

# **REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF UASIN GISHU 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 Uasin Gishu set out on pages 1 to 55, 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 statements of appropriation – recurrent, development and 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 Uasin Gishu 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 with the Public Finance Management Act, 2012 and the County Governments Act, 2012.

### **Basis for Qualified Opinion**

#### **1.0 Inaccuracies in County Own Generated Revenue**

The statement of receipts and payments for the year ended 30 June, 2020 reflects County own-generated receipts amount of Kshs.779,331,350 received from forty-one (41) revenue streams. Revenues collected by the County Executive are banked in seven (7) commercial banks and Mpesa pay bill account. However, review of bank transfers from the commercial banks and the Mpesa pay bill account revealed that an amount of Kshs.782,578,939 was transferred from the commercial bank accounts into the County Revenue Fund bank account at the Central Bank of Kenya during the year ended 30 June, 2020 resulting in an unreconciled and unexplained difference of Kshs.3,247,588. Management attributed the difference to imprest refunds of Kshs.2,124,123 and opening balance of Kshs.1,123,456 for the 2018/2019 financial year that were erroneously classified as revenue in the IFMIS.

Consequently, the accuracy and completeness of the county own generated receipts of Kshs.779,331,350 for the year ended 30 June, 2020 could not be confirmed.

#### **2.0 Assets Inherited from the Defunct Local Authorities**

The summary of fixed assets register and as disclosed under Annex 5 to the financial statements reflects cumulative assets with a value of Kshs.11,061,340,530 as at 30 June, 2020. As reported in the previous year, the balance excludes assets inherited from defunct local authorities. Management has explained that the above assets have

been verified, validated and details forwarded to the Intergovernmental Relations Technical Committee (IGRTC) and Intergovernmental Budget and Economic Council (IBEC) for guidance and direction. This was contrary to the gazette notice No. CXXI-No.81 of 21 June, 2019 which provided that County Governments should record the assets inherited from the defunct Local Authorities on the as-is-where-is basis.

In the absence of information on the inherited assets, the accuracy and completeness of the summary of fixed assets register balance of Kshs.11,061,340,530 as at 30 June, 2020 could not be confirmed.

### **3.0 Acquisition of Assets**

The statement of receipts and payments and as disclosed in Note 17 to the financial statements reflects acquisition of assets expenditure of Kshs.1,965,535,399 for the year ended 30 June, 2020. The following anomalies were noted:

#### **3.1 Lack of Motor Vehicle Ownership Documents**

The acquisition of assets expenditure of Kshs.1,965,535,399 for the year ended 30 June, 2020 included an amount of Kshs.45,265,900 in respect of purchase of vehicles and other transport equipment. However, the logbook for one of the motor vehicles procured at a cost of Kshs.4,500,000, was not provided for audit verification.

#### **3.2 Lack of Ownership Documents Kimumu – Bahati Wholesale Market**

The acquisition of assets expenditure of Kshs.1,965,535,399 for the year ended 30 June, 2020 included an amount of Kshs.236,038,558 in respect of construction and civil works. The County Executive Management entered into a contract for the construction of the Kimumu Market at a contract sum Kshs.118,903,181. During the year under review, an amount of Kshs.56,366,231 was paid towards the project. Review of documents provided for audit revealed that the market was being constructed on land Parcel No. Sergoit/Kaiwoptai Block 11/782 for which the County Executive did not have ownership documents. Management explained that the process of obtaining title for the land was underway.

#### **3.3 Inconsistencies in Ownership Documents**

The acquisition of assets expenditure of Kshs.1,965,535,399 for the year ended 30 June, 2020 included an amount of Kshs.45,265,900 in respect of purchase of vehicles and other transport equipment out of which an amount of Kshs.36,590,000 was incurred in the procurement of a refuse compactor. However, the logbook presented for audit indicated the model type supplied as GYS22 whereas physical verification revealed the model type as GYL263.

Consequently, the accuracy, completeness and ownership of the expenditure on acquisition of assets expenditure of Kshs.1,965,535,399 could not be established. Also, the ownership of the assets procured could not be confirmed.

#### **4.0 County Assembly Budget**

During the year under review, the County Executive allocated the County Assembly a budget of Kshs.733,014,946. This exceeded the lower of seven per cent of the total revenues of the county government of Kshs.11,567,607,793 or twice the personnel emoluments of that County Assembly of Kshs.326,307,037, whichever is lower by Kshs.80,400,872. This is contrary to regulation 25(1)(f) of the Public Finance Management (County Government) Regulations, 2015.

Consequently, the validity of the release to the County Assembly could not be confirmed.

#### **5.0 Payment to County Assembly Members**

The statement of receipts and payments and as disclosed under Note 12 to the financial statements reflects use of goods and services expenditure of Kshs.1,625,906,051 out of which, an amount of Kshs.139,117,949 relates to domestic travel and subsistence. Included in the domestic travel and subsistence amount is Kshs.4,893,000 paid through imprest for facilitation of six (6) night outs for sixty two (62) members of the County Assembly. Management did not provide explanation on why the County Executive incurred expenditure on behalf of the County Assembly which has its own budget.

In the circumstances, the validity of the expenditure of Kshs.4,893,000 to the Members of the County Assembly could not be confirmed.

#### **6.0 Inaccuracies in Payment to the Kenya Veterinary Vaccines Production Institute (KEVEVAPI)**

The statement of receipts and payments and as disclosed under Note 12 to the financial statements reflects use of goods and services expenditure of Kshs.1,625,906,051. Included in this amount is payment of Kshs.244,932,696 for specialized materials and services. The specialized materials and services expenditure include Kshs.24,111,975 paid to Kenya Veterinary Vaccines Production Institute (KEVEVAPI) for supply of vaccines. However, the County Government had only received vaccines worth Kshs.14,664,600 out of the total Kshs.24,111,975 paid resulting in an undelivered balance of Kshs.9,447,375. Confirmation with KEVEVAPI revealed an outstanding balance of Kshs.21,174,630, which had not been reconciled or explained.

In addition, the payment of Kshs.24,111,975 included an amount Kshs.2,999,955 whose contract document was not provided for audit.

Consequently, the accuracy and completeness of the payment of Kshs.24,111,975 paid to Kenya Veterinary Vaccines Production Institute (KEVEVAPI) for supply of vaccines could not be confirmed.

## **7.0 Unsupported Scholarships and Other Educational Benefits**

The statement of receipts and payments and as disclosed in Note 15 to the financial statements reflects other grants and transfers of Kshs.352,897,893. Included in this figure is an amount of Kshs.3,410,149 in respect of scholarships and other educational benefits. Although Management has explained that the scholarships and other educational benefits were awarded by the Grants and Donations Committee, no documentary evidence was provided to show how the beneficiaries were identified and how the funds were distributed.

## **8.0 Inaccuracies in Pending Bills**

Annexes 2, 3 and 4 to the financial statements reflects pending bills of Kshs.292,370,579 made up of trade creditors of Kshs.49,658,607, unremitted staff statutory deductions of Kshs.174,559,091 and other pending payables of Kshs.68,152,881. However, review of records provided for audit revealed that during 2013-2014 financial year, the Ministry of Health paid on behalf of the County Executive of Uasin Gishu salaries of Kshs.410,059,769 to health workers, which were to be recovered in the same financial year. The County Executive paid Kshs.188,495,202 to the Ministry of Health leaving a balance of Kshs.221,564,568 which has remained outstanding to date. The amount has not been disclosed as pending bills in the County's financial statements for the year ended 30 June, 2020.

Consequently, the accuracy and completeness of the pending bills 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 the Uasin Gishu County Executive 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. There were no key audit matters to report in the period under review.

## **Other Matter**

### **1.0 Budgetary Control and Performance**

The summary statement of appropriation - recurrent and development combined reflects a final expenditure budget amounting to Kshs.11,567,607,793 and actual expenditure of Kshs.8,295,329,286, resulting in under-expenditure of Kshs.3,272,278,507 or 28% of the budget. The under-expenditure on development vote is Kshs.2,924,491,268 or 50% of the budgeted amount of Kshs.5,796,656,668.

Management attributed the significant under-expenditure on development vote to delay in disbursement of funds from The National Treasury, prolonged heavy rainfall experienced during the 2019/2020 financial year which led to delays in projects implementation and emergence of Covid-19 pandemic that led to strict health protocols which affected most ongoing project as contractors reduced the workforce.

## 2.0 Under Absorption of Donor Funds and Conditional Grants

The audit revealed under-absorption of donor funds and conditional grants during the year under review as highlighted below:

Description	Budget Estimate Kshs.	Amount Received Kshs.	Amount Utilized Kshs.	Percentage of Utilization
<b>Donor Funds</b>				
KDSP World Bank	30,000,000	30,000,000	-	0
DANIDA (UHiDSP) – Health	6,615,000	6,615,000	-	0
World Bank -THSUCP – Health	40,028,573	34,836,257	9,626,294	28%
World Bank Grants-KUSP - Urban	8,800,000	8,800,000	-	0
Kenya Climate Smart Agriculture Project (IDA - World Bank)	200,000,000	152,670,363	92,266,827	60%
World Bank Grants-KUSP - Urban	630,147,800	450,706,153	-	0
COVID-19 Grants	125,173,000	125,713,000	-	0
EU Grant (IDEAS)- Trade	50,223,504	-	-	-
Kenya Climate Smart (IDA - World Bank) water	80,000,000	-	-	-
SIDA Agricultural Sector Development Support Programme - ASDSP	16,331,289	16,026,074	-	0
<b>Conditional Grants</b>				
Rehabilitation of Village polytechnics	57,588,298	57,588,298	49,266,250	86%
Road Maintenance Fuel Levy Fund	179,681,250	179,681,250	-	0
<b>Grand Total</b>	<b>1,471,363,473</b>	<b>1,101,168,210</b>	<b>189,691,186</b>	

Although Management explained that the low absorption was due to late receipt of the funds and slow procurement processes, the Management was unable to demonstrate how the problem could be solved. Under-utilization of grants implies non-delivery of planned Projects for the residents of Uasin Gishu County.

### 3.0 Delayed Exchequer Releases

During the year under review, the County Executive received late the equitable share of revenue for the 2019/2020 financial year totalling Kshs.1,290,572,214 from the National Treasury as shown below:

<b>Date Received</b>	<b>Reference Number</b>	<b>Amount Received Kshs.</b>
04/06/2020	FT20156HNSWC	20,813,065
04/06/2020	FT20156N9BPY	28,794,149
04/06/2020	FT20156KVHPM	664,650,000
24/06/2020	FT20176X7M4J	569,700,000
30/06/2020	FT20182DG5TY	6,615,000
		<b>1,290,572,214</b>

Further, the County Executive received funds for 2019/2020 financial year amounting to Kshs.565,457,695 from several donors late in the year through The National Treasury as shown below:

<b>Date</b>	<b>Reference Number</b>	<b>Programme</b>	<b>Amount Received Kshs.</b>
13/07/2020	FT20170JPBTH	KCSAP	75,951,542
13/07/2020	FT20184R70M5	KUSP	8,800,000
13/07/2020	FT20184876R4	KDSP	30,000,000
20/07/2020	FT20184DMDRR	KUSP	450,706,153
			<b>565,457,695</b>

The statement of receipts and payments for the year ended 30 June, 2020 reflects road fuel levy funds receipts of Kshs.179,681,250 which includes Kshs.44,920,313 received on 02 February, 2020 by the County from The National Treasury. The latter had been delayed by approximately seven months.

As previously reported, the delayed receipt of the exchequer releases in turn delayed implementation of the County Executive's projects and activities for the year under review. As a result, the residents of Uasin Gishu County may not have received all the services planned for their use during the year.

### 4.0 Unutilised COVID-19 Funds

The statement of receipts and payments and as disclosed in Note 3 to the financial statements for the year ended 30 June, 2020 reflects transfers from other Government entities of Kshs.125,713,000 in respect of Covid-19 pandemic emergency response which were received in May, 2020. The funds were not used during the year under review as Management had to prepare the supplementary budget to enable the procurement process to begin.

## **5.0 Pending Cases Against the County**

Examination of records provided for audit revealed that eight hundred and eighty-six (886) cases were pending against the County Government as at the time of audit. The management has explained that a number of measures have been instituted to deal with the spiraling court cases including handling the matters in house, operationalizing the office of the County Attorney, out of court settlements and establishment of an independent fund to deal with the cases.

Pending unresolved cases may have a significant financial impact on the County Government and can adversely affect future cash flows of the county.

## **6.0 Unresolved Prior Year Matters**

In the audit report of the previous year, several matters were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues nor given any explanation for failure to resolve the issues. Further, Management has indicated that the matters have remained unresolved as the Senate has not met to deliberate on the same.

## **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 effect of 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 for Conclusion**

#### **1.0 Non-Compliance with Law on Ethnic Composition**

Audit review of personnel records indicated that as at 30 June, 2020, the County Government had a total of three thousand, three hundred and fifty-eight (3,358) employees out of whom two thousand, five hundred and eighty-nine (2,589) or approximately 79% were from the dominant community. This was contrary to the provisions of Section 65(1)(e) of the County Governments Act, 2012 which requires the County Public Service Board to ensure that at least thirty percent (30%) of the vacant posts at the entry level are filled by candidates who are not from the dominant ethnic community in the County.

Consequently, Management was in breach of law on national cohesion.

## **2.0 Acquisition Assets**

### **2.1 Construction of Milk Coolers**

The National Government through the Ministry of Agriculture, Livestock and Fisheries undertook to supply milk coolers to all counties through registered farmers' cooperative societies while the County Governments were to undertake construction of milk cooling plants. The County Executive awarded thirteen (13) contracts for the construction of milk cooling plants at a total contract sum of Kshs.228,586,162 between 10 May, 2016 and 17 June, 2016 for construction of forty-six (46) milk cooling plants to be completed within a period of 6 months. During the year under review, Management made payments of Kshs.43,599,995 for construction of various milk cooling plants thus raising the total payments to Kshs.244,198,477 since inception.

However, audit review of contracts, payment records, project inspection reports and physical verification of the Projects revealed the following anomalies:

- i. The construction of ten (10) milk cooling plants with a contract sum of Kshs.44,861,923 and payments to the contractors amounting to Kshs.34,585,910 as at 30 June, 2020 were incomplete at the time of verification.
- ii. The construction of six (6) milk coolers with a contract sum of Kshs.30,810,992 and payments made of Kshs.23,200,961 had stalled and contracts terminated, but had not been re advertised.
- iii. Construction of most of the plants had been completed and coolers installed but were not operational as no electricity had been connected. Others were complete but coolers had not been delivered and installed hence the buildings were lying idle. Further, some milk cooling plants had been marked complete yet works, electricity connection, water at the various sites had not been done.

Consequently, value for money of the expenditure amounting to Kshs.244,198,477 incurred as of 30 June, 2020 has not been realised despite the project overshooting the contract amount.

### **2.2 Construction of Fish Hatchery at University of Eldoret**

The County Executive entered into a contract for the construction of a fish hatchery at the University of Eldoret during the financial year 2015/2016. The contract start date was 6 August, 2015 and was to be completed on 30 August, 2017. During the year under review, the County Executive incurred expenditure of Kshs.2,071,099 for the construction of fish hatchery. However, the Bills of Quantity (BQ) were not provided for audit review. Further, the payment was not supported by certificate of completion.

Consequently, it is not possible to confirm that the payment of Kshs.2,071,099 was lawful and that commensurate value for money was obtained on the project.



### **3.0 Public Participation and Consultation**

The County Government had not established a County Budget and Economic Forum (CBEF) and developed laws and regulations on effective citizen participation in development planning and performance management. This was contrary to the requirements under Section 137 of the Public Finance Management Act, 2012 and Section 115(2) of the County Governments Act, 2012.

Consequently, Management was in breach of law.

### **4.0 Failure to Submit Financial Statements of Municipality of Eldoret**

Available records indicate that Municipal Charter was granted to the Municipality of Eldoret on 17 December, 2018 as per Gazette Notice No.460, Vol. CXXI- No.9 dated 18 January, 2019 and functions transferred to the Municipality with effect from 1 June, 2019 as per Kenya Gazette Notice No.4724, Vol. CXXI – No.68 of 31 May, 2019. Records further show that the Eldoret Municipality Board members were appointed on 26 June, 2019. However, the Board did not submit financial statements of Municipality of Eldoret for the year ended 30 June, 2020 to the Auditor-General as required under Section 46 of the Urban Areas and Cities Act, 2011.

Consequently, Management was in breach of law.

### **5.0 Long Outstanding Imprests**

The statement of financial position reflects accounts receivables – outstanding imprests of Kshs.3,343,895 as disclosed under Note 22 to the financial statements. No explanation was provided for failure to surrender or account for the imprests within seven days after returning to duty station, contrary to Regulation 93(5) of the Public Finance Management (County Government) Regulations, 2015. Further, the outstanding imprests of Kshs.3,343,895 included an amount of Kshs.2,498,775 issued to an officer in September, 2018. The management explained that the officer was interdicted from the services of Uasin Gishu County on a disciplinary case that has not been determined yet.

Consequently, Management was in breach of law.

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 has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

## **Basis for Conclusion**

### **1.0 Weak Controls over Revenue Collection**

As reported previously, examination of revenue records indicated that arrears on land rates, housing estates and sanitary facilities amounted to Kshs.2,348,999,558 as at 30 June, 2020. The Management explained that the land rate arrears have accumulated due to disputes within families on succession, plots that had not been hived off for the original parcels in the system and land owners anticipating waivers. However, the Management did not provided evidence of actions taken to collect the outstanding receipts and prevent recurrence in future.

### **2.0 Lack of an Approved Staff Establishment**

The County Executive did not have an approved staff establishment and organizational structure for each department detailing hierarchy for authority and responsibilities. This is contrary to Section 5(2)(f) of the County Governments Act, 2012 and Article 235 of the Constitution of Kenya, 2010. It was therefore not possible to establish the span of control and responsibilities for staff.

### **3.0 Lack of Risk Management Policy and Strategy**

The County Executive Management had not put in place risk management policy, strategies and risk register to mitigate against risk. It was, therefore, not clear how the Management manages risk exposures. This is in contravention of Regulation 158(1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer to ensure that the County Government entity develops risk management strategies, which include fraud prevention mechanism; and the County Government entity develops a system of risk management and internal control that builds robust business operations.

### **4.0 Lack of Data Integrity in the Integrated Payroll and Personnel Database (IPPD)**

Review of the monthly payroll data, bank remittance data and master data for the year ended 30 June, 2020 revealed the following:

- i. The monthly bank remittance/net pay data and monthly payroll data had duplicate account numbers.
- ii. The bank account numbers in the master payroll did not match with the payroll numbers of some employees.
- iii. The bank account numbers in monthly payroll data and bank remittance were different from those in the master payroll/registers.

Consequently, the integrity of the information process through the payroll system could not be confirmed.

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 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's ability to continue to sustain 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 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 County Executive's financial reporting process, reviewing the effectiveness of how the Management 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 Uasin Gishu County Executive 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 to 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**

**02 December, 2021**