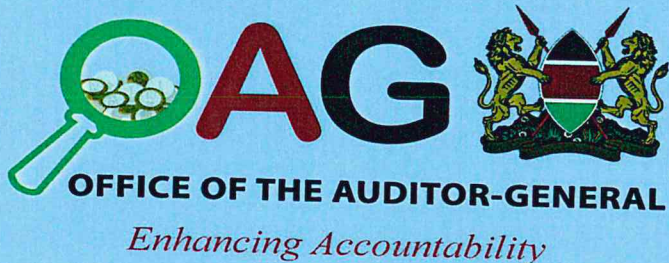


REPUBLIC OF KENYA



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**BARINGO COUNTY LAKE BOGORIA  
COMMUNITY GRANT**

**FOR THE YEAR ENDED  
30 JUNE, 2017**

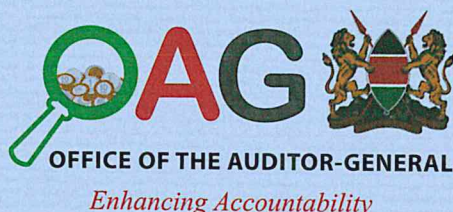
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CLERK AT THE TABLE	MR. AMOLO



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# REPUBLIC OF KENYA

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HEADQUARTERS  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON BARINGO COUNTY LAKE BOGORIA COMMUNITY GRANT FOR THE YEAR ENDED 30 JUNE, 2017

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### REPORT ON THE FINANCIAL STATEMENTS

#### Disclaimer of Opinion

I have audited the accompanying financial statements of Baringo County Lake Bogoria Community Grant set out on pages 1 to 3, which comprise of the statement of financial position as at 30 June, 2017, statement of receipts and payments and the statement of cash flows for the year then ended in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

I do not express an opinion on the accompanying financial statements of the Baringo County Lake Bogoria Community Grant. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### Basis for Disclaimer of Opinion

##### 1. Late Submission of Financial Statements for Audit

The financial statements for the financial year ended 30 June, 2017 were submitted on 20 January, 2020, two years four months after the end of the fiscal year to which the accounts relate. This is contrary to Section 47(1) of the Public Audit Act, 2015, which states that the financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

The Management was therefore in breach of the Law.

##### 2. Failure to Submit Previous Years Financial Statements

As previously reported, the financial statements for the year ended 30 June, 2015 and other previous years were not submitted for audit. This is contrary to Section 167 of the Public Finance Management Act, 2012 which requires the administrator of a county public fund established by the Constitution, an Act of Parliament or county legislation to prepare financial statements for the fund for each financial year in a form prescribed by the Accounting Standards Board.

In the circumstances, the Grant Management is in breach of the law and the opening balances included in the financial statements could not be confirmed.

### **3. Errors in Presentation of the Financial Statements**

The financial statements prepared and presented for audit were not as per the presentation framework issued by the Public Sector Accounting Standards Board as highlighted below:

- i. The statements were prepared in accordance cash basis of accounting instead of accrual basis;
- ii. The financial statements lacked the following information:
  - a) Key entity information by management;
  - b) The board of trustees (or any other corporate governance body for the Fund);
  - c) Management team;
  - d) Board/ fund chairperson's report;
  - e) Report of the fund administrator;
  - f) Corporate governance statement;
  - g) Management discussion and analysis;
  - h) Corporate social responsibility statement/sustainability report;
  - i) Report of the trustees;
  - j) Statement of management responsibilities;
  - k) Blank page for the report of the Independent auditor;
  - l) Statement of changes in net assets;
  - m) Statement of comparison of budget and actual amounts;
  - n) Summary of significant accounting policies;
  - o) Notes to the financial statements;
  - p) Other important disclosures.

Consequently, the financial statements for the year ended 30 June, 2017 did not comply with the International Public Sector Accounting Standard No.1 as prescribed by the Public Sector Accounting Standards Board.

### **4. Inaccuracies in the Financial Statements**

The financial statements for the year ended 30 June, 2017 contained the following inaccuracies: -

- 4.1 The statement of receipts and payments reflects a balance brought forward of Kshs.2,272,183. However, this disclosure is not in line with the requirement of the International Public Sector Accounting Standards No.1. In addition, the opening bank statement reflecting the initial deposit made into the grant account upon opening of the bank account and subsequent transfers was not provided for audit.
- 4.2 The statement of financial position reflects a fund balance carried forward of Kshs.1,476,494. However, this amount was not supported.

Consequently, the accuracy and completeness of the financial statements for the year ended 30 June, 2017 could not be confirmed.

### **5. Unsupported Receipts and Payments**

The statement of receipts and payments reflects total revenue and payments of Kshs.6,708,819 and Kshs.5,232,325 respectively. However, the supporting ledgers, payment vouchers, cashbooks and bank statements were not provided for audit review.

This is contrary to Section 99(3) of the Public Finance Management (County Governments) Regulations, 2015, which requires every entry in the accounts to be supported by a voucher or other approved document as gazetted by the Cabinet Secretary containing the full details, clear narrations and particulars of the item or items to which it relates.

Consequently, the accuracy and completeness of the financial statements for the year ended 30 June, 2017 could not be confirmed.

## **6. Cash and Cash Equivalent Balance**

The statement of financial position reflects cash and cash equivalents balance of Kshs.1,476,494. However, the cashbooks, bank reconciliation statements, bank statements and certificate of bank balances were not provided for audit review. This is contrary to Section 90(1) and Section 100 of the Public Finance Management (County Governments) Regulations, 2015 which requires Accounting Officers to prepare bank reconciliation and maintain proper cashbooks.

In the circumstances, the accuracy and completeness of reported cash and cash equivalents balance of Kshs.1,476,494 as at 30 June, 2017 could not be confirmed.

## **7. Unapproved Regulations**

The Lake Bogoria Community Grant Regulations, 2015 presented for audit was not approved by the County Executive Committee and the County Assembly. This is contrary to Section 116(1) of the Public Finance Management Act, 2012 which states that establishment of public funds should be approved by the County Executive Committee and the County Assembly.

In the circumstances, the Grant Management is in breach of the law.

## **8. Lack of Approved Budget**

The statement of receipts and payments reflects total revenue and total payments of Kshs.6,708,819 and Kshs.5,232,325. However, the approved budget estimates were not provided for audit. This is contrary to Section 31(a) of the Public Financial Management (County Governments) Regulations, 2015 which requires that all revenue and expenditure shall be entered into the county government estimates and approved for one year only. It is also contrary to Section 99(2) of the Public Financial Management (County Governments) Regulations, 2015 which requires that the approved budget estimates of expenditure shall form the basis of the financial statements for the financial year.

In the circumstances, the Grant Management was in breach of the law.

## **9. Lack of Risk Management Policy**

The Baringo County Lake Bogoria Community Grant did not have a risk management strategy contrary to Section 158(1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer to develop risk management strategies, which include fraud prevention mechanism and internal control that builds robust business operations.

In the circumstances, risk management and development of strategies and controls may not have been implemented in an orderly manner.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### **Conclusion**

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Disclaimer of Opinion, section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

I do not express a conclusion on the effectiveness of internal controls, risk management systems and governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer of Opinion, section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit 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 (Accrual 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 Fund's ability 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 terminate the Fund or to 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 Fund's financial reporting process, reviewing the effectiveness of how the Fund monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and

systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is 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. I also consider internal control, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance 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.

However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion on lawfulness and effectiveness in use of public resources, and on effectiveness of internal controls, risk management and governance.

I am independent of the Baringo County Lake Bogoria Community Grant 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.

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

**Nairobi**

**21 January, 2022**





# BARINGO COUNTY GOVERNMENT.

Email: kisasamuel@yahoo.com



Mwalimu plaza, 1st Floor  
P.O. BOX 053-30400,  
KABARNET.

Department of Industrialization, Commerce, Tourism and Enterprise Development

## BARINGO COUNTY - LAKE BOGORIA COMMUNITY GRANT

### STATEMENT OF RECEIPTS AND PAYMENTS

FOR FY 2016/2017 ( 1<sup>ST</sup> JULY,2016 – 30<sup>TH</sup> JUNE, 2017)

RECEIPTS	<u>KSHS</u>	<u>KSHS</u>
Balance B/F	2,272,183.00	
Transfers from Baringo County Treasury	4,387,480.00	
Intrest earned	<u>49,156.00</u>	
<b>Total Revenue</b>		<b>6,708,819.00</b>
PAYMENTS		
Funds Uses/Expenditure/Disbursements	4,253,551.00	
Administration costs	<u>978,774.00</u>	
<b>Total Payments</b>		<b>(5,232,325.00)</b>
<b>SURPLUS</b>		<b><u>1,476,494.00</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 15/07/2017 and signed by:

TRADE, TOURISM AND ENTERPRISE DEVELOPMENT  
CHIEF OFFICER  
  
JUL 2017  
Fund Administrator  
DEPARTMENT OF INDUSTRIALIZATION, COMMERCE,  
TOURISM AND ENTERPRISE DEVELOPMENT  
Lake Bogoria Community Grant





STATEMENT OF CASH FLOW

Operating Activities:	Kshs.	Kshs.
Receipts for operating income (bal b/d)	2,272,183.00	
Transfers from Baringo county government	4,387,480.00	
Intrest earned	<u>49,156.00</u>	
		6,708,819.00
Less:		
Funds Uses/Expenditure/Disbursements	4,253,551.00	
Administration Costs	<u>978,774.00</u>	<u>(5,232,325.00)</u>
Net Cash Inflow From Operating Activities		1,476,494.00
Investing Activities:		
Proceeds from sale of Assets	-	
Acquisition of Asset	-	
Net Cash Inflow From Investing Activities		-
Finacing Activities:		
Proceeds from Domestic borrowing	-	
Proceeds from Foreign Borrowing	-	
Loan repayments	-	
Net Cash Inflow From Financing Activities		-
Changes in Cash and cash Equivalent		
Cash at end of the period		<u>1,476,494.00</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 15/07/2017 and signed by WILDLIFE

  
TRADE, TOURISM & WILDLIFE  
CHIEF OFFICER  
15 JUL 2017  
MINISTRY OF INDUSTRIALIZATION, COMMERCE,  
TOURISM AND ENTERPRISE DEVELOPMENT

Fund Administrator  
Lake Bogoria Community Grant



STATEMENT OF FINANCIAL POSITTON

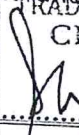
<b>FINANCIAL ASSETS</b>	KSHS
Cash and cash equivalent	-
Bank balance	-
<b>Total Financial Assets</b>	<u>1,476,494.00</u>
	<u>1,476,494.00</u>

<b>Less:</b>	
<b>FINANCIAL LIABILITIES</b>	
Accounts Payable	-
<b>Total Financial Liabilities</b>	<u>-</u>

<b>NET FINANCIAL ASSETS</b>	<u>1,476,494.00</u>
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<b>REPRESENTED BY:</b>	
Fund Balance c/Fwd	1,476,494.00
Add: Surplus Adjustment for previous period	-
<b>Net Financial Position</b>	<u>1,476,494.00</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 15/07/2017 and signed by:

  
 CHIEF OFFICER  
 15 JUL 2017  
 DEPARTMENT OF INDUSTRIALIZATION, COMMERCE,  
 TOURISM AND ENTERPRISE DEVELOPMENT

Fund Administrator  
 Lake Bogoria Community Grant

