REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY ASSEMBLY OF WAJIR

FOR THE YEAR ENDED 30 JUNE 2017

COUNTY ASSEMBLY OF WAJIR

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2017

Prepared in accordance with the Cash Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The County is constituted as per the constitution of Kenya is headed by the County Governor, who is responsible for the general policy and strategic direction of the County.

(b) Key Management

The *County Assembly's* day-to-day management is under the following key organs:

1. County Assembly Service Board
2. County Assembly Staff Management Committee
3. County Assembly Finance Management Committee
4. County Assembly Internal Audit Office

(c) Fiduciary Management

The key management personnel who held office during the year ended 30 June 2016 and who had direct fiduciary responsibility were:

No	Designation	Name
1	Accounting Officer	Osman Mohamed Adan
2	Principal Finance Officer	Abdullahi Ahmed

(d) Fiduciary Oversight Arrangements

The key fiduciary oversight arrangement in place include;

- *Audit and finance committee activities*
- *Parliamentary committee activities*
- *Development partner oversight activities*
- *Other oversight activities*

(e) Entity Headquarters

County Assembly Building,
P.O. BOX 495 – 70200,
Wajir Town,
clerk@wajirassembly.go.ke

(f) Entity Contacts

County Assembly Building,
P.O. BOX 495 – 70200,
Wajir Town,
clerk@wajirassembly.go.ke
Website: www.wajirassembly .go.ke

(g) Entity Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

(h) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(i) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

FORWARD BY THE CLERK OF THE ASSEMBLY

Budget performance

The county assembly executed its budget according to the approved estimates and obtained a 100% absorption of the budget. The total expenditures for the assembly was Ksh. 645 million, all of which was meeting the recurrent expenditures.

Performance of key development projects

The county Assembly did not have any planned development activities.

Comment on value-for-money achievements

The county Assembly undertook its constitutional mandates of carrying out legislative business, oversight and representation. The Members of the County Assembly also participated in national conferences and workshops such as Devolution conference and Legislative summit.

Challenges and Recommended Way Forward

The county assembly implemented integrated financial management for the first time in the current financial year, as well as implementing internet banking platforms. With first time adoption of these systems we encountered the following challenges;

- Poor internet connectivity slowing down processing of transactions of both IFMIS and internet banking;
- Inadequate training on IFMIS prior to roll out

Sign

Clerk of the County Assembly

STATEMENT OF MANAGEMENT RESPONSIBILITIES

The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended on 30 June 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Assembly; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Assembly; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Clerk accepts responsibility for the County Assembly's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Clerk is of the opinion that the County Assembly's financial statements give a true and fair view of the state of the County Assembly's transactions for the year ended 30 June 2017, and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the County Assembly which have been relied upon in the preparation of the its financial statements as well as the adequacy of the systems of internal financial control.

The Clerk confirms that the County Assembly has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Assembly's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Clerk confirms that the County Assembly's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The County Assembly's financial statements were approved and signed by the Clerk of the County Assembly on _____ 2017.

_____
Clerk of the County Assembly

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF WAJIR FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Wajir set out on pages 6 to 19,which comprise the statement of financial assets as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts 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 paragraph, the financial statements present fairly, in all material respects, the financial position of the County Assembly of Wajir as at 30 June 2017, 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.

Further, and as required by Article 229(6) of the Constitution, based on the procedures performed, except for the matters raised in the basis of Qualified Opinion section, I confirm that nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

1.0 Fixed Assets Register

The financial statements for the year ended 30 June 2017 of the County Assembly of Wajir reflects a balance of Kshs.77, 069,428 vide a schedule on Annex 1. However, the County Assembly did not maintain a fixed asset register to record the assets acquired and no valuation was done for the assets and therefore balances and nature of the fixed assets disclosed were not supported with sufficient evidence as required by Section 136 of the Public Finance Management Regulations, 2015.

Under the circumstance it has not been possible to ascertain the completeness and accuracy of the balances and nature of the fixed assets disclosed in the financial statements as at 30 June 2017.

2.0 Payment of Mileage Allowances

The County Assembly of Wajir made payments totaling to Kshs.28,880,494 in respect of mileage allowances to various Members of County Assembly for the financial year 2016/2017.However, examination of payments vouchers and other supporting documents revealed that an amount of Kshs.14,823,667 was in respect of mileage allowances relating to the financial year 2014/2015. No explanations were given as to why the payments were not made in the financial years 2014/2015 and 2015/2016. The County Assembly had not also disclosed pending bills in respect of the mileage allowance in its financial statements for 2015/2016, hence the authenticity of the expenditure of Kshs.14,823,667 could not be ascertained.

Further, the County Assembly made payments amounting to Kshs.14,056,827 to various members of County Assembly as mileage allowances during the financial year 2016/2017. The payments were however, not supported with appropriate documents such as work tickets. Some of the work tickets supporting the payments were not properly authorized, inconsistencies of the signatures and vehicles' mileages were also noted.

Consequently, the expenditure of Kshs.28,880,494 could not be ascertained as at 30 June 2017.

3.0 Unsupported Security Allowance

During the year under review, examination of payment vouchers and other records relating to other operating expenses revealed that an amount of Kshs.8,199,875 was incurred on security allowance . However, the expenditure was not supported and there was no attendance register to confirm the officers worked for the number of days that was paid for.

In view of the foregoing, the propriety and validity of the expenditure on security allowance could not be confirmed as at 30 June 2017.

4.0 Unaccounted for Office Equipment

The County Assembly of Wajir paid Kshs.3,153,120 for procurement of computers and equipment during the year under review. However, the following anomalies were noted: -

i) Some of the equipment procured were not received vide S13 and were not taken on charge in the store ledger, there were no counter requisition and issue notes raised to confirm how the stores were used.

ii) Fixed asset register maintained was not fully updated as it lacked detailed entries on the types and description of assets, acquisition cost of assets, supplier's details, date of purchase, estimated useful life, physical location and the person allocated, asset condition and tag number.

iii) The equipments could not be physically verified as the officer in charge of the section did not assign asset numbers to the equipment for ease of identification, it was therefore difficult to identify the equipment's supplied by the specific suppliers.

In the circumstances, it was not possible to confirm whether the assets bought for Kshs.3,153.120 were delivered, used and accounted for as at 30 June 2017.

5.0 Unsupported and Unaccounted for Office General Supplies

During the financial year under review the County Assembly of Wajir procured stores worth Kshs.2,995,760. However, stores procured were not received vide S13 and were not taken on charge in the store ledger and subsequently were not issued out vide issue notes to show how the goods were utilized.

Further, some quotations supporting the expenditure were not accurately prepared as they did not bear names and designations of the officers who opened, their signature and date they opened.

In addition, item description on request for quotation did not give specific technical requirement as required i.e. fridges and dispenser model, while delivery notes and invoices did not indicate specification/models and serial numbers of the equipment delivered. Some of the payment vouchers were not authorized by the accounting officer.

In view of the foregoing, it was not possible to confirm whether all the goods paid for were delivered and used for the intended purposes and whether proper procedures were followed in identifying the suppliers.

6.0 Hospitality, Supplies and Services

County Assembly of Wajir spent Kshs.28,558,428 on hospitality, supplies and services for the year under review. However, out of this expenditure there was an amount of Kshs.3,220,921 paid to various suppliers which had not been supported with documents such as local purchase orders, invoices, delivery notes and request for quotations among other documents dating back to 2014. Further the County Assembly did not disclose this pending bill in the financial statements for 2015/2016 as required.

In consequence, the propriety of the expenditure of Kshs.3,220,921 could not be ascertained as at 30 June 2017.

7.0 Doubtful Expenditure

A review of the County Assembly of Wajir expenditure revealed that the assembly spent Kshs.2,198,820 on specialized materials and services. However, an amount of Kshs1,207,000 paid to various suppliers were not supported with documents such as local purchase orders, invoices, delivery notes and request for quotations dating back to 2014.The entity did not disclose pending bills in the financial statements for 2014/2015 relating to the expenditure.

Consequently, the expenditure of Kshs 1,207,000 could not be confirmed as a proper public funds charge as.at 30 June 2017.

8.0 Unsupported and Unaccounted for Motor Vehicle Expenses

During the year under review, County Assembly of Wajir paid Kshs.911,998 on repair and service of motor vehicles as well as spare parts, however the following anomalies were noted:-

i) Repairs were not taken on charge in motor vehicles logbook G.P(55)

ii) Pre and Post inspection report from Mechanical Engineer were not made available for audit verification

iii) Work tickets used to repair the vehicles were not availed for audit review

iv) The expenditure relates to 2014/2015 financial year

v) Repair service contracts were at times awarded to the highest bidder and no explanation was given.

Consequently, the expenditure of Kshs.911,998 allegedly incurred on spares, tyres and motor vehicle repairs could not be accounted for as at 30 June 2017.

Other Matter

During the year under review, the County Assembly of Wajir had a recurrent budget of Kshs.645,131,099. The Assembly had no development expenditure in their budget. The budget performance for the year under review is as below: -

1.0 Budget Performance Analysis

Item	Budgeted Allocation Kshs.	Actual Expenditure 2016/2017 Kshs.	Absorption Rate %	% of Total Expenditure
Compensation of Employees	340,303,003	340,290,993	100%	53%
Use of Goods and Services	276,218,826	276,196,189.00	100%	43%
Social Security Benefits	16,699,931	16,663,083	100%	3%
Acquisition of Assets	11,909,339	11,774,428	99%	2%
TOTAL	**645,131,099.00**	**644,924,693**	-	-

From the analysis above the County Assembly of Wajir utilized their recurrent budget fully with absorption rate of 99.9%.

2.0 Revenue Analysis

During the year under review, the County Assembly of Wajir received exchequer releases amounting to Kshs.644,924,693 against the budgetary allocation of Kshs.645,131,099 resulting to underfunding of Kshs.206,406. The County Assembly budget was 99.9% funded by the County Treasury.

3.0 Lack of Audit Committee

The County Assembly of Wajir did not establish an internal audit committee contravening Section 155(5) of the Public Finance Management Act, 2012 and Section 167(1) of the Public Finance Management (County Governments) Regulations, 2015 and National Treasury Gazette Notice Vol. CXVIII No.40 of 15th April, 2016.

Audit committee will assist in the formulation of internal audit planning and policy, review internal and external audit reports as a mechanism of enhancing governance. Absence of an Audit Committee may lead to Management override of controls in such instances, cases of fraud and errors may not be detected and corrected in a timely manner.

Consequently, the County Assembly of Wajir operates without Audit committee and no explanation was provided for failure to constitute the Audit Committee

4.0 Outstanding Prior Year Audit Issues

The County Assembly of Wajir has not addressed 2015/2016 audit issues.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in the audit of the financial statements of the year under. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Management's Responsibility for the Financial Statements

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 such 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.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue sustaining services, disclosing, as applicable, matters related to

sustainability of services and using the going concern basis of accounting unless the management either intends to liquidate the Assembly 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.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

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 of Kenya. 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 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.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgment 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.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and for the purpose of giving an assurance on the effectiveness of the County Assembly of Wajir's 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 Assembly's ability to continue sustaining 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 Assembly 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 of the entities or business activities 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

16 February 2018

STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016/17 Kshs	2015/16 Kshs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	645,131,099	560,327,132
TOTAL RECEIPTS		**645,131,099**	**560,327,132**
PAYMENTS			
Compensation of Employees	2	340,290,993	352,713,649
Use of goods and services	3	276,195,639	199,984,864
Social Security Benefits	4	16,663,083	-
Acquisition of Assets	5	11,774,428	7,604,620
TOTAL PAYMENTS		**644,924,143**	**560,303,133**
SURPLUS/DEFICIT		**206,956**	**23,999**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on _____ 2017 and signed by:

Clerk of the Assembly

Principal Finance Officer – County Assembly

PRINCIPAL FINANCE OFFICER
WAJIR COUNTY ASSEMBLY
P.O. Box 495 - 70200,
WAJIR

STATEMENT OF FINANCIAL ASSETS

	Note	2016/2017 Kshs	2015/16 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	6	230,955	23,999
Total Cash and cash equivalents		**230,955**	**23,999**
TOTAL FINANCIAL ASSETS		**230,955**	**23,999**
NET FINANCIAL ASSETS		**230,955**	**23,999**
REPRESENTED BY			
Fund balance b/fwd	7	23,999	-
Surplus/Deficit for the year		206,956	23,999
NET FINANCIAL POSITION		**230,955**	**23,999**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on _____ 2017 and signed by:

Clerk of the Assembly

Principal Finance Officer – County Assembly

PRINCIPAL FINANCE OFFICER
WAJIR COUNTY ASSEMBLY
P.O. Box 495 - 70200,
WAJIR

STATEMENT OF CASHFLOW

	Note	2016/17 Kshs	2015/16 Kshs
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operating income			
Transfers from the County Treasury/Exchequer Releases	1	645,131,099	560,327,132
Payments for operating expenses			
Compensation of Employees	2	(340,290,993)	(352,713,649)
Use of goods and services	3	(276,195,639)	(199,984,864)
Social Security Benefits	4	(16,663,083)	-
Net cash flows from operating activities		**11,981,384**	**7,628,619**
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	5	(11,774,428)	(7,604,620)
Net cash flows from investing activities		**(11,774,428)**	**(7,604,620)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**206,956**	**23,999**
Cash and cash equivalent at BEGINNING of the year	13	**23,999**	-
Cash and cash equivalent at END of the year		**230,955**	**23,999**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on _____ 2017 and signed by:

Clerk of the Assembly
Officer – County Assembly

Principal Finance Officer – County Assembly

PRINCIPAL FINANCE OFFICER
WAJIR COUNTY ASSEMBLY
P.O.Box 495 - 70200,
WAJIR

STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Variance	% of Utilisation difference to final budget
	Kshs	Kshs	c=a+b	d	e=d-c	Kshs
RECEIPTS						
Transfers from the County Treasury/Exchequer Releases	645,131,099	-	645,131,099	645,131,099	-	100%
TOTAL	**645,131,099**	**-**	**645,131,099**	**645,131,099**	**-**	100%
PAYMENTS						
Compensation of Employees	338,303,003	2,000,000	340,303,003	340,290,993.00	(12,010)	100%
Use of goods and services	278,843,826	(2,625,000)	276,218,826	276,195,639	(23,187)	100%
Social Security Benefits	16,699,931	-	16,699,931	16,663,083	(36,848)	100%
Acquisition of Assets	11,284,339	625,000	11,909,339	11,774,428	(134,911)	100%
TOTAL	**645,131,099**	**-**	**645,131,099**	**644,924,143**	**(206,956)**	**100%**
Surplus/ Deficit	-	-	-	-	-	**100%**

NOTE: There were no development expenditure in the year

The entity financial statements were approved on _____ 2017 and signed by:

Clerk of the Assembly

Principal Finance Officer – County Assembly

PRINCIPAL FINANCE OFFICER
WAJIR COUNTY ASSEMBLY
P. O. Box 495 - 70200,
WAJIR

SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

1. **Statement of compliance and basis of preparation**
The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and applicable government legislations and regulations. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

   The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the *entity*. The accounting policies adopted have been consistently applied to all the years presented.

   The financial statements have been prepared on the cash basis following the Government's standard chart of accounts.

2. **Recognition of receipts and payments**
The *entity* recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the *entity*. In addition, the *entity* recognises all payments when the event occurs and the related cash has actually been paid out by the *entity*.

3. **In-kind contributions**
In-kind contributions are donations that are made to the *entity* in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the *entity* includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

4. **Cash and cash equivalents**
Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

PRINCIPAL FINANCE OFFICER
WAJIR COUNTY ASSEMBLY
P.O. Box 495 - 70200,
WAJIR

SIGNIFICANT ACCOUNTING POLICIES(Continued)

5. **Accounts Payable**

For the purposes of these financial statements, deposits and retentions held on behalf of third parties has been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and agencies. Other liabilities including pending bills are disclosed in the financial statements.

6. **Non current assets**

Non current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the entity fixed asset register a summary of which is provided as a memorandum to these financial statements.

7. **Pending bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the *entity* at the end of the year. Pending bill form a first charge to the subsequent year budget and when they are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

8. **Budget**

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *entity's* budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the *entity's* actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

9. **Comparative figures**

This is the first time the County Assembly is preparing its full year financial statements. Being a first time adopter, there are no comparative amounts for the previous year.

10. **Subsequent events**

Events subsequent to submission of the financial year end financial statements to the National Treasury and other stakeholders with a significant impact on the financial statements may be adjusted with the concurrence of National Treasury.

PRINCIPAL FINANCE OFFICER
WAJIR COUNTY ASSEMBLY
P.O. Box 495 - 70200,
WAJIR

NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFER FROM COUNTY TREASURY

	2016/17	2015/16
	Kshs	Kshs
Total Exchequer Releases for quarter 1	151,299,642	73,288,835
Total Exchequer Releases for quarter 2	147,123,972	141,638,280
Total Exchequer Releases for quarter 3	182,433,034	132,138,732
Total Exchequer Releases for quarter 4	164,274,451	213,261,285
Cumulative Amount	**645,131,099**	**560,327,132**

2 COMPENSATION OF EMPLOYEES

	2016/17	2015/16
	Kshs	Kshs
Basic salaries of permanent employees	333,314,778	237,878,849
Basic wages of temporary employees	-	24,390,999
Personal allowances paid as part of salary	-	70,600,000
Personal allowances paid as reimbursements	-	-
Personal allowances provided in kind	-	-
Pension and other social security contributions	6,976,215	19,843,801
Compulsory national social security schemes	-	-
Compulsory national health insurance schemes	-	-
Social benefit schemes outside government	-	-
Other personnel payments	-	-
Total	**340,290,993**	**352,713,649**

PRINCIPAL FINANCE OFFICER
WAJIR COUNTY ASSEMBLY
P.O. Box 495 - 70200,
WAJIR

3 USE OF GOODS AND SERVICES

	2016/17	2015/16
	Kshs	Kshs
Utilities, supplies and services	1,839,696	1,836,104
Communication, supplies and services	1,003,881	984,041
Domestic travel and subsistence	143,433,969	61,259,999
Foreign travel and subsistence	-	-
Printing, advertising and information supplies & services	5,120,415	2,211,229
Rentals of produced assets	12,728,500	15,195,931
Training expenses	4,898,710	77,148,377
Hospitality supplies and services	28,558,428	4,743,759
Insurance costs	18,562,821	10,500,000
Specialized materials and services	2,198,820	394,750
Office and general supplies and services	16,026,136	4,891,647
Fuel Oil and Lubricants	6,198,010	6,815,766
Other operating expenses	32,961,577	12,453,261
Routine maintenance – vehicles and other transport equipment	2,664,676	1,550,000
Total	**276,195,639**	**199,984,864**

4 SOCIAL SECURITY BENEFITS

	2016/17	2015/16
	Kshs	Kshs
Government pension and retirement benefits	16,663,083	-
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	-	-
Total	**16,663,083**	-

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5 ACQUISITION OF ASSETS

Non -Financial Assets	2016/17	2015/16
	Kshs	Kshs
Overhaul of Vehicles and Other Transport Equipment	-	996,267
Purchase of Office Furniture and General Equipment	10,499,590	6,608,353
Purchase of Specialised Plant, Equipment and Machinery	1,274,838	-
Total	**11,774,428**	**7,604,620**

6 BANK ACCOUNTS

Name of Bank, Account No. & Currency	Indicated whether recurrent or development	2016/17	2015/16
		Kshs	Kshs
CBK, Acc. No. 1000241397& KES	Recurrent Account	193,129	-
EQUITY, Acc. No.1030261411906 & KES	Recurrent Account	15,332	23,999
KCB, Acc. No.1201485371 &KES	Recurrent Account	22,494	-
Total		**230,955**	**23,999**

7 FUND BALANCE BROUGHT FORWARD

	2016/17	2015/16
	Kshs	Kshs
Bank accounts	23,999	-
Total	**23,999**	**-**

8 Pending bills

The county Assembly did not have any pending bills.

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9. OTHER IMPORTANT DISCLOSURES

ANNEX 1 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (KShs) 2015/2016	Historical Cost (KShs) 2014/2015
Buildings and structures	-	-
Transport equipment	-	-
Office equipment, furniture and fittings	63,099,590	52,600,000
ICT Equipment, Software and Other ICT Assets	5,295,000	5,295,000
Other Machinery and Equipment	8,674,838	7,400,000
Heritage and cultural assets	-	-
Intangible assets	-	-
Total	**77,069,428**	**65,295,000**

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PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit report	Issue/ Observation from Auditor	Management comments	Focal person to resolve the issue(Name and designation)	Status(Resolved /Not Resolved)	Timeframe:(Put a date when you expect the issue to be resolved)
1.0	Fixed assets balance in the financial statement not supported with a fixed assets register	The assembly maintains a schedule of all assets as a fixed assets resgister. Improvements are in progress on the schedule to meet the requirements of a fixed asstes register	Principal procurement officer-Chairperson special committee on the audit queries for the financial year 2015/2016	Not resolved	Jan 2018
2.0	Mileage allowance paid to the members of the county assembly for the financial year ending 30th June 2016 was not taxed	This is a countrywide issue in which consultations on the impact is been discussed at higher levels	Principal procurement officer-Chairperson special committee on the audit queries for the financial year 2015/2016	Not resolved	Jan 2018

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3.0	General office supplies worth KShs 4,222,640 were not received vide counter receipt voucher and were not taken on charge in the stores ledgers. Issue notes were not raised to confirm point of use. Some payment vouchers were not supported with invoices, delivery notes and inspection certficates.	A special committee has been constituted to look into all the observations raised by the office of the auditor general and report on all issues/queries by Jan 2018	Principal procurement officer-Chairperson special committee on the audit queries for the financial year 2015/2016	Not resolved	Jan 2018
	KShs 2,400,000 ward salaries were not supported with muster rolls to confirm the daily attendance of the staff.	A special committee has been constituted to look into all the observations raised by the office of the auditor general and report on all issues/queries by Jan 2018	Principal procurement officer-Chairperson special committee on the audit queries for the financial year 2015/2016	Not resolved	Jan 2018

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	Subsistence allowance worth KShs 2,024,750 was not supported with signed payment schedules, work tickets, invitation letters, attendance registers, program of work and reports produced	A special committee has been constituted to look into all the observations raised by the office of the auditor general and report on all issues/queries by Jan 2018	Principal procurement officer-Chairperson special committee on the audit queries for the financial year 2015/2016	Not resolved	Jan 2018
	Payments for security allowance amounting to KShs 1,942,000 were not supported with approval for the CASB as well as attendance regsiters	A special committee has been constituted to look into all the observations raised by the office of the auditor general and report on all issues/queries by Jan 2018	Principal procurement officer-Chairperson special committee on the audit queries for the financial year 2015/2016	Not resolved	Jan 2018
	Subscription fees to CAF worth KShs 1,600,000 was not supported with adequate documentary evidence such as basis for payment and acknowledgement receipt.	A special committee has been constituted to look into all the observations raised by the office of the auditor general and report on all issues/queries by Jan 2018	Principal procurement officer-Chairperson special committee on the audit queries for the financial year 2015/2016	Not resolved	Jan 2018

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4.0	KShs 1,227,640 spent on repairs and spare parts were not taken on charge in the motor vehicle logbooks. Pre and post inspection reports were not attached to the payment vouchers. Specifications of tyres purchased were not specified in the requisition forms.	A special committee has been constituted to look into all the observations raised by the office of the auditor general and report on all issues/queries by Jan 2018	Principal procurement officer-Chairperson special committee on the audit queries for the financial year 2015/2016	Not resolved	Jan 2018

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