REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY ASSEMBLY OF EMBU

FOR THE YEAR ENDED 30 JUNE 2016

COUNTY ASSEMBLY OF EMBU

KENYA NATIONAL AUDIT OFFICE
EMBU HUB
26 JAN 2017
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EMBU

COUNTY ASSEMBLY OF EMBU

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2016

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

CONTENT **PAGE**

Key Entity Information and Management	ii
Statement of Entity Management Responsibilities	iv
Report of the Independent Auditors on County Assembly of Embu	v
Approval of Financial Reports	vi
Statement of Receipts and Payments	1
Statement of Financial Assets and Liabilities	2
Statement of Cash flows	3
Explanatory Notes to the Financial Statements	4
Statement of Comparison of Budget and actual Amounts - Combined	7
Statement of Comparison of Budget and actual Amounts - Recurrent	8
Statement of Comparison of Budget and actual Amounts – Combined	9
Annex 1 Analysis of Gratuity Account	10
Annex 2 Pending Bills	10
Annex 3 Summary of Fixed Assets	11
Annex 4 Analysis of Pending Accounts Payable	11
Annex 6 County Assembly of Embu Mortgage and Car loan Account	13

KEY ENTITY INFORMATION AND MANAGEMENT

Background information

The County Assembly is a creation of Article 176 of the Constitution of Kenya. The Constitution under Article 185 provides that the legislative authority of a County is vested in, and exercised by the County Assembly. In order to give effect to Chapter eleven of the Constitution, Parliament enacted the County Governments Act (No. 17 of 2012) (hereinafter referred to as "the Act") to provide for County Governments' powers, functions and responsibilities to deliver services. Section 12 of the Act establishes the County Assembly Service Board for each County, which is responsible for:

(a) providing services and facilities to ensure the efficient and effective functioning of the county assembly;
(b) constituting offices in the county assembly service, and appointing and supervising office holders;
(c) preparing annual estimates of expenditure of the county assembly service and submitting them to the county assembly for approval, and exercising budgetary control over the service;
(d) undertaking, singly or jointly with other relevant organizations, programmes to promote the ideals of parliamentary democracy; and
(e) performing other functions –
    (i) necessary for the wellbeing of the members and staff of the county assembly; or
    (ii) Prescribed by national legislation.

In pursuit of its mandate under the Act, the County Assembly Service Board has established the offices for the efficient and effective functioning of the county assembly.

The functions of the county assembly include:

1. Making laws for the effective performance of the county government.
2. Exercising oversight over the county executive committee.
3. Receiving and approving plans and policies for:
   – managing and exploiting the county's resources, and
   – developing and managing the infrastructure and institutions.

The County Assembly of Embu is composed of 34 members made up as follows:

1. The Speaker- elected by the members of the assembly.
2. 20 elected members to represent the electoral wards as set out by the IEBC
3. 13 members nominated by political parties in proportion of the number of seats garnered during the election in the electoral wards.

Principal Activities

The principal activity/mission of the Count Assembly of Embu is to legislate on all issue within Embu County and to provide an oversight role over the Count Executive

Key Management

The Embu County Assembly day-to-day management is under the following key organs:

County Assembly Service Board

Clerk

Deputy Clerk

HODS

Staff

Physical Address

County Assembly of Embu
Along James Nyaga Crescent road
Off Embu Meru Highway
Opposite Faith House
P.O. Box 140 – 60100 Embu

Contacts

Telephone: (254) 068-2231208
E-mail countyassemblyofembu@gmail.com
Website: www.assembly.embu.go.ke

Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O Box 60000-00200,
Nairobi, Kenya
Tel/fax: +254-20-2860000/2861000/2863000

Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way

STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a Government entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards prescribed and published by the Accounting Standards Board from time to time.

The County Assembly Service Board is in charge of the County Assembly of Embu and is responsible for the preparation and presentation of the Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly as at the end of the financial year ending on 30th June 2014.

This responsibility includes:

- Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period.
- Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity.
- 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.
- Safeguarding the assets of the County Assembly of Embu
- Selecting and applying appropriate accounting policies; and
- Making accounting estimates that are reasonable in the circumstances.

The County Assembly Service Board accepts responsibility for the 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 County Assembly Service Board is of the opinion that the Assembly's financial statements give a true and fair view of the state of Assembly's transactions during the financial year ended June 30, 2014, and of the Assembly's financial position as at that date.

The County Assembly Service Board further confirms the completeness of the accounting records maintained for the Assembly which have been relied upon in the preparation of the Assembly financial statements as well as the adequacy of the systems of internal financial control.

County Assembly Service Board further confirms that the Assembly has complied fully with applicable Government Regulations and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

County Assembly Service Board confirms that the Assembly financial statements have been prepared in a form that complies with relevant accounting standards prescribed and published by the Accounting Standards Board.

Approval of the financial statements

The Assembly's financial statements were approved by County Assembly Service Board of Embu on 26/01/ 2017 and signed.

COUNTY ASSEMBLY OF EMBU
CLERK
26 JAN 2017
Sign:
P.O. Box 140 - 60100, EMBU

Clerk/ Secretary
County Assembly Service Board of Embu
On behalf of the Board

Principal Accountant

PRINCIPAL ACCOUNTANT
COUNTY ASSEMBLY OF EMBU

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF EMBU FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of County Assembly of Embu set out on pages 1 to 13, which comprise the statement of assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amount 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.

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.

The 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.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report 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. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County Assembly's internal control. An audit also includes; evaluating the

appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my adverse audit opinion.

Basis for Adverse Opinion

1.0 Presentation and Accuracy of the Financial Statements

1.1 Accuracy of the Financial Statements

The amount of cash brought forward of Kshs.2,043,928 differs with the balance carried forward from 2014/2015 of Kshs.1,218,846 by unexplained and unreconciled variance of Kshs.825,082 in both statement of financial assets and cash flow statement.

Further, the summary statements of appropriation recurrent and development combined reflect actual total receipts of Kshs.484,312,223 whereas the statement of receipts and payments indicate total receipts of Kshs.519,312,222 resulting in an unexplained variance of Kshs.34,999,999.

In the circumstances, accuracy and completeness of the financial statements balances as at 30 June 2016 could not be ascertained.

1.2 Presentation of Financial Statements

The financial statement prepared and submitted by the County Assembly of Embu did not include a forwarding minute by the Clerk of the Assembly as required by International Public Sector Accounting Standards (cash basis) format issued by the Treasury. In addition, the summary statement of appropriation has been placed after the notes to the financial statements contrary to IPSAS (cash basis) format. Further, the statement of management responsibilities was not signed by the clerk of the County Assembly.

In addition, the International Public Sector Accounting Standards cash basis requires that a report on follow-up of auditor's previous recommendations be included as part of the annexures in the financial statements. However, the financial statements for the year under review did not include a report of the progress on the auditor's previous recommendations.

In the circumstances, the presentation of the financial statements for the year ended 30 June 2016 do not comply with the prescribed format under the International Public Sector Accounting Standards as prescribed by the Public Sector Accounting Standards Board.

2.0 Cash and Cash Equivalents

The financial statements reflect a cash and cash equivalents balance of Kshs.49,112,070 as at 30 June 2016. However, the County Assembly did not disclose balances for County Assembly of Embu Mortgage and Car loan Scheme Fund account

number 075000028013 and a Fixed Deposit account number 075000032988 with a balance of Kshs.20,733 and Kshs.165,000,000 respectively as at 31 March 2016. Further, bank reconciliations and bank statements for the two accounts were not presented for audit review.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.49,112,070 as at 30 June 2016 could not be ascertained.

3.0 Human Resources

3.1 Irregularities in Payroll Management

Review of the human resource records revealed that an amount of Kshs. 2,496,594.00 was paid to two officers as salary for the financial year 2015/2016. However, the officers were engaged on permanent basis as hansard reporter and sergeant at arms respectively on 9 September 2013 and were previously working in the Ministry of interior and National Co-ordination and Kitui County Government respectively. Further, the officers' salaries were not processed through the Integrated Personnel Payroll Data (IPPD) and the officers had not provided the last pay certificate. The payment of salaries outside the IPPD is irregular since the said officers could be drawing double salaries at the same time.

Consequently, the propriety of Kshs.2,496,594 paid out as a salary for the two (2) officers could not be ascertained.

3.2 Administration of Gratuity

The County Assembly's approved budget of Kshs.519,312,222 included an amount of Kshs.31,213,757 in respect to gratuity. However, the financial statements reflects an amount of Kshs.35,380,361 was transferred to the Assembly in respect to gratuity and was banked at Family Bank, Embu Branch on current Account No.001150079 resulting in an unexplained and unsupported over provision of Kshs. 4,166,604. Further, a manual calculation of the gratuity based on the approved rate of 31% revealed that the contracted staff and MCAs were entitled to an annual provision of Kshs.16,408,271.37 resulting in an over provision of Kshs.18,972,090 between the Kshs.35,380,361 that was transferred to the Assembly and the calculated annual gratuity of Kshs.16,408,271.

Annex 1 of the financial statements and bank statements indicate that out of Kshs.35,380,361 gratuity transferred from Treasury, Kshs.5,321,316 had been paid as gratuity during the year while the unutilized balance as at 30 June 2016 was Kshs.30,059,045. However, the County Assembly had not entered into any formal agreement with a competent body on the management of gratuity.

In the circumstances, the accuracy, security and sound management of the Kshs.35,380,361 transferred in respect to gratuity during the year could not be ascertained.

4.0 Doubtful Expenditure

i) Contracted Guards

The County Assembly entered into a contract agreement with a service provider on 9 January 2014 to offer security services to the Assembly at a monthly contract fee of Kshs. 90,000. During the year under review, an amount of Kshs. 450,000 was paid to the company for alleged security services provided.

However, review of payment vouchers on contractual security services revealed that Kshs.245,700 was paid as meal allowances to administration police officers deployed within the County Assembly. This payment was irregular as it was not provided for in the security services contract.

ii) Hire of Transport

During the year under review, a supplier was paid Kshs.313,200 vide PV No. CAE/SEP/149 dated 01/10/2015 while on an exercise of public participation. However;

a) The payment voucher was a copy and was supported by certified copies of invoices for 2014/2015. It was not possible to ascertain that the original documents had not been used to settle a similar claim.

b) An amount of Kshs. 313,200 was paid while the supporting invoices amounted to Kshs.158,200 resulting in an unsupported payment of Kshs.155,000.

iii) Conference Facilities

During the financial year under review, an amount of Kshs.120,000 was paid to Izaac Walton for the Education Committee conference on 16 to 30 November 2015. However, review of the committee's attendance register shows that the committee was in Nairobi at Utalii Hotel during this period. It was not clear as to how the committee was in two places at the same time.

In the circumstances, the propriety of the expenditure amounting to Kshs.1,128,900 could not be confirmed.

5.0 Unaccounted for Funds for Car loan Scheme and Mortgage Scheme Fund

The County Executive member for finance established the Embu County Assembly Members (Mortgage Scheme Fund) and Embu County Public Finance (County Assembly Car Loan (Members) Scheme Fund Regulations 2014 as per Section 116 (1) of the Public Finance Managements Act, 2012. The Board signed an agreement with Family Bank Limited for the Management of the Fund on 16 June 2014. During the financial years 2013/2014 and 2014/2015, the County Assembly transferred funds totaling Kshs.165,000,000.00 to family bank account number 075000028013. The bank balance certificate for the account reflected a balance of Kshs.165,020,733.00 as at 31 March 2016. A review of the bank statements showed that the amount was invested in a fixed

deposit at unknown interest earning rate. Further, there were no records indicating the interest earned by the bank and the costs deducted.

According to a schedule made available for audit by the County Assembly and the bank, the outstanding loans as at 31 December 2015 were Kshs.74,479,540.18.

Further, the following documents were also not made available for audit review;

i) Copies of title deed for land and Legal charge for the properties purchased.

ii) Copies of Logbooks with evidence of chattel Mortgage.

iii) Cash books for the account and reconciliations reflecting loans, interest and charges thereof.

iv) Copies of loan agreements between the Assembly and members of the County Assembly.

In addition, although the two Funds are separate entities which were created in March 2014 but wholly owned by the Assembly, no separate financial statements were submitted to the Auditor General contrary to section 116(7) of the Public Finance Management Act, 2012, Section 47 of the Public Audit Act, 2015 and Section 15(1) (d) and 19(1) (d) of the Car and Mortgage Scheme Fund respectively.

In the circumstances, the Assembly was in breach of the law and the propriety, security and accuracy of the Kshs.165, 000,000 deposits and any interest earned thereof including the recoverability of all outstanding amounts could not be ascertained as at 30 June 2016.

6.0 Unsupported Domestic Travel and Subsistence

During the year under review, Kshs. 16,614,835 was spent on domestic travel and subsistence. However, cash advanced to officers was expensed immediately without the use of imprest system contrary to Section 93 (3) of Public Finance Management regulations, 2015. Further, journeys undertaken by officers were neither supported by work tickets nor bus tickets as an evidence of officers leaving the duty station.

Under the circumstances, the propriety of the Kshs.16,614,835 expenditure could not be confirmed as at 30 June 2016.

7.0 Doubtful Foreign Expenditure

The financial statements reflected an expenditure of Kshs.15,720,920 in respect to foreign travel as at 30 June 2016 which included an expenditure of Kshs.7,669,643 spent in respect of foreign trip to Tanzania (Arusha) and China by various Members of County Assembly (MCAs) and County Assembly staff.

Examination of documents available revealed that the MCAs, together with the staff attended various courses including Advance Financial Management, Organizational Change Management, Integrated Human Resource System (IHRS) and Integrated

Financial Management System at Eastern and Southern African Management Institute (ESAMI). However, the courses attended by the MCAs were not directly related to the core business of legislation.

In the circumstances, it has not been possible to ascertain that the Assembly got value for money in the expenditure of Kshs.7,669,643.

8.0 Engagement of Private Legal Services

During the year under review, Kshs.6,367,217 was paid to a legal firm in respect to provision of legal services to the County Assembly. However, the legal firm was engaged without seeking the approval of the Attorney-General who is the legal advisor to the government institutions.

Under the circumstances, the Assembly was in breach of Section 17(1) of the Office of the Attorney-General Act, 2012 and the propriety of the expenditure could not be confirmed.

9.0 Construction of County Assembly Office Complex

The County Assembly entered into an agreement for construction of an office complex and specialized works on 30 March 2015 with a contractor at a contract sum of Kshs.325,856,107 to be funded using long term finance as per Commission of Revenue and Allocation (CRA) advice. However, no construction took place in 2014/2015 and 2015/2016 financial years although a budget of Kshs.35,000,000 in each financial year was set aside and received by the County Assembly

As a result, the County Assembly was in breach of the contract entered into, which may result into penalties from the contractor and the County residents have not benefited from the resources budgeted and received by the Assembly.

10.0 Unsupported Pending Bills

Annexure No. 2 to the financial statements reflects list of pending bills totaling to Kshs.30,573,356. However, the respective supporting documents including ledgers, and invoices were not made available for audit review. Further, the pending bills were not analyzed in annexure 3 and 4 to the financial statements as required.

In the circumstances, the accuracy and existences of the pending bills of Kshs.30,573,356 as at 30 June 2016 could not be ascertained.

Adverse Opinion

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly, the financial position of County Assembly of Embu as at 30 June 2016, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and does not comply with the Public Finance Management Act, 2012.

Other Matter

1. Budgetary Control and Performance

The approved budget for the County Assembly of Embu for the year under review amounted to Kshs. 519,312,222 comprising of Kshs.484,312,222 (93.3%) for recurrent and 35,000,000 (6.7%) for development respectively. Review of the bank statements revealed that the Assembly received exchequer issues of Kshs.484,312,222.00 for the recurrent expenditure and a further Kshs.35,000,000.00 for development expenditure. As at 30 June 2016, County Assembly had incurred a total actual expenditure of Kshs.472,244,080 for recurrent and nil expenditure on development.

The funds budgeted for development was for construction of County Assembly offices which had not been carried out as at the end of the financial year under review.

The County Assembly did not explain why it failed to utilized the Kshs.35,000,000 development funds as per the approved budget. In the circumstances the county residents did not obtain services equivalent to unspent approved recurrent and development budget of Kshs.12, 068,142 and Kshs.35, 000.000 respectively both totaling to Kshs.47,068,142.

2. Information, Communication and Technology (ICT) Environment

Review of the County Assembly's ICT environment revealed that there was no formal approved ICT policy in place as at 30 June 2016 which includes data security policy and disaster recovery plans. Further, the ICT organization structure was not provided for audit review.

In the circumstances, the security and reliability of the Assembly's data including the management information system could not be ascertained.

3. Non-Establishment of Audit Committee

The County Assembly did not have in place an audit committee contrary to Section 155 (5) of the Public Finance Management Regulations, 2015. Further, the existing internal audit unit was not independent as it was part of finance department and lacked an internal audit charter.

Further, there was no risk assessment processes put in place hence risks may not be identified.

In the circumstances, the County Assembly was in contravention of Section 155 (5) of the Public Finance Management Regulations, 2015.

4. Lack of Organizational Charts

The County Assembly did not have an approved organizational chart/structure as at 30 June 2016, hence the different levels of management and their roles/responsibilities could not be ascertained.

In the circumstances, it was not possible to ascertain how the Assembly would get credible management information decision making and human resources utilization and management.

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

Nairobi

15 August 2017

COUNTY ASSEMBLY OF EMBU

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2016

STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015/2016	2014/2015
		Kshs	Kshs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	519,312,222	384,620,628
Other Receipts	2	-	31,785,643
TOTAL RECEIPTS		**519,312,222**	**416,406,271**
PAYMENTS			
Compensation of Employees	3	193,341,105	181,612,595
Use of goods and services	4	231,733,280	223,612,234
Social Security Benefits	5	45,356,333	8,670,354
Acquisition of Assets	6	1,813,362	1,292,242
TOTAL PAYMENTS		**472,244,080**	**415,187,425**
SURPLUS/DEFICIT		**47,068,142**	**1,218,846**

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 26/01/2017 and signed by:

Clerk of the Assembly

COUNTY ASSEMBLY OF EMBU
CLERK
26 JAN 2017
Sign:.....
P.O. Box 140 - 60100

Principal Accountant - County Assembly

PRINCIPAL ACCOUNTANT
COUNTY ASSEMBLY OF EMBU

COUNTY ASSEMBLY OF EMBU

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2016

STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

	Note	2015/2016	2014/2015
FINANCIAL ASSETS		**Kshs**	**Kshs**
Cash and Cash Equivalents			
Bank Balances	7	49,112,070	1,218,847
Total Cash and cash equivalents		**49,112,070**	**1,218,847**
Accounts receivables – Outstanding Imprests			
TOTAL FINANCIAL ASSETS		**49,112,070**	**1,218,847**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions			
NET FINANCIAL ASSETS		**49,112,070**	**1,218,847**
REPRESENTED BY			
Fund balance b/fwd	9	**2,043,928**	-
Surplus / Deficit for the year		**47,068,142**	**1,218,846**
Prior year adjustments			
NET FINANCIAL POSITION		**49,112,070**	**1,218,846**

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 26/01/2017 and signed by:

Clerk of the Assembly

COUNTY ASSEMBLY OF EMBU
CLERK
26 JAN 2017
Sign:
P.O. Box 140 - 60100 EMBU

Principal Accountant

PRINCIPAL ACCOUNTANT
COUNTY ASSEMBLY OF EMBU

COUNTY ASSEMBLY OF EMBU

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2016

STATEMENT OF CASHFLOWS

	Note	2015/2016	2014/2015
		Kshs	Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from operating income			
Transfers from the County Treasury/Exchequer Releases	1	519,312,222	384,620,628
Other Receipts	2	-	31,785,643
Payments for operating expenses			
Compensation of Employees	3	- 193,341,105	- 181,612,595
Use of goods and services	4	- 231,733,280	- 223,612,234
Social Security Benefits	5	- 45,356,333	- 8,670,354
Adjusted for:			
Adjustments during the year			
changes in receivables(outstanding imprests)			
Changes in payables(retentions)			
Net cash flows from operating activities		**48,881,504**	**2,511,088**
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	6	- 1,813,362	- 1,292,242
Net cash flows from investing activities		**- 1,813,362**	**- 1,292,242**
NET INCREASE IN CASH AND CASH EQUIVALENT		**47,068,142**	**1,218,846**
Cash and cash equivalent at BEGINNING of the year		**2,043,928**	
Cash and cash equivalent at END of the year		**49,112,070**	**1,218,847**
As per statement of assets		**49,112,070**	**1,218,847**

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 26/01/17 2017 and signed by:

Clerk to the Assembly

COUNTY ASSEMBLY OF EMBU CLERK P.O. Box 140 EMBU
26 JAN 2017
Sign:

Principal Accountant

PRINCIPAL ACCOUNTANT
COUNTY ASSEMBLY OF EMBU

NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM THE EXCHEQUER

	2015/2016 Kshs	2014/2015 Kshs.
Total Exchequer Releases for quarter 1 Recurrent	150,349,939	384,620,628
Total Exchequer Releases for quarter 2	75,000,000	
Total Exchequer Releases for quarter 3	148,914,514	
Total Exchequer Releases for quarter 4	110,047,769	
Total Exchequer Releases Development	35,000,000	
Total	**519,312,222**	**384,620,628**

2. OTHER RECEIPTS

	2015/2016 Kshs	2014/2015 Kshs
Bank Balance at Co-operative Bank		
Other Receipts		31,785,643
Total		**31,785,643**

3. COMPENSATION OF EMPLOYEES

	2015/2016	2014/2015
Basic salaries of permanent employees	83,184,965	95,579,460
Basic wages of temporary employees	16,936,275	
Personal allowances paid as reimbursements	90,450,429	80,045,739
Personal allowances paid as reimbursements	2,750,606	5,762,596
Pension and other social security contributions		
Compulsory national social security schemes	18,830	224,800
Compulsory national health insurance schemes		
Social benefit schemes outside government		
Other personnel payments		
Total	**193,341,105**	**181,612,595**

4. USE OF GOODS AND SERVICES

	2015/2016 Kshs	2014/2015 Kshs
Utilities, supplies and services	1,040,999	1,050,085
Communication, supplies and services	420,236	2,631,049
Domestic travel and subsistence	93,484,289	76,334,566
Foreign travel and subsistence	15,720,920	11,136,663
Printing, advertising and information supplies & services	6,656,058	1,803,962

Rentals of produced assets	10,747,772	3,403,298
Training expenses	5,248,422	8,141,580
Hospitality supplies and services	16,406,188	7,154,405
Insurance costs	16,112,618	
Specialized materials and services	45,943	
Office and general supplies and services	17,811,843	9,713,148
Other operating expenses	46,526,860	101,606,445
Routine maintenance –	1,511,132	637,033
Total	**231,733,280**	**223,612,234**

5. SOCIAL SECURITY BENEFITS

	2015/2016 Kshs	**2014/2015 Kshs**
Government pension and retirement benefits	9,694,160	8,544,682
Gratuity for Members and Contractual employees	35,662,173	
Employer Social Benefits in cash and in kind		125,672
Total	**45,356,333**	**8,670,354**

6. ACQUISITION OF ASSETS

Non Financial Assets	**2015/2016 Kshs**	**2014/2015 Kshs**
Purchase of Buildings		
Construction of Buildings		106,134
Purchase of Household Furniture and Institutional Equipment	344,990	
Purchase of Office Furniture and General Equipment	598,382	1,186,108
Purchase of ICT Equipment, Software and Other ICT Assets	869,990	
Purchase of Specialised Plant, Equipment and Machinery		
Total	**1,813,362**	**1,292,242**

7. BANK ACCOUNTS

Name of Bank, Account No. & Currency	Indicated whether recurrent or development	2015/2016	2014/2015
		Kshs	Kshs
Central Bank of Kenya Ac/ No. 1000195328	Recurrent	14,112,070	
Co-operative Bank of Kenya Ac/ No.	Operations		822,643
Central Bank of Kenya Ac/ No. 1000195339	Development	35,000,000	-
Total		**49,112,070**	**822,643**

8. GRATUITY ACCOUNT (Annex 1)

	2015/2016 Kshs	2014/2015 Kshs
Family Bank A/c No. 075000034870	30,059,044	
Location 2		
Location 3		
Total		

9. FUND BALANCE BROUGHT FORWARD

	2015/2016 Kshs	2014/2015 Kshs
Balance b/f	**1,218,847**	**1,016,917**
Cash in hand		
Prior year adjustments (Understated Surplus 2014/15)	825,081	201,930
Accounts Payables		
Total	**2,043,928**	**1,218,847**

10: PENDING ACCOUNTS PAYABLE (See Annex 2)

	2015/2016 Kshs	2014/2015 Kshs
Construction of buildings		
Construction of civil works		
Supply of goods	30,573,356	30,175,004
Supply of services		
Total		

STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of utilization difference to
	Kshs	Kshs	Kshs	Kshs	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases			519,312,222	484,312,223	93
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	-	-	**519,312,222**	**484,312,223**	93
PAYMENTS					
Compensation of Employees			193,351,450	193,341,105	100
Use of goods and services			239,493,657	231,733,280	97
Subsidies					
Transfers to Other Government Entities					
Other grants and transfers					
Social Security Benefits			46,696,526	45,356,333	97
Acquisition of Assets			4,770,589	1,813,362	38
Finance Costs					
Other Payments					
TOTAL	-	-	**484,312,222**	**472,244,080**	98

The entity financial statements were approved on 26/01/17 and signed by:

COUNTY ASSEMBLY OF EMBU
CLERK
26 JAN 2017
P. O. Box 140 - 60100, EMBU
Sign:.....

Clerk to the County Assembly

Principal Accountant

PRINCIPAL ACCOUNTANT
COUNTY ASSEMBLY OF EMBU

STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of utilization difference to final budget
	Kshs	Kshs	Kshs	Kshs	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases			484,312,222	484,312,222	100
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	-	-	**484,312,222**	**484,312,222**	100
PAYMENTS					
Compensation of Employees			193,351,450	193,341,105	100
Use of goods and services			239,493,657	231,733,280	97
Subsidies					
Transfers to Other Government Entities					
Other grants and transfers					
Social Security Benefits			46,696,526	45,356,333	97
Acquisition of Assets			4,770,589	1,813,362	38
Finance Costs					
Other Payments					
TOTAL	-	-	**484,312,222**	**472,244,080**	98

The entity financial statements were approved on 25/10/2017 and signed by:

COUNTY ASSEMBLY OF EMBU CLERK P. O. Box 140 - 60100, EMBU

Clerk to the County Assembly

Principal Accountant

PRINCIPAL ACCOUNTANT
COUNTY ASSEMBLY OF EMBU

STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of utilization difference to final budget
	Kshs	Kshs	Kshs	Kshs	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	35,000,000	-	35,000,000	1	0
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	**35,000,000**	-	**35,000,000**	**1**	**0**
PAYMENTS					
Compensation of Employees					
Use of goods and services					
Subsidies					
Transfers to Other Government Entities					
Other grants and transfers					
Social Security Benefits					
Acquisition of Assets					
Finance Costs					
Other Payments					
TOTAL	-	-	-	-	-

The entity financial statements were approved on 26/01/2017 and signed by:

COUNTY ASSEMBLY OF EMBU CLERK P.O. Box 140 - 60100 EMBU

Clerk of the Assembly

Sign:.....

Principal Accountant – County Assembly

PRINCIPAL ACCOUNTANT
COUNTY ASSEMBLY OF EMBU

ANNEX 1

ANALYSIS OF THE GRATUITY ACCOUNT

	DETAILS	Kshs.	Kshs.
	Amount transferred from Treasury		35,380,361
Less	Amount paid as Gratuity	5,320,546	
	Bank Charges	770	5,321,316
	Balance as per Statement		**30,059,045**

ANNEX 2

PENDING BILLS AS AT 30/06/2016

	Particulars	Vote head	AMOUNT
1	Attic tours	2210301	117,600
2	Uniglobe	2210401	695,970
3	Nation Media	2210504	344,694
4	Standard Newspapers	2210504	122,148
5	The star	2210504	1,043,444
6	Yogesh Patel- rent 15/11/15-14/5/16	2210603	518,000
7	Neno	2210604	414,800
8	Esami	2210711	2,067,150
9	Mountain Breeze	2210801	55,600
10	KSMS	2210802	55,680
11	Kenya school of government	2210802	201,260
12	Owoods Lodge	2210802	606,420
13	Utalii Hotel	2210802	346,463
14	Bomas of Kenya	2210802	1,612,697
15	Izaac Walton	2210802	354,800
16	slopes villa	2210802	356,030
17	Monarch	2210901	360,371
18	APA Insurance	2210910	4,792,073
19	C.F.C	2210912	385,158
20	Pioneer Insurance-Life Assurance	2210912	788,399
21	Nechal Enter	2211101	693,553
22	Nocklack tradinng	2211101	744,069
23	Astiques ventures	2211101	115,890
24	Pawan concepts	2211101	21,900
25	totoways- August 2015-March 2016	2211305	480,000
27	Oil libya	2220205	29,975
28	Joseki engineering	2220205	1,470
29	MFI Solutions-2013/2014	2220210	77,507
30	Elite digital	2220210	38,619
31	Homa hills	3111001	1,716,000
32	Specicom Technologies-2013/2014	3111002	296,700
33	Megaton	2211101	377,700
34	Silverspeed	3111009	94,500
35	Nikiwise	3111009	75,000
36	Josnam	2211101	30,000
37	Muchoki Kang'ata	2211308	10,175,000

38	Moses Munyao Wambua	2210603	11,000
39	Julius Macharia Waweru	2210603	40,000
40	James Njue Robert	2210603	20,000
41	Mutema Murage	2210603	10,000
42	Martin Njiru Mwea	2210603	24,000
43	John Mbaluku Ndithi	2210603	14,000
44	Justus N. Ngiavi	2210603	14,000
45	Charles Mutembei Nyaga	2210603	20,000
46	Joel Ngatiari	2210603	20,000
47	Mary Muthoni	2210603	16,000
48	Agapio Njiru Kirogoh	2210603	12,000
49	Njagi Rurima	2210603	20,000
50	Nicholus Kamuti Mwenda	2210603	20,000
51	Nawiri Sacco	2210603	15,516
52	Jeremiah Njeru Karukenya	2210603	20,000
53	Isaih Muia Kaluani	2210603	10,000
54	Phides Muthoni Muriuki	2210603	14,000
55	Fredrick Nyaga Ngari	2210603	14,000
56	Njue Nyaga	2210603	12,000
57	Moses Kelly Ngethe	2210603	10,000
58	All Sales	2211016	15,000
59	Government Supplies Branch	2211101	15,200
			30,573,356

ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost FY2015/2016	Historical Cost FY2014/2015
Balance B/f	**18,185,774**	**16,893,532**
Land		
Buildings and structures		106,134
Transport equipment		
Office equipment, furniture and fittings	943,372	1,186,108
ICT Equipment, Software and Other ICT Assets	869,990	
Other Machinery and Equipment		
Heritage and cultural assets		
Intangible assets		
Total Acquisitions for the year	**1,813,362**	**1,292,242**
Balance c/d	**19,999,136**	**18,185,774**

ANNEX 4 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	2015/2016	2014/2015
	Kshs	Kshs
Construction of buildings		
Office Complex		
Administration Block		
County Assembly Hall		
Sub-Total		
Construction of civil works		
Pavements in and around County Assembly Headquarters		

Sub-Total		
Supply of goods		
Office Supplies		
Sub-Total		
Supply of services		
Periodic Computer Maintenance Services		
Recruitment of County Assembly Clerks		
Consultancy Services for Development of County Citizen Participation Framework		
Sub-Total		
Grand Total		

ANNEX 5 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	**2015/2016**	**2014/2015**
	Kshs	**Kshs**
Total		

ANNEX 6 - County Assembly of Embu Mortgage and Car loan Account

ANNEX 6

COUNTY ASSEMBLY OF EMBU MORTGAGE AND CAR LOAN ACCOUNT

2013/14

DATE	DETAILS	SHS	CTS	DATE	DETAILS	SHS	CTS
12/6/2014	Embu County Government Recurrent	66,000,000					
				30/06/2014	Balance c/d	106,000,000	
17/06/2014	Embu County Government Recurrent	40,000,000					
		106,000,000				106,000,000	

COUNTY ASSEMBLY OF EMBU MORTGAGE AND CAR LOAN ACCOUNT

2014/15

DATE	DETAILS	SHS	CTS	DATE	DETAILS	SHS	CTS
1/7/2014	Balance b/f	106,000,000					
9/9/2014	Embu County Government Recurrent	25,500,000					
30/10/2014	Embu County Government Recurrent	10,000,000		30/06/2015	Balance c/d	165,000,000	
3/12/2014	Embu County Government Recurrent	6,000,000					
17/06/2015		17,500,000					
		165,000,000				165,000,000	