inter-entity transfers balance totalling Kshs.1,071,140,097. However, contrary to the reporting requirement set by the Public Sector Accounting Standards Board (PSASB), the transfers that comprise the balance have not been authenticated with the signatures of the respective Directors of Finance.
- iii) The significant accounting policies at Pages 13,14 and 18 to the financial statements do not reflect information relevant to the County Executive.

In the circumstances, the financial statements are not prepared in accordance with reporting format prescribed by the PSASB.

#### **1.1 Presentation of the County Revenue Fund**

The statement of assets and liabilities as at 30 June, 2020 reflects a negative returned County Revenue Fund (CRF) issues balance totalling Kshs.374,271,720. Management explained that the balance denoted the unspent allocation for the previous year returned

to the County Revenue Fund (CRF). However, the CRF bank statement indicated that the funds were still in the books of the County Executive as at 30 June, 2020. Having been included in the fund balance brought forward totalling Kshs.462,584,550, the balance should instead have been reflected in the statement of appropriation for re-budgeting in the year under review.

In the circumstance, reflection of the unspent balance totalling Kshs.374,271,720 in the statement of assets and liabilities as at 30 June, 2020 is erroneous. As a result of its inclusion, the fund balance carried forward totalling Kshs.516,374,957 is not fairly stated.

## **2. Unconfirmed Balances**

Records and confirmations on several items of expenditure included in some of the balances reflected in the financial statements were not provided for audit review:

### **2.1 Own-generated Revenue**

The statement of receipts and payments reflects County Own generated receipts totaling Kshs.509,692,159 as further disclosed in Note 9 to the financial statements. Examination of County-own revenue records indicated revenue totalling Kshs.220,614,024 was collected from Embu Level-5 Hospital in the year under review. The electronic revenue collection system at the Hospital indicated that cash receipts were collected through an Mpesa Paybill account and directly transferred into the Hospital's revenue account in a commercial bank in Embu Town. However, comparison of the cashier's report summary drawn from the system and the bank's daily summaries revealed unreconciled variances totalling Kshs.1,064,707 in the year under review.

No satisfactory explanation was provided by Management for the variances.

In view of the discrepancy the Own-generated revenue totalling Kshs.509,692,159 reflected in the statement of receipts and payments may not be fairly stated.

### **2.2 Compensation of Staff**

The statement of receipts and payments reflects compensation of employees payments totalling Kshs.2,725,295,192, as further disclosed in Note 11 to the financial statements.

Examination of records on the expenditure indicated that out of this balance, wages totalling Kshs.87,736,569 were paid through a manual payroll system with the remainder paid through the Integrated Payroll and Personnel and Database (IPPD) System prescribed by the National Treasury. However, the manual payroll for the Department of Health for the period between 1 July, 2019 to 31 December, 2019 was not provided for audit review and as a result, the amounts paid through the payroll could not be confirmed.

In addition to being irregular, the manual payroll was prone to errors and other forms of misstatement. Management explained the use of the payroll as having been caused by various factors including delays in processing personal numbers for the newly recruited employees, payment to former defunct local authority casual laborers and dues paid to next of kin upon death of members of staff.

In the circumstance, the accuracy, completeness and validity of personnel emoluments totalling Kshs.87,736,569 paid through the manual payroll in the year under review, and the aggregated compensation of employees balance totalling Kshs.2,725,295,192 could not be confirmed.

### **2.3 Use of Goods and Services**

The statement of receipts and payments reflects payments for use of goods and services payments totalling Kshs.703,425,448 as further disclosed in Note 12 to the financial statements. The balance includes Kshs.318,597,981 spent on procurement of specialized materials and services and which in turn includes Kshs.17,000,000 paid for supply and installation of a medical oxygen generating plant and related accessories at Embu Level 5 Hospital.

The original contract document signed on 26 June, 2019 did not indicate the date when the plant would be supplied. However, an addendum to the contract set the implementation period at twelve (12) months from the date of signing of the contract. At the time of audit verification in October, 2020, the plant had not been delivered for installation. Seventeen (17) months had lapsed since the contract was signed and a down payment of Kshs.17,000,000 made to the contractor.

In the circumstance, the propriety of the contract and the expenditure totalling Kshs.17,000,000 incurred on the project as at 30 June, 2020 could not be confirmed. Further, the services that the plant was expected to provide to the residents of Embu County in wake of the Covid-19 pandemic were not realized.

### **2.4 Fixed Assets**

Annex 5 to the financial statements reflects historical cost of various assets totalling Kshs.10,072,992,931 out of which assets valued at Kshs.799,514,092 were additions made in the year under review. However, the additions were not reflected in the fixed assets register provided for audit review.

Further, contrary to the requirements of Regulation 136(2) of the Public Finance Management (County Governments) Regulations, 2015, the County Executive did not maintain a register of lands and buildings with information on the values of the assets and the terms under which these were held by the County Executive.

In view of these issues, the accuracy, security, completeness, and valuation of the fixed assets reflected in the financial statements as at 30 June, 2020 at a historical costs totalling Kshs.10,072,992,931 could not be confirmed.

### **2.5 Pending Bills**

Note 7.9(1) of the other important disclosures reflects pending bills totalling Kshs.1,715,720,189 as at 30 June, 2020 under two items namely pending payables (Kshs.1,459,154,140) and pending staff payables(Kshs.256,566,049). The balance was

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comprised of amounts brought forward from the previous year totalling Kshs.1,101,641,918 and bills incurred in the year totalling Kshs.901,391,723 less payments totalling Kshs.543,879,501. However, detailed creditors' ledgers showing the movement of individual creditors' accounts including the dates the bills were incurred, their respective due dates and payments made were not provided for audit review.

Further, supporting documents, including analyses for staff payables totalling Kshs.256,566,049, were not provided for audit review.

In view of insufficient information, the validity, accuracy and completeness of the aggregate pending bills totaling Kshs.1,715,720,189 as at 30 June 2020 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of County Executive of Embu 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 communicate in my report.

### Other Matter

#### 1. Budgetary Control and Performance

##### 1.1 Revenue

The summary statement of appropriation - recurrent and development combined reflects a final receipts budget totalling Kshs.6,780,224,342 and actual receipts totalling Kshs.5,828,962,441 resulting to a revenue shortfall of Kshs.951,261,901 which was recorded against Exchequer Releases and County own-generated receipts as shown in the following table:

		<b>Final Budget (Kshs.)</b>	<b>Actual (Kshs.)</b>	<b>Under (Kshs.)</b>	<b>(%) of Actual Over Budget</b>
1.	Exchequer Releases	5,233,340,451	4,692,386,391	540,954,060	87%
2.	Proceeds from Domestic and Foreign Grant	1,376,921	1,376,921	0	100%
3.	Transfer from Other Government Entities	251,235,250	251,235,250	0	100%

4.	County Own-Generated Receipts	920,000,000	509,692,159	410,307,841	65%
5.	Return Issues to CRF	374,271,720	374,271,720	0	100%
	<b>Total</b>	<b>6,780,224,342</b>	<b>5,828,962,441</b>	<b>951,261,901</b>	<b>86%</b>

## 1.2 Expenditure

The summary statement of appropriation - recurrent and development combined reflects final expenditure budget of Kshs.6,780,224,342 and actual expenditure totalling Kshs.5,400,900,314 resulting to a net under-expenditure of Kshs.1,379,324,028 as shown in the table below:

	Item	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Over (Kshs.)	Under (Kshs.)	Ratio (%) of Actual Over Budget
1	Compensation of Employees	2,665,598,785	2,725,295,192	59,696,407		102
2	Use of Goods and Services	981,680,869	703,425,448	-	278,255,421	72
3	Other Grants and Transfers	127,930,684	101,525,485	-	26,405,199	79
4	Transfer to Other Government Entities	1,504,859,234	1,071,140,097	-	433,719,137	71
5	Acquisition of Assets	1,500,154,770	799,514,092	-	700,640,678	53
	<b>Total</b>	<b>6,780,224,342</b>	<b>5,400,900,314</b>	<b>59,696,407</b>	<b>1,439,020,435</b>	<b>80</b>

The net under-expenditure totalling Kshs.1,439,020,435 implied that goods and services of equivalent value budgeted for use in the year under review were not procured.

Further, no records were provided by Management to confirm whether the over-expenditure totalling Kshs.59,696,407 incurred on compensation of employees was approved through supplementary estimates as required by Regulation 43(2) of the Public Finance Management (County Governments) Regulations, 2015.

In the circumstance, Management was in breach of the law.

In view of the revenue shortfall and under-expenditure, some of the goods and services budgeted for were not procured for use in delivering services to the residents of Embu County. As a result, the expectations of the residents of Embu County on the budget may not have been realized.

## 2. Delayed Exchequer Releases

Further, the revenue records indicated that out of Exchequer releases totalling Kshs.4,692,386,391 received by the County Executive in the year under review, Kshs.629,035,726 or 13% were received in the last thirty (30) days of the financial year between 1 June, 2020 and 30 June, 2020. As a result, Management did not have sufficient time to utilize the funds.

### **3. Project Implementation Status Report**

The Project Implementation Status (PIS) provided for audit review indicated that 563 projects in various departments budgeted to cost Kshs.1,771,156,090 in aggregate were approved for implementation in the year under review, as shown in **Appendix I** to this report.

Five hundred and fifty-two (552) of the projects valued at Kshs.1,515,528,130 were completed at a cost of Kshs.966,745,898 whereas ten (10) projects costed at Kshs.245,627,960 were ongoing and one (1) project for Kshs.10,000,000 was yet to start as at 30 June, 2020 as shown in **Appendix II**. Therefore, the services expected from projects worth Kshs.255,627,960 that were not completed or started were not received by the County's residents.

### **4. Prior Year Issues**

The audit report for the previous year highlighted several issues in respect of the financial statements, lawfulness and effectiveness in use of public resources, and effectiveness of internal control and governance. Management's report on progress made in resolving the issues, at Note 9 of other important disclosures indicates that issues relating to the financial statements had not been resolved as at 30 June, 2020. The report does not provide any information on the other issues highlighted in the report.

The actual status on all the matters shall be confirmed after they are deliberated upon by the Legislature.

## **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 Conclusion on Lawfulness and Effectiveness in Use of Public Resources 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 of Conclusion**

#### **1. Unsatisfactory Management of Revenue Collection Activities**

Examination of revenue collection records and the revenue management system applied by the County Executive disclosed the following unsatisfactory issues:

##### **1.1 Multiplicity of Revenue Collection Systems**

Review of revenue management indicated that Management applies at least three different systems to record and account for revenues. These include the E-Revenue

system, Medical Business and Office System Solutions (MEDBOSS) and a manual system.

However, as reported previously, Management did not provide a satisfactory explanation why it chose to buy the E-Revenue system at a cost of Kshs.18,092,530 in 2015/2016 financial year and the Jambo Pay system at a cost of Kshs.79,905,162 in the financial year 2017/2018. In addition the systems are not synchronized to work together for efficient and effective management of revenue budgets and receipts.

In the circumstance, value for money may not have been obtained on the expenditure totalling Kshs.97,997,692 incurred in purchase of the two systems.

## **1.2 Failure to Collect Outstanding Land Rates**

As similarly reported in previous years, records on revenue returns as at 30 June, 2020 reflected uncollected land rates totalling Kshs.306,098,118 or 60% of the County Executive's own-generated revenue collected in the year under review. There were no records or other evidence indicating that Management had initiated additional measures to collect the outstanding amounts. Therefore, the system applied in managing land rates in the County may not be effective.

## **2. Irregularities in Staff Management**

Personnel expenditure and staffing records examined disclosed the following irregularities:

### **2.1 High Wage Bill**

The statement of receipts and payments reflects revenue totalling Kshs.5,828,962,441 and compensation of employees payments totalling Kshs.2,725,295,192. The compensation of employees costs constituted forty-seven (47%) of the total receipts of the County Executive for the year under review contrary to Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015. The Regulation provides that the costs should not exceed 35% of the County Government's total revenue.

Further, as highlighted elsewhere in this report, unauthorized over-expenditure totalling Kshs.59,696,407 was incurred on compensation of employees in the year under review.

In the circumstance, Management breached the law on control of wages and salaries expenditure. In addition, excessive use of budgetary resources in payment of personnel emoluments constrains funding for service delivery and development projects that would benefit the majority of County residents.

### **2.2 Recruitment of Unqualified Staff**

Examination of personnel records indicated that several members of staff did not possess the job qualifications prescribed in advertisements made by the County Public Service Board. Examination of payment records indicated the unqualified staff were paid salaries and wages totalling Kshs.7,511,771 in the year under review.

In the circumstance, Management contravened Public Service employment regulations and further, value for money may not have been obtained from Kshs.7,511,771 spent on the wages and salaries.

### **2.3 Excessive Salary Deductions**

Examination of the payroll for the month of July 2019 revealed that net salary payments for twenty-seven(27) employees were below the one-third statutory minimum stipulated in Section 19(3) of the Employment Act No.11 of 2007. The law provides that deductions made by an employer from the wages of an employee at any one time shall not exceed two-thirds of such wages.

In the circumstance, Management acted contrary to the law and also put the officers at the risk of pecuniary embarrassment.

### **3. Irregular Procurement of Group Medical Insurance for County Executives**

Expenditure records indicated that Kshs.11,666,752 was spent on insurance costs that included Kshs.10,553,811 cover for the County Executive officers. Examination of the respective tender document indicated that Clause 4.1.12 required the tenderers to provide recommendations from a specific list of hospitals. This was contrary to Section 60(4) of the Public Procurement and Assets Disposal Act, 2015 which states that the technical requirements shall not refer to a particular trademark, name, patent, design, type, producer or service provider or to a specific origin unless there is no other sufficiently precise or intelligible way of describing the requirements.

In the circumstance, Management breached the law and further, value for money may not have been obtained from the payments totalling Kshs.10,553,811 made for the medical cover.

### **4. Irregular Expenditure on County Assembly**

Note 22 to the financial statements reflects accounts receivables- outstanding imprests totalling Kshs.19,700,702 which include Kshs.3,381,500 paid to an officer in the County. The Officer reportedly used Kshs.2,735,600 of the imprest to pay staff and Members of the County Assembly (MCA) selected to finalize the Assembly's second Supplementary Budget for the 2018/2019 financial year. Management did not explain why the costs for facilitating the MCAs and staff of the County Assembly were met by the County Executive whereas the Assembly had been allocated funds in the budget to cater for its expenditures.

As a result, the expenditure totalling Kshs.2,735,600 was irregular and its propriety could not be confirmed.

### **5. Irregular Issue of Multiple Imprests**

Examination of imprest records indicated that out of outstanding imprests totalling Kshs.19,700,702 as at 30 June, 2020, Kshs.12,553,792 was held by various County Executive Officers with more than one imprest contrary to Regulation 93(4),(b) of the

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Public Finance Management (County Governments) Regulations, 2015. The Regulation prohibits issue of new imprests to Officers who have not surrendered old ones.

In the circumstance, Management was in breach of provisions on accounting for expenditures incurred through imprests.

## **6. Failure to Remit Programme Counterpart Funding**

Bank records indicated that as at 30 June, 2020, the County Executive held cash grant receipts totalling Kshs.41,826,239 received from the National Agriculture Rural Growth Inclusive Programme (NAGRIP). The objective of the Programme is to increase agricultural productivity and profitability of targeted rural communities in selected counties that include Embu County. The financing agreement indicated that NAGRIP was to provide funding equivalent to between 94% to 100% of funds for various project categories with the balance due from the County Government. However, as at the time of the audit in October, 2020 the County Government had not remitted outstanding funds totalling Kshs.13,396,363 to the Programme.

Therefore, the County Government was in breach of the financing agreement and may have hindered successful implementation of the Programme.

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 Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section 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. Inactive Audit Committee**

Review of internal audit records indicated that the County Executive's Audit Committee held only three meetings in the year under review, contrary to Section 172(1) of the Public Finance Management (County Governments) Regulations, 2015. The provision requires the Audit Committee of a public entity to meet at least once every three months which translates to at least four (4) meetings in a year.

Further, contrary to Regulation 159(2) of the Public Finance Management (County Governments) Regulations, 2015, the Committee did not publish an annual report on the review of the independence, performance and competence of the Internal Audit Unit. The law provides that in each financial year, the Audit Committee shall carry out an annual review of the independence, performance and competence of the Internal Audit Unit and comment on its effectiveness in an annual report.

In addition, review of the training activities in the year under review indicated that five (5) of the newly appointed members of the Audit Committee did not undergo induction training contrary to Section 2.6.1 of Gazette Notice No. 2690 of 15 April, 2016 on Audit Committee Guidelines for County Governments. The guideline requires newly appointed members of Audit Committees in public entities to undergo induction training to acquire knowledge on their roles and responsibilities.

In the circumstances, the County Executive's Audit Committee was not sufficiently active and as a result accountability and good governance processes in the County were not properly supported.

## **2. Insufficiently Empowered Internal Audit Unit**

Audit review of the operations of the Internal Audit Unit revealed that the Unit was not independent as it was part of the Finance Department whose activities it was expected to oversee and report on. Further, the Unit was not sufficiently facilitated as no budget line had been provided for its operations, contrary to Regulation 155(2)(b) of the Public Finance Management (County Governments) Regulations, 2015. The regulation requires the Accounting Officer to facilitate the Internal Audit Unit to attain its audit responsibilities.

Further audit review of staff training activities in the County Executive revealed that the officers in the Unit did not attend any training courses in the year under review.

In the circumstances, the Internal Audit function in the County Executive is weak and may not be able to carry out its mandate in an 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 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 the intention to dissolve the County Executive.

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's 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's 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.



**CPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**24 December, 2021**

## Appendix I

### Development Projects Portfolio as at 30 June, 2020

Department		Budget/ Allocation (Kshs.)	Disbursemen ts (Kshs.)	Number of Projects	Status As at 30 June, 2020
1.	Health	139,950,000	71,270,745	48	Casa 30 completed
2.	Infrastructure, Public Works, Housing and Energy	1,054,378,130	620,551,377	351	
3.	Water Department	30,950,000	27,173,807	17	
4.	Youth and Gender	145,400,000	142,095,018	16	
5.	Education Science and Technology	3,500,000	3,299,237	53	
6.	Embu Level 5 Hospital	72,650,000	42,820,786	23	
7.	Finance	3,000,000	2,994,069	1	
8.	Agriculture Department	15,950,000	15,808,532	4	
9.	Trade Tourism, Investment and Industrialisation	49,750,000	40,732,327	39	
	<b>Sub-Total</b>	<b>1,515,528,130</b>	<b>966,745,898</b>	<b>552</b>	
10.	Embu Level 5 Hospital	31,875,903	6,993,220	2	On-going
11.	Infrastructure, Public Works, Housing and Energy	198,252,057	77,898,422	7	
12.	Public Service	15,500,000	8,000,000	1	
	<b>Sub-Total</b>	<b>245,627,960</b>	<b>92,891,642</b>	<b>10</b>	
13.	Youth and Gender	10,000,000	999,966	1	Not started
	<b>Sub-Total</b>	<b>10,000,000</b>	<b>999,966</b>	<b>1</b>	
	<b>Grand Total</b>	<b>1,771,156,090</b>	<b>1,060,637,506</b>	<b>563</b>	

## Appendix II

### Projects Not Started or Completed

	<b>Department</b>	<b>Project Name</b>	<b>Budget (Kshs.)</b>	<b>Disbursement (Kshs.)</b>	<b>Current Status</b>
1.	Embu Level 5 Hospital	External works at Doctors Flats.	8,877,627	3,397,127.00	On-going
		Oxygen Plant House.	22,998,276	3,596,093	
2.	Infrastructure, Public Works, Housing and Energy	Upgrading to Bitumen Standards of Runyenjes-Kigaa Road.	33,156,640	27,082,256	
		Rehabilitation of Embu Fire Station at Majimbo.	15,100,000	8,900,357	
		Upgrading to Bitumen Standards of Mukuuri-Kanja Road	69,988,595	15,000,000	
		Rehabilitation of Karigori Borehole.	2,000,000	1,012,544	
		Upgrading to Bitumen Standards of Rwika-Jeremiah Nyaga Road.	34,287,871	19,450,000	
		Upgrading to Bitumen Standards of Kivwe-Kithimu Road.	34,472,871	6,453,265	
		Upgrading to Bitumen Standards of Uchumi Kiambuthi Road (Phase 3).	9,246,081	0	
		3.	Public Service	Rehabilitation and Equipping of the Majimbo Fire Station.	
	<b>Sub-Total</b>		<b>245,627,960</b>	<b>92,891,642</b>	
4.	Youth and Gender	Maintenance of Twenty (20) Ward Playgrounds.	10,000,000	999,966	Not Started
	<b>Sub-Total</b>		<b>10,000,000</b>	<b>999,966</b>	
	<b>Grand-Total</b>		<b>255,627,960</b>	<b>93,891,608</b>	

