REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY ASSEMBLY OF KIAMBU

FOR THE YEAR ENDED 30 JUNE 2016

COUNTY ASSEMBLY OF KIAMBU

REVISED REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2016

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

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Key Management

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

- General Administration and Support Services
- Legislation and Oversight Services

(c) Fiduciary Management

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

No.	Designation	Name
1.	Accounting Officer	**-JOHN MWIVITHI MUTIE**
2.	Director Finance	**-JOHN MUNGAI NGUGI**
3.	Principal Accountant	**-GABRIEL KARIMI MURIITHI**

(d) Fiduciary Oversight Arrangements

Kiambu County Assembly is a legislative arm of the Kiambu County Government created by the Constitution of Kenya, 2010 and comprises 87 members 60 of whom are elected and 27 nominated to represent various interests and constitutional provisions on gender equity. The assembly functions through 17 house committees, a speaker's panel with the administrative issues being handled by the County Assembly Service Board. The functions of the assembly are representation of county residents, law-making and oversight. The key Strategic goals and objectives include; Review Kiambu County Assembly Standing Orders; Carrying out continuous mandate workshops for house committees; Periodic training of members to inculcate a parliamentary culture in the conduct of their mandate. The Various Committees undertake various oversight activities which include;

i. Investigating, inquiring into and reporting on all matters related to coordination, control and monitoring of the county budget;
ii. Examine and consider all matters related to public finance, monetary policies and public debt;
iii. The examination of the annual reports of the Auditor General on the accounts relating to the appropriations of the sum voted by the Assembly to meet the public expenditure for the County Government, including the Assembly; and,
iv. The examination of any other reports of the Auditor General on public funds relating to the County, including specialized reports and special reports submitted by the Auditor General.

(e) Entity Headquarters

P.O. Box 1492-00900
Kiambu County Assembly Building
Kiambu, KENYA

(f) Entity Contacts

Telephone: (254) 0675860000
E-mail: kiambucountyassembly@gmail.com
Website: www.kiambucountyassembly

(g) Entity Bankers

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

2. Co-operative Bank of Kenya
   P.O. Box 170
   Kiambu, 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

II. FORWARD BY THE CLERK OF THE ASSEMBLY

Budget performance
Going by the allocations in the Budget the Kiambu County Assembly has utilized 93.73% of the budget considering the limited resources in the County Assembly and the competing programmes for funding. Priority for funding in the FY 2015/16 was given to efficient and productive projects/programmes that seek to improve the general welfare of Kiambu residents as well as improving the environment for doing business. This is in line with the County's objective.
Performance of key development projects
Some key achievements during the period under review include; Legislation, oversight and representation of the County Government programmes; Completed the perimeter fence, Refurbished the Assembly office block and conducted capacity building forums, report writing and passing of crucial bills.
Comment on value-for-money achievements
some of the projects undertaken have positively improved the lives of the citizens of the County by ensuring there is proper planning and guiding of county on various programmes thus ensuring that there is improvement of social infrastructure facilities and also developing citizen engagement framework.
Challenges and Recommended Way Forward
Some of the implementation challenges and key factors that caused the county assembly not to fully achieve its goals of strategic objectives for the County Assembly include (i) Limited financial resources (ii) Unexploited opportunities for Partnerships and collaborations (iii) Limited public participation (iv) Capacity gaps among Members and staff.

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 June 30, 2016. 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 June 30, 2016 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 Government's financial statements were approved and signed by the Clerk of the County Assembly on **September 30, 2016**

Clerk of the County Assembly

REPUBLIC OF KENYA

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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of County Assembly of Kiambu set out on pages 1 to 26, which comprise the statement of financial 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 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.

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 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 is sufficient and appropriate to provide a basis for my adverse audit opinion.

Basis for Adverse Opinion

1.0 Accuracy of Financial Statements

1.1 Variances between IFMIS Report and the Financial Statement Balances

Comparison of the balances reflected in the financial statements and the those extracted from the Integrated Financial Management and Information System (IFMIS) has revealed the variances as tabulated below:

Description	Amount as per IFMIS Kshs.	Amounts as per Financial Statements Kshs.	Variance Kshs.
Receipts	0	872,000,000	872,000,000
Cash and cash equivalent	(44,419,461)	53,894,284	98,313,745
Receivables	(119,827,178)	0	119,827,178
Accounts payable	1,428,726,895	0	1,428,726,895
Fund balances brought forward	(775,143,419)	0	775,143,419

The variances have neither been explained nor reconciled.

1.2 Unsupported Balances

The statement of receipts and payments for the year ended 30 June 2016 reflects expenditure on acquisition of assets totalling Kshs.24,853,599 as detailed in Note 10 to the financial statements. However, the schedule of assets acquired during the year was not provided for audit review. Further, the summary of fixed assets register Annex 4 to the financial statements reflects nil balances and therefore has not disclosed any assets. In addition, Annexures 2,3,5 and 6 to the financial statements marked as "Analysis of pending staff payables, analysis of other pending payables", " analysis of outstanding imprests", and bank reconciliation statement" respectively are similarly all blank.

As a result of these discrepancies, the accuracy and completeness of the County Assembly's financial statements for the year ended 30 June 2016 cannot be confirmed.

2.0 Cash and Bank Balances

The statement of financial assets as at 30 June 2016, reflects a bank balance of Kshs.53,894,284. The County Assembly operated three bank accounts during the financial year namely: Development vote account No. 1000291087 and recurrent vote account No. 1000216603 operated by the Assembly at Central Bank of Kenya, and recurrent vote account No. 011413712200 maintained at Cooperative Bank of Kenya. However, no cash books and bank reconciliation statements were prepared for both the recurrent vote and development vote accounts held at Central Bank of Kenya. In addition, the cash book for the recurrent vote account held at Co-operative bank was not updated for three months between April to June 2016.

Consequently, the accuracy and validity of bank balances of Kshs.53,894,284 as at 30 June 2016 cannot be confirmed.

3.0 Ward Offices Rent

Included in Note 5 to the financial statements use of goods and services is rentals of produced assets expenditure totalling Kshs.12,040,000. Out of this balance, Kshs.10,980,000 was incurred in respect of rent for ward offices leased for the members of the County Assembly. The rent was paid at a uniform rate of Kshs.15,000 per month for each Ward Office. However, as previously reported in 2014/2015, no valuation was done to establish the reasonableness of the rent charged. Further, procurement of the offices was done by members of the County Assembly themselves instead of the procurement department of the County Assembly. The management has not explained how rent for offices located in different towns were charged and paid for uniformly. In addition, no lease agreement was signed between the Assembly and the landlords and no acknowledgement receipts were issued for the rent paid.

Consequently, it has not been possible to confirm the propriety and value-for-money on Ward Office rent expenditure amounting to Kshs.10,980,000 incurred during the year under review.

4.0 Pending Accounts Payable

4.1 Avoidable Penalties and Interest on Tax Arrears

Note 17.1 to the financial statements reflects pending accounts payables totalling Kshs.55,361,029 as at 30 June 2016. The balance however, excludes unpaid tax due amounting to Kshs.11,868,216. Records presented for audit indicated that the County Assembly being a tax agent did not deduct and remit Value Added Tax (VAT) and Income Tax as required and hence penalties and interest amounting to

Kshs.11,868,216 were on assessment issued by Kenya Revenue Authority for tax arrears and delay in making tax returns and payments.
The nugatory expenditure would have been avoided had the County Assembly filed tax returns and paid the required taxes.

4.2 Pending Bills

Note 17.1 to the financial statements reflects pending accounts payable balance of Kshs.55,361,029, as at 30 June 2016 comprised of Kshs.38,583,324 and Kshs.16,777,705 in respect of development and recurrent votes respectively.

However, no completion certificates for works done, invoices and creditors' ledgers were presented for audit review in relation to debts owed to contractors. Further, had the bills been paid and the expenditure charged to the accounts for the year under review, the County Assembly could have incurred overall deficit of Kshs.1,466,745 instead of the surplus of Kshs.53,894,284 now reported in the financial statements. The pending bills signify that the County Assembly management entered into financial commitments for which no resources were available contrary to Public Financial Management Regulations.

Adverse Opinion

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

Other Matter

1.0 Budgetary Performance Analysis

The County Assembly of Kiambu had an approved total budget of Kshs.872,843,954 comprised of development vote budget of Kshs.44,843,954 and recurrent vote budget of Kshs.828,000,000. Actual aggregate expenditure for the year under review amounted to Kshs.818,105,716 thus resulting to net under-expenditure of Kshs.54,738,238 or 6% as summarized below:

Item	Approved Budget 2015/2016 (Kshs)	Actual Expenditure 2015/2016 (Kshs)	Under Expenditure (Kshs)	Actual as % of Budget
Development Vote	44,843,954	3,264,236	41,579,718	7
Recurrent Vote	828,000,000	814,841,480	13,158,520	98
Total	**872,843,954**	**818,105,716**	**54,738,238**	**94**

The actual development expenditure of Kshs.3,264,236 represents 7% of the total expenditure for the year amounting to Kshs.818,105,716 despite Section 107(2) of the Public Finance Management Act, 2012 stipulating that minimum threshold of 30% of the budget should be allocated to development expenditure. Further, the management has not explained the failure to utilize all the approved development budget provisions.

2.0 Lack of Prudence in Use of Public Funds

During the year under review the County Assembly through the committee of the whole house organized three similar consultative meetings in respect of 2016/2017 budget review in the month of May 2016 and paid a total of Kshs.11,813,000 in respect of subsistence allowances to the Members of the County Assembly and staff accompanying the MCAs during the workshops. The three consultative meetings took place between 5 to 7 May 2016, 12 to 14 May 2016 and 19 May to 21 May 2016.

Similarly, the County Assembly through committee of the whole house organized two meetings for the preparation of the calendar for the next session of Assembly. In the period, from the 22 to 24 March 2016, the MCAs and staff were paid subsistence allowances totaling to Kshs.5,329,000 while attending the first workshop. In the second meeting held from the 31 April to 2 May 2016, the MCAs and staff were paid allowances totalling Kshs.5,107,400.

It appears therefore that the meetings could have been organized for the purpose of benefiting the members and staff from the subsistence and accommodation allowances which in our view we consider to have been imprudent use of scarce public funds.

Further Note 5 to the financial statements on use of goods and services reflects expenditure totalling Kshs.16,992,180 on hospitality supplies and services and Kshs.159,270,310 incurred on domestic travel and subsistence. Included in the domestic travel is a total of Kshs.35,820,760 comprised of amounts of 7,792,760 for hire of hotel facilities and Kshs.28,028,000 paid to members of County Assembly and staff while attending retreats, workshops and seminars in locations away from the premises of the County Assembly.
However, the nature of the business discussed in these seminars/retreats including bills, budget preparation among others could have been economically and prudently discussed within the precincts of the County Assembly so as to save on subsistence allowances and hotel charges. Therefore, value-for-money on the expenditure of Kshs.35,820,760 cannot be confirmed.

3.0 Doubtful Accommodation Allowances

Included in Note 5 to the financial statements on use of goods and services is an amount of Kshs.159,270,310 incurred on domestic travel and subsistence. Review of expenditure records for the allowances revealed the following:

i. The expenditure includes payment totalling Kshs.9,073,500 made to members of the County Assembly (MCAs) and staff while performing duties outside the County Assembly premises. However, examination of the records presented for audit, including committee attendance registers and Minutes of the meetings, revealed that some of the members of the Assembly were on same dates and hours attending meetings in their respective committees. The discrepancy thus casts doubt as to the validity of the claims and points to possible underserving payments.

ii. The MCAs were in addition paid per diem allowances amounting to Kshs.2,436,000 for a two (2) day consultative workshop held in Naivasha on 4 September 2015 on County's Finance Bill 2015. Scrutiny of time-table indicated that the meeting was scheduled for one day only, hence the members were irregularly paid extra subsistence allowances totaling to Kshs.1,218,000. Further, ten (10) MCAs were paid allowances totaling to Kshs.260,000, although they did not sign the attendance register for the meeting, an indication that they may not have attended the workshop.

iii. As a result, it has not been possible to confirm the propriety of allowances incurred on the workshops during the year ended 30 June 2016.

4.0 Mortgage and Car Loan Facility

The County Assembly disbursed funds totaling Kshs.241,236,200 from July 2014 to 30 June 2016 under the car-loan and mortgage scheme to Members of the County Assembly. However, review of records of the scheme revealed the following weaknesses:

i. As previously reported, the County Assembly of Kiambu made most of the loan and mortgage recoveries from members sitting allowances paid in cash instead of the check-off payroll system. Payment of sitting allowances is dependent up on Assembly sessions and committee meetings which are not regular and thus the loans and mortgages are disbursed by the Assembly are susceptible to default. Therefore it is doubtful whether full recovery will have been made before the term of the current Assembly ends in August 2017.

ii. The collateral deposited with the Assembly were not valued by a qualified and registered valuer. In addition, the borrowers did not sign transfer forms to enable the Assembly dispose of the assets in case of default in loan payments. Further, some MCAs did not provide security (logbooks or title deeds) for their loans and mortgages. Hence it would be impossible for the County Assembly to recover the loans in case the members defaulted on their loan repayments. Security documents deposited with the County Assembly by most members did not belong to the MCAs but were instead borrowed from third parties. Some of the securities had been charged elsewhere by other institutions and were therefore not legally transferable in case of default or

admissible in a Court of Law as a first charge against the County Assembly's loans or mortgages that they had purportedly secured. Thus it would be impossible to dispose of the said assets in case the members defaulted on their obligations to repay the loans.

iii. As previously reported, the County Assembly, has since the formation of the Fund not prepared and submitted financial statements of the Fund to the Auditor-General for audit as required by the Public Finance Management Act, 2012 since the fund was started.

In view of these anomalies and irregularities, administration of the car and mortgage facility as a revolving Fund may not be sustainable if rules and regulations governing its operations are not adhered to.

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

Nairobi

15 August 2017

III. STATEMENT OF RECEIPTS AND PAYMENTS

COUNTY ASSEMBLY OF KIAMBU
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2016

	Note	2015/2016	2014/2015
		Kshs	Kshs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	872,000,000	-
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		**872,000,000**	-
PAYMENTS			
Compensation of Employees	4	430,000,000	-
Use of goods and services	5	287,952,117	-
Subsidies	6	-	-
Transfers to Other Government Entities	7	-	-
Other grants and transfers	8	1,300,000	-
Social Security Benefits	9	74,000,000	-
Acquisition of Assets	10	24,853,599	-
Finance Costs	11	-	-
Other Payments	12	-	-
TOTAL PAYMENTS		**818,105,716**	-
SURPLUS/DEFICIT		**53,894,284**	-

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on **September 30th, 2016** and signed by:

Clerk of the Assembly

Chief Finance Officer – County Assembly

IV. STATEMENT OF FINANCIAL ASSETS

COUNTY ASSEMBLY OF KIAMBU
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2016

	Note	2015/2016	2014/2015
FINANCIAL ASSETS		**Kshs**	**Kshs**
Cash and Cash Equivalents			
Bank Balances	13A	53,894,284	-
Cash Balances	13B		-
Total Cash and cash equivalents		**53,894,284**	-
Accounts receivables	14		-
TOTAL FINANCIAL ASSETS		**53,894,284**	-
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	15	-	-
NET FINANCIAL ASSETS		**53,894,284**	-
REPRESENTED BY			
Fund balance b/fwd	16	-	-
Surplus/Deficit for the year		53,894,284	-
NET FINANCIAL POSITION		**53,894,284**	-

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on **September 30th, 2016** and signed by:

Clerk of the Assembly

Chief Finance Officer – County Assembly

V. STATEMENT OF CASHFLOW

CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from operating income		
Transfers from the County Treasury/Exchequer Releases	1	872,000,000
Other Receipts	3	
Payments for operating expenses		
Compensation of Employees	4	430,000,000
Use of goods and services	5	287,952,117
Subsidies	6	-
Transfers to Other Government Entities	7	-
Other grants and transfers	8	1,300,000.00
Social Security Benefits	9	74,000,000.00
Finance Costs	11	-
Other Payments	12	-
Adjusted for:		
Adjustments during the year		
Net cash flows from operating activities		**78,747,883**
CASHFLOW FROM INVESTING ACTIVITIES		
Proceeds from Sale of Assets	2	-
Acquisition of Assets	10	24,853,599
Net cash flows from investing activities		**24,853,599**
NET INCREASE IN CASH AND CASH EQUIVALENT		**53,894,284**
Cash and cash equivalent at BEGINNING of the quarter		-
Cash and cash equivalent at END of the quarter		**53,894,284**
As per statement of assets		**53,894,284**

Financial statements were approved on **September 30, 2016** and signed by:

Clerk of the Assembly

Chief Finance Officer – County Assembly

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

COUNTY ASSEMBLY OF KIAMBU
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2016

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 final budget
	Kshs	Kshs	Kshs	Kshs	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	872,843,954		872,843,954	872,000,000	99.90
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	-	-	-	-	-
PAYMENTS					
Compensation of Employees	429,400,000	600,000	430,000,000	430,000,000	100
Use of goods and services	282,900,000	17,300,000	300,200,000	287,952,117	96
Subsidies	-	-	-	-	-
Transfers to Other Government Entities	-	-	-	-	-
Other grants and transfers	2,000,000	(700,000)	1,300,000	1,300,000	100

Social Security Benefits	74,000,000	-	74,000,000	74,000,000	100
Acquisition of Assets	84,543,954	(17,200,000)	67,343,954	24,853,599	37
Finance Costs	-	-	-	-	-
Other Payments	-	-	-	-	-
TOTAL	**872,843,954**	-	**872,843,954**	**818,105,716**	94

[Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

(a) Xxxx
(b) Xxxx
(c) Xxxx
(d) Xxxx
(e) Xxxx

The entity financial statements were approved on **September 30, 2016** and signed by:

Clerk of the Assembly

Chief Finance Officer – County Assembly

VII. 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	828,000,000	-	828,000,000	814,841,480	98
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	-	-	-	-	-
PAYMENTS	**828,000,000**		**828,000,000**	**814,841,480**	**98**
Compensation of Employees	429,400,000	600,000	430,000,000	430,000,000	100
Use of goods and services	282,900,000	17,300,000	300,200,000	287,952,117	96
Subsidies	-	-	-	-	-
Transfers to Other Government Entities	-	-	-	-	-
Other grants and transfers	2,000,000	(700,000)	1,300,000	1,300,000	100
Social Security Benefits	74,000,000		74,000,000	74,000,000	100
Acquisition of Assets	39,700,000	(17,200,000)	22,500,000	21,589,363	96
TOTAL	**828,000,000**	-	**828,000,000**	**814,841,480**	**98**

[Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

(a) Xxxx
(b) Xxxx
(c) Xxxx
(d) Xxxx
(e) Xxxx

The entity financial statements were approved on **September 30, 2016** and signed by:

Clerk of the Assembly

Chief Finance Office – County Assembly

VIII. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: DEVELOPMENT

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	44,843,954	-	44,843,954	44,000,000	98
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	-	-	-	-	98
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	44,843,954	-	44,843,954	3,264,236	7
Finance Costs					-
Other Payments					-
TOTAL	**44,843,954**	-	**44,843,954**	**3,264,236**	7

[Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

(a) Xxxx
(b) Xxxx
(c) Xxxx
(d) Xxxx
(e) Xxxx

The entity financial statements were approved on **September 30, 2016** and signed by:

Clerk of the Assembly

Chief Finance Office – County Assembly

IX. 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.

5. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as expenditure when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

6. 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.

7. 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.

8. 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.

9. 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.

10. 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.

11. 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.

X. NOTES TO THE FINANCIAL STATEMENTS

1 Transfers from the County Treasury/Exchequer Releases

Description	2015/2016	2014/2015
	Kshs	Kshs
Total Exchequer Releases for quarter 1	160,597,707	-
Total Exchequer Releases for quarter 2	196,130,383	-
Total Exchequer Releases for quarter 3	199,493,948	-
Total Exchequer Releases for quarter 4	315,777,962	-
Total	**872,000,000**	-

2 PROCEEDS FROM SALE OF ASSETS

Description	2015/2016	2014/2015
	Kshs	Kshs
Receipts from the Sale of Buildings		-
Receipts from the Sale of Vehicles and Transport Equipment		-
Receipts from the Sale Plant Machinery and Equipment		-
Receipts from Sale of Certified Seeds and Breeding Stock		-
Receipts from the Sale of Strategic Reserves Stocks		-
Receipts from the Sale of Inventories, Stocks and Commodities		-
Disposal and Sales of Non-Produced Assets		-
Receipts from the Sale of Strategic Reserves Stocks		-
Total		-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 OTHER RECEIPTS

Description	2015/2016 Kshs	2014/2015 Kshs
Interest from Bank-Car Loan/Mortgage Account		
Other Receipts II		
Other Receipts III		
Other Receipts IV		
Other Receipts XXXX		
Total		-

4 COMPENSATION OF EMPLOYEES

Description	2015/2016 Kshs	2014/2015 Kshs
Basic salaries of permanent employees	260,000,000	-
Basic wages of temporary employees	42,000,000	-
Personal allowances paid as part of salary	123,000,000	-
Personal allowances paid as reimbursements	-	-
Personal allowances provided in kind	-	-
Pension and other social security contributions	-	-
Compulsory national social security schemes	-	-
Compulsory national health insurance schemes	-	-
Social benefit schemes outside government	5,000,000	-
Other personnel payments	-	-
Total	430,000,000	-

5 USE OF GOODS AND SERVICES

	2015/2016	2014/2015
	Kshs	Kshs
Utilities, supplies and services	478,130	-
Communication, supplies and services	8,000,000	-
Domestic travel and subsistence	159,270,310	-
Foreign travel and subsistence	11,626,529	-
Printing, advertising and information supplies & services	5,150,280	-
Rentals of produced assets	12,040,000	-
Training expenses	8,800,000	-
Hospitality supplies and services	16,992,180	-
Insurance costs	27,195,082	-
Specialized materials and services	54,636	-
Office and general supplies and services	7,000,000	-
Fuel, Oil and Lubricants	3,127,072	-
Other operating expenses	24,881,898	-
Routine maintenance – vehicles and other transport equipment	2,500,000	-
Routine maintenance – other assets	836,000	-
Total	**287,952,117**	-

6 SUBSIDIES

Description	2015/2016	2014/2015
	Kshs	Kshs
Subsidies to Public Corporations		
See list attached		
Nyumbáni Sugar Company		
Subsidies to Private Enterprises		
See list attached		
Vijana Fisheries Ltd		
TOTAL	-	-

7 TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2015/2016	2014/2015
	Kshs	Kshs
Transfers to National Government entities		
See attached list	-	-
Transfers to Counties		
County Assembly Car Loan Fund Account	-	-
(insert name of budget agency)	-	-
TOTAL	-	-

8 OTHER GRANTS AND TRANSFERS

Description	2015/2016	2014/2015
	Kshs	Kshs
Scholarships and other educational benefits	-	-
Emergency relief and refugee assistance	-	-
Subsidies to small businesses, cooperatives, and self employed	-	-
Other current transfers, grants	1,300,000	-
Other capital grants and transfers	-	-
Total	**300,000**	-

9 SOCIAL SECURITY BENEFITS

Description	2015/2016	2014/2015
	Kshs	Kshs
Government pension and retirement benefits	74,000,000	-
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	-	-
Total	**74,000,000**	-

10 ACQUISITION OF ASSETS

	2015/2016	2014/2015
Non-Financial Assets	**Kshs**	**Kshs**
Purchase of Buildings	-	
Construction of Buildings	244,866	
Refurbishment of Buildings	3,019,370	
Construction of Roads	-	
Construction and Civil Works	-	
Overhaul and Refurbishment of Construction and Civil Works	-	
Purchase of Vehicles and Other Transport Equipment	-	
Overhaul of Vehicles and Other Transport Equipment	-	
Purchase of Household Furniture and Institutional Equipment	-	
Purchase of Office Furniture and General Equipment	7,059,363	
Purchase of ICT Equipment, Software and Other ICT Assets	-	
Purchase of Specialized Plant, Equipment and Machinery	4,530,000	
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	
Purchase of Certified Seeds, Breeding Stock and Live Animals	-	
Research, Studies, Project Preparation, Design & Supervision	-	
Rehabilitation of Civil Works	-	
Acquisition of Strategic Stocks and commodities	-	
Acquisition of Land	-	
Acquisition of Intangible Assets		
Domestic lending and on lending	10,000,000	
Financial Assets		
Domestic Public Non-Financial Enterprises		
Domestic Public Financial Institutions		
Foreign financial Institutions operating Abroad		
Other Foreign Enterprises		
Foreign Payables - From Previous Years		
Total	**24,853,599**	-

11 FINANCE COSTS

Description	2015/2016	2014/2015
	Kshs	Kshs
Bank Charges	-	-
Exchange Rate Losses	-	-
Other Finance Costs	-	-
Total	-	-

12 OTHER PAYMENTS

Description	2015/2016	2014/2015
	Kshs	Kshs
Budget Reserves	-	-
Civil Contingency Reserves	-	-
Capital Transfers to Non-Financial Public Enterprises	-	-
Capital Transfer to Public Financial Institutions and Enterprises	-	-
Capital Transfer to Private Non-Financial Enterprises	-	-
Other expenses	-	-
Domestic Accounts	-	-
Total	-	-

13A BANK ACCOUNTS

ame of Bank, Account No. & Currency	Indicated whether recurrent or development	2015/2016	2014/2015
		Kshs	Kshs
ambu County Assembly Recurrent A/C No 00216603	Recurrent	13,158,520	-
iambu County Assembly Development A/C 1000291087	Development	40,735,764	-
operative Bank, Kiambu K 011413712200	Recurrent	-	-
otal		**53,894,284**	-

13B CASH IN HAND

Description	2015/2016	2014/2015
	Kshs	Kshs
Cash in Hand – Held in domestic currency	-	-
Cash in Hand – Held in foreign currency	-	-
Total		-

Cash in hand should be analysed as follows:

Description	2015/2016	2014/2015
	Kshs	Kshs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Total	-	-

14 ACCOUNTS RECEIVABLE

Description	2015/2016	2014/2015
	Kshs	Kshs
Government Imprests		-
Clearance Accounts		-
Staff Advances		-
Other Advances		-
Total		-

See Annex 5 for a detailed analysis of the outstanding imprest..

15 ACCOUNTS PAYABLE

Description	2015/2016 Kshs	2014/2015 Kshs
Deposits and Retentions	-	-
Total	-	-

16 FUND BALANCE BROUGHT FORWARD

Description	2015/2016 Kshs	2014/2015 Kshs
Bank accounts		
Cash in hand		
Accounts Receivables		
Accounts Payables		
Total		-

17 OTHER IMPORTANT DISCLOSURES

17.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

Supplier of Goods or Services	2015/2016 Kshs	2014/2015 Kshs
Construction of buildings		
Office Complex ##	2,800,000	
Administration Block		
County Assembly Hall		
Sub-Total	**2,800,000**	
Construction of civil works		
Pavements in and around County Assembly Headquarters	13,977,705	
Sub-Total	**13,977,705**	
Supply of goods		
Office Supplies	38,583,324	
Sub-Total	**38,583,324**	
Supply of services		
Periodic Computer Maintenance Services		

Consultancy Services for Development of County Citizen Participation Framework		
Sub-Total	-	
Grand Total	**55,361,029**	

17.2: PENDING STAFF PAYABLES (See Annex 2)

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

17.3: OTHER PENDING PAYABLES (See Annex 3)

Description	2015/2016	2014/2015
	Kshs	Kshs
Amounts due to National Government entities	15,742,068	-
Amounts due to County Government entities	-	-
Amounts due to third parties	-	-
Total	-	-

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2016	Comments
	a	b	c	d=a-c		
Construction of buildings						
1. Office Complex					2,800,000	
2.						
3.						
Sub-Total					**2,800,000**	
Construction of civil works						
4. Pavements in County Assembly					13,977,705	
5.						
6.						
Sub-Total					**13,977,705**	
Supply of goods						
7. Office Supplies					38,583,324	
8.						
9.						
Sub-Total					**38,583,324**	
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total					**55,361,029**	

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2016	Comments
		a	b	c	d=a-c		
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							
11.							
12.							
Sub-Total							
Grand Total							

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2016	Comments
		a	b	c	d=a-c		
Amounts due to National Govt Entities							
1.							
2.							
3.							
Sub-Total							
Amounts due to County Govt Entities							
4.							
5.							
6.							
Sub-Total							
Amounts due to Third Parties							
7.							
8.							
9.							
Sub-Total							
Others (*specify*)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost FY2015/2016 KShs	Historical Cost FY2015/2016 KShs
Land	-	-
Buildings and structures	-	-
Transport equipment	-	-
Office equipment, furniture and fittings		-
ICT Equipment, Software and Other ICT Assets	-	-
Other Machinery and Equipment	-	-
Heritage and cultural assets	-	-
Intangible assets	-	-
Total		-

ANNEX 5 – ANALYSIS OF OUTSTANDING IMPREST

Government Imprest Holders

Name of Officer or Institution	*Date Imprest Taken*	*Amount Taken*	*Amount Surrendered*	*Balance*
		Kshs	*Kshs*	*Kshs*
Name of Officer or Institution	dd/mm/yy	-	-	-
Name of Officer or Institution	dd/mm/yy	-	-	-
Name of Officer or Institution	dd/mm/yy	-	-	-
Name of Officer or Institution	dd/mm/yy	-	-	-
Name of Officer or Institution	dd/mm/yy	-	-	-
Name of Officer or Institution	dd/mm/yy	-	-	-
Total		-	-	-

ANNEX 6 – BANK RECONCILIATION/FO 30 REPORT

(Attach FO 30 Report from IFMIS)