REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY ASSEMBLY OF KIRINYAGA

FOR THE YEAR ENDED 30 JUNE 2016

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
28 APR 2017
RECEIVED

COUNTY ASSEMBLY OF KIRINYAGA

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:

- County Assembly Service Board
- House Business
- Office of the Speaker
- Office of the Clerk

(c) Fiduciary Management

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

No.	Designation	Name
1.	Accounting Officer	**Mr. Kamau Aidi**
2.	Chief Finance Officer	**Mr. Michael Munene**

(d) Fiduciary Oversight Arrangements

Assembly's operations are oversighted by Internal Audit Department, Office of the Auditor General, and PAC/PIC of both the County Assembly and Senate.

(e) Entity Headquarters

P.O. Box 55-10300
Kirinyaga County Assembly
Along Kutus-Karatina road
Kerugoya, KENYA

(f) Entity Contacts

Telephone: (254) 06021800
E-mail: kirinyagacountyassembly@gmail.com
Website: www.go.ke

(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
   Kerugoya Branch
   P.O. Box 635-10300
   Kerugoya

(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

Put the forward note by the ASSEMBLY CLERK……

Include the following:

Budget performance
The assembly has been able to utilize 100% of the budget
Performance of key development projects
The assembly played only one role –purchase of two motor vehicle (bus and van), construction of Administration block was stopped by court order.
Comment on value-for-money achievements
There was value for money on fulfilment of assembly roles oversight,legistrative and representations :the members participated in representation on public participation, outreach programme and other activities, on oversight members were facilitated on checking and scrutinizing various projects and activities done by the county and members through the county assembly have passed bills ,motions and ACTS for the county.
Challenges and Recommended Way Forward
The only major challenges is the release of the fund through exchequer by the treasury in time, this can be solved by national treasury improving on procure of disbursements, through fastening the budget making process and clearances by controller of budget.

Sign

Clerk of the County Assembly

CLERK TO THE
COUNTY ASSEMBLY
KIRINYAGA

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

Clerk of the County Assembly

CLERK TO THE
COUNTY ASSEMBLY
KIRINYAGA

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke

P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of County Assembly of Kirinyaga set out on pages 1 to 19, 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 amounts combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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.

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

Basis for Qualified Opinion

1.0 Unreconciled Balances to the IFMIS

The figures reported in the financial statements did not tally with the figures in IFMIS as follows:

Details	Amounts in the financial statements	Amounts in IFMIS report	Variance
	Kshs.	Kshs.	Kshs.
Receipts	487,980,305	-	487,980,305
Payments	487,979,312	482,359,936	(5,619,376)
Cash & Bank	993	-	(993)

The County Assembly did not explain the above variances between the financial statement and IFMIS. Consequently, the accuracy of the financial statements for the year ended 30 June 2016 could not be confirmed.

2.0 Printing, Advertising and Information Supplies & Services

Note 5 to the financial statements reflects, under use of goods and services, Printing, Advertising and Information supplies and Services balance of Kshs.18,770,823. Included in the amount is Kshs.14,625,542.00 on Public Participation and County Assembly Outreach. However, various irregularities were observed as detailed hereunder;

(i) Hire of tents and chairs, and purchase of refreshments was in form of cash imprests with no individual breakdown on how the amounts were spent. Further, the function performed and venue were not indicated. In addition, some of the

cash sales receipts attached to the payments did not indicate the details of items or the services rendered.

(ii) Transport services were offered by undisclosed service providers and the dates were inconsistent with the period the services were offered.

(iii) A total of Kshs11,400,000 was paid at a rate of Kshs.30,000 per ward per month.

Consequently, the propriety of expenditure of Kshs.14,625,542 incurred on public participation and county Assembly outreach during the year ended 30 June 2016 could not be confirmed.

3.0 Commitments/Pending Bills

Records availed for audit revealed that the County Assembly had pending bills amounting to Kshs.9,487,424.41 as at 30 June 2016. No reason was provided why the bills were not cleared during the financial year. Further, these debts were not supported with relevant invoices, statements and contract agreement. Had the bills been paid and amount charged to the accounts for 2015/2016, the County Assembly could have reflected overall deficit of Kshs.9,486,431 instead of the surplus of Kshs.993 now shown.

4.0 County Assembly Car Loan and Mortgage Scheme for Members of County Assembly (MCA)

As previously reported, the County Assembly procured and partnered with Fortune SACCO on administration of Car Loan and Mortgage Scheme for the MCAs and transferred a total of Kshs.150,000,000 to the bank accounts. However, the following issues were noted:

(i) Fortune Sacco, the administrator of the Fund, did not keep or cause to be kept books of accounts like cash book, loan register, bank statements and bank reconciliation statements as required by the Kirinyaga County Assembly Subsidiary Legislation, 2014 Legal notice No.3.

(ii) Legal documents pertaining to the loans were not being kept by the fund administrator as required. Further, most of the MCAs had no log books or title deeds filed in the respective files maintained by management.

(iii) There was no loan register to show individual members' cumulative loan and the running loan balances.

(iv) Section 15(1) (d) for car loans and Section 19(1) (d) for mortgages regulations provides for submission of financial statements of the fund to the Auditor-General for audit not later than three months after end of the financial year. The County Assembly however, did not submit such financial statements for financial year 2014/2015 and 2015/2016 in contravention of the law.

The County Assembly was therefore in breach of the Mortgage fund regulations and the County Assembly Services Board Car Loan Scheme and there is risk of default by members and recoverability of amounts loaned.

Qualified Opinion

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 County Assembly of Kirinyaga as at 30 June 2016, and of its financial 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.

Other Matter

1.0 Budget Performance Analysis

The County Assembly statement of comparison of budget and actual amounts for recurrent and development combined as at 30 June 2016 indicates that the County Assembly received a supplementary budget of Kshs.Kshs.535,188,563 for the year under review. The absorption of the budget between recurrent and development votes was as follows:

Item	Supplementary Budget (Kshs)	Actual Expenditure (Kshs)	Absorption Rate (%)	Total Expenditure (%)
Development	57,208,258	10,000,000	17.5%	2%
Recurrent	477,980,305	477,979,312	97.0%	98%
Total	**535,188,563**	**487,979,312**	**85%**	100%

Review of the budget performance shows that the County Assembly spent Kshs.10,000,000 on development expenditure which was about 2% of total Budget. Delayed implementation of development projects may lead to misappropriation of Public Funds.

2.0 Foreign Travel

Note 5 to the financial statements reflects, under use of goods and services, foreign travel and subsistence expenditure of Kshs.8,954,610. Included in this amount is Kshs.8,404,610 incurred by twenty-four (24) members of County Assembly of Kirinyaga on a visit to Arusha, Tanzania. However, the following observations were made about the trip;

i) There were no invitation confirmations from Arusha or correspondences from the said institutions that were visited. The purpose of the trip was also not explained.

ii) There were no supporting documents including passport, boarding passes produced to confirm that all the 24 members who received per diems actually travelled outside the country.

iii) Although a report was produced from the trip, it was not possible to determine how the trip was beneficial to the Assembly of Kirinyaga and residents of Kirinyaga County in general.

2.0 Human Resources

3.1 Lack of Approved Staff Establishment

Contrary to the requirement of Section B 5 (2) and Section B 6(3) of the County Public Service Human Resource Manual and Transition Authority Circular Ref No TA/2 / dated 18 December 2013, Kirinyaga Assembly did not have an approved staff establishment and therefore optimal staffing levels for all cadre of staff had not been established by 30 June 2016. The basis for declaring vacancies, advertising and subsequent recruitment could therefore not be established. Further, the Assembly did not have approved human resource policy.

3.2 Payment of Salaries Outside IPPD Payroll

Manual payment vouchers and supporting schedules presented for audit revealed salaries amounting to Kshs.2,775,358 were paid outside the IPPD payroll in 2015/2016. The salaries paid outside IPPD payroll might omit statutory deductions and their remittance to the respective institutions. Further, payment of staffs outside the IPPD payroll distorts the determination of national wage bill which is crucial for planning purposes by both the County Government and National Government.

4.0. Lack of Audit Committee

During the financial year under review, the County Assembly did not have an Audit Committee. The Internal Auditor has been addressing internal audit reports to the Clerk of Assembly. The findings of the Internal Audit could not be enforced since independence of the office was compromised. Failure to constitute independent committee weakens the effectiveness of the internal audit department since the recommendation made by the department's report are required to be deliberated and enforced through the independent audit committee.

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

Nairobi

30 August 2017

III. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015/2016 Kshs	2014/2015 Kshs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	487,980,305	-
Proceeds from Sale of Assets	2	-	-
Other Receipts	3		-
TOTAL RECEIPTS		**487,980,305**	-
PAYMENTS			
Compensation of Employees	4	234,953,862	-
Use of goods and services	5	243,025,450	-
Subsidies	6	-	-
Transfers to Other Government Entities	7	-	-
Other grants and transfers	8		-
Social Security Benefits	9	-	-
Acquisition of Assets	10	10,000,000	-
Finance Costs	11	-	-
Other Payments	12	-	-
TOTAL PAYMENTS		**487,979,312**	-
SURPLUS/DEFICIT		**993**	-

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

Clerk of the Assembly

Chief Finance Officer – County Assembly

CLERK TO THE COUNTY ASSEMBLY KIRINYAGA

COUNTY ASSEMBLY OF KIRINYAGA
CHIEF FINANCE OFFICER
30 JUN 2016
P. O. Box 55 - 10300, KERUGOYA

IV. STATEMENT OF FINANCIAL ASSETS

	Note	2015/2016 Kshs	2014/2015 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	13A	993	-
Cash Balances	13B	-	-
Total Cash and cash equivalents		-	-
Accounts receivables – Outstanding Imprests	14	-	-
TOTAL FINANCIAL ASSETS		**993**	-
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	15	-	-
NET FINANCIAL ASSETS		**993**	-
REPRESENTED BY			
Fund balance b/fwd	16	993	-
Surplus/Defict for the year			-
		0	
NET FINANCIAL POSITION		**993**	-

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

Clerk of the Assembly

CLERK TO THE COUNTY ASSEMBLY KIRINYAGA

Chief Finance Officer – County Assembly

COUNTY ASSEMBLY OF KIRINYAGA
CHIEF FINANCE OFFICER
30 JUN 2016
P. O. Box 55 - 10300, KERUGOYA

V. STATEMENT OF CASHFLOW

	Note	2015/2016 Kshs	2014/2015 Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from operating income			
Transfers from the County Treasury/Exchequer Releases	1	487,980,305	-
Other Receipts	3		-
Payments for operating expenses			
Compensation of Employees	4	(234,953,862)	-
Use of goods and services	5	(243,025,450)	-
Subsidies	6	-	-
Transfers to Other Government Entities	7	-	-
Other grants and transfers	8		-
Social Security Benefits	9	-	-
Finance Costs	11	-	-
Other Payments	12	-	-
Adjusted for:			
Adjustments during the year		-	-
Net cash flows from operating activities		**10,000,993**	-
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	10,000,000	-
Net cash flows from investing activities		**10,000,000**	-
NET INCREASE IN CASH AND CASH EQUIVALENT		**10,000,993**	-
Cash and cash equivalent at BEGINNING of the year		**2,001**	-
Cash and cash equivalent at END of the year		**10,002,994**	-

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

Clerk of the Assembly

CLERK TO THE COUNTY ASSEMBLY KIRINYAGA

Chief Finance Officer – County Assembly

COUNTY ASSEMBLY OF KIRINYAGA
CHIEF FINANCE OFFICER
30 JUN 2016
P. O. Box 55 - 10300, KERUGOYA

VI. 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	563,352,563	-38,164,000	535,188,563	487,980,305	91%
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	**563,352,563**	**-38,164,000**	**535,188,563**	**487,980,305**	
PAYMENTS					
Compensation of Employees	254,972,533	-28,164,000	226,808,533	207,057,233	92%
Use of goods and services	248,257,455	-30,000,000	218,257,455	243,025,450	111%
Subsidies					
Transfers to Other Government Entities					
Other grants and transfers					
Social Security Benefits-GRATUTIES	2,914,317	30,000,000	32,914,317	27,896,629	84%
Acquisition of Assets	57,208,258	0	57,208,258	10,000,000	17.5%
Finance Costs					
Other Payments					
TOTAL	**563,352,563**	**-28,164,000**	**535,188,563**	**487,979,312**	**85%**

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

Clerk of the Assembly

CLERK TO THE COUNTY ASSEMBLY KIRINYAGA

Chief Finance Officer – County Assembly

COUNTY ASSEMBLY OF KIRINYAGA
CHIEF FINANCE OFFICER
30 JUN 2016
P. O. Box 55 - 10300, KERUGOYA

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	506,144,305	-38,164,000	477,980,305	477,980,305	100%
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	**506,144,305**	**-38,164,000**	**477,980,305**	**477,980,305**	
PAYMENTS					
Compensation of Employees	254,192,533	-28,164,000	226,808,533	207,057,233	92%
Use of goods and services	248,257,455	-30,000,000	218,257,455	243,025,450	111%
Subsidies					
Transfers to Other Government Entities					
Other grants and transfers					
Social Security Benefits-GRATUTIES	2,914,317	30,000,000	32,914,317	27,896,629	84%
Acquisition of Assets					
Finance Costs					
Other Payments					
TOTAL	**477,980,305**	**-28,164,000**	**477,980,305**	**477,979,312**	**99.99%**

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

(a) The assembly received 100% of total allocations on the year 2015/2016 kshs.477,980,305.00

(b) However there was overutilization on use of goods and services ,this is because increase in prices of supplies due to inflations

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

CLERK TO THE COUNTY ASSEMBLY KIRINYAGA

Clerk of the Assembly

COUNTY ASSEMBLY OF KIRINYAGA
CHIEF FINANCE OFFICER
30 JUN 2016
P. O. Box 55 - 10300, KERUGOYA

Chief Finance Office – County Assembly

VIII. 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	57,208,258-	-	-57,208,258	10,000,000-	17.5%-
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	-	-
TOTAL	**57,208,258-**	**-**	**57,208,258-**	**10,000,000-**	17.5%--
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	57,208,258-	-	57,208,258-	10,000,000-	17.5%--
Finance Costs	-	-	-	-	-
Other Payments	-	-	-	-	-
TOTAL	**57,208,258-**	**-**	**57,208,258-**	**10,000,000-**	17.5%--

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

(a) There underutilization of development money due to court order issued to construction of Administration block which was supposed to utilize kshs.47,208,258.00

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

CLERK TO THE COUNTY ASSEMBLY KIRINYAGA

Clerk of the Assembly

Chief Finance Office – County Assembly

COUNTY ASSEMBLY OF KIRINYAGA
CHIEF FINANCE OFFICER
30 JUN 2016
P. O. Box 55 - 10300, KERUGOYA

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	101,760,000	-
Total Exchequer Releases for quarter 2	124,400,000	-
Total Exchequer Releases for quarter 3	131,500,000	-
Total Exchequer Releases for quarter 4	130,320,305	-
Total	**487,980,305**	-

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	120,819,348	-
Basic wages of temporary employees		-
Personal allowances paid as part of salary	86,273,885	-
Personal allowances paid as reimbursements		-
Personal allowances provided in kind	-	-
Pension and other social security contributions	27,896,629-	-
Compulsory national social security schemes		-
Compulsory national health insurance schemes	-	-
Social benefit schemes outside government	-	-
Other personnel payments	-	-
Total	**234,953,862**	-

5 USE OF GOODS AND SERVICES

Description	2015/2016 Kshs	2014/2015 Kshs
Utilities, supplies and services	14,970,852	-
Communication, supplies and services	3,615,689	-
Domestic travel and subsistence	138,860,582	-
Foreign travel and subsistence	8,954,610	-
Printing, advertising and information supplies & services	18,770.823	-
Rentals of produced assets	3,299,000	-
Training expenses	6,849,954	-
Hospitality supplies and services	17,092,422	-
Insurance costs	12,125,778	-
Specialized materials and services	7,592,520	-
Fuel Oil and Lubricant	1,219,432	-

Description	2015/2016 Kshs	2014/2015 Kshs
Office and general supplies and services	281,200	-
Other operating expenses	5,305,168	-
Membership subscriptions	4,087,420	-
Routine maintenance – other assets		-
Total	**243,025,450**	**-**

6 SUBSIDIES

Description	2015/2016 Kshs	2014/2015 Kshs
Subsidies to Public Corporations		
See list attached		
	-	-
	-	-
Subsidies to Private Enterprises		
See list attached	-	-
	-	-
TOTAL	**-**	**-**

7 TRANSFERS TO OTHER GOVERNMENT ENTITIES

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 OTHER GRANTS AND TRANSFERS

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

9 SOCIAL SECURITY BENEFITS

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

10 ACQUISITION OF ASSETS

Description	2015/2016 Kshs	2014/2015 Kshs
Non financial assets		
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Construction of Roads	-	-
Construction and Civil Works	-	-
Overhaul and Refurbishment of Construction and Civil Works	-	-
Purchase of Vehicles and Other Transport Equipment	10,000,000-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment		-
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialised Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13A BANK ACCOUNTS

Name of Bank, Account No. & Currency	Indicated whether recurrent or development	2015/2016	2014/2015
		Kshs	Kshs
Central Bank of Kenya,Account No.1000195614 Kshs recurrent acc	Recurrent		-
Co-operative Bank, Account No.01141567001400 Kshs Imprest acc	Recurrent	993	-
Central Bank of Kenya, Account No.100170247 Kshs county Development acc	Developments		-
Total		**993**	-

KIRINYAGA COUNTY ASSEMBLY						
PENDING BILL FOR FY 2015/16						
S/N	**NAME**	**DATE**	**LPO NO**	**INVOICE NO.**	**AMOUNT**	**TOTAL**
1	KASARANI SPORTSVIEW	6/16/2016	2371681	20141	436,240.00	
		6/24/2016	2371693	20204	114,800.00	
		6/24/2016	2371693	20212	86,870.00	
		6/24/2016	2371693	20203	81,200.00	**719,110.00**
2	KENYATTA UNIVERSITY CONFERENCE	10/18/2014	0927338	006556	170,430.00	
		11/8/2014	1023107	006589	278,250.00	
		10/13/2014	027329	006491	144,000.00	
		7/17/2014	0919970	007165	956,960.00	**1,549,640.00**
3	KENYA SCHOOL OF MONETARY	7/18/2014		10832	48,720.00	
		3/24/2014		9535	67,048.00	
		7/8/2014		10753	55,680.00	
		6/26/2014	0919968	10579	140,560.00	**312,008.00**
4	KENYA SCHOOL OF GOVT EMBU	6/20/2014	1073185	INV01212	118,784.00	
		6/19/2014	1073186	INV01179	32,944.00	
		6/19/2014		INV01176	66,816.00	
		1/23/2015	2095192	INV01680	240,000.00	
		4/16/2014	1073183	INV01019	19,430.00	
		6/19/2014	0919967	10559	152,704.00	
		3/15/2014	0854185	9535	67,048.00	
		4/25/2014	1083184	INV01050	122,960.00	

		6/13/2014	1073161	INV01163	140,592.00	**961,278.00**
5	MEDIAMAX NETWORK	10/2/2015		312	133,400.00	
		6/5/2014	919963	INV17447	133,400.00	
		7/31/2014		INV18511	66,120.00	
		5/6/2014	0919954	INV16834	229,680.00	
		6/20/2014	2371668	INV17664	120,060.00	**682,660.00**
6	THE STAR	11/6/2015		SINV021360	131,544.00	
		12/2/2015	2371848	SINV021615	131,544.00	
		2/12/2016	2371848	SINV022344	131,544.00	
		2/20/2016		SINV022357	131,544.00	
		3/1/2016		SINV022421	131,544.00	
		4/30/2016		SINV023007	131,544.00	
		5/20/2016		SINV023232	131,544.00	
		6/27/2016		SINV023572	131,544.00	**1,052,352.00**
7	STANDARD GROUP	5/31/2016		80020490	239,076.00	
		6/17/2016		80021558	160,872.28	
		9/12/2014	0927318	SM30700	359,600.00	
		10/3/2014	927336	SM32076	90,480.00	
		8/28/2014		315266	70,899.72	**920,928.00**
8	NATION MEDIA GROUP					
		1/30/2014		47309	109,446.00	
		5/22/2014		2355737	421,022.00	
		9/19/2014		54379	56,202.00	
		8/4/2014		2367233	109,446.00	**696,116.00**

9	CAPACITY ENHANCEMENT CONSULTANTD LTD				69,500.00	**69,500.00**
10	KIRINYAGA INSTITUTE	4/6/2015	2371669	017	348,000.00	
		3/7/2015	2371701	018	261,000.00	
		7/24/2015		008	196,350.00	**805,350.00**
11	JUBILEE INSURANCE	10/15/2015		1501/550294	81,815.00	**81,815.00**
12	ICPAK	10/28/2015		INV74143	139,900.00	
		12/1/2015		INV75483	74,950.00	**214,850.00**
13	AFRICA CENTRE FOR CAPACITY	11/3/2015		INVC2015/0564	36,540.00	**36,540.00**
14	GRAND PA			278	44,000.00	
		5/27/2016		277	29,468.00	
		5/12/2016		271	27,180.00	
		3/2/2015		474	15,400.00	
		4/28/2015		477	3,700.00	
		5/7/2015		481	5,990.00	
		5/8/2015		482	6,000.00	
		2/20/2015		473	152,000.00	**283,738.00**
15	KENYA INSTITUTE OF SUPPLIES	12/16/2015	2371802	S-0000170	203,928.00	**203,928.00**
16	DENLOY INVESTMENT	4/29/2015		2283	47,840.00	
		6/23/2016		459	45,000.00	
		12/7/2014		3336	9,100.00	
		12/22/2014		3352	9,100.00	
		1/30/2015		3437	1,200.00	

		11/13/2014		402	9,820.00	**122,060.00**
17	EWAN LIMITED	4/5/2016		002	77,700.00	**77,700.00**
18	CPF	4/13/2016	2371733	PINV-00191	70,000.00	**70,000.00**
19	BUDGET FURNITURE	2/29/2016	2371644	7677	52,000.00	**52,000.00**
20	BRANDSTAY SOLUTIONS	3/22/2016	2371725	123	12,202.00	**12,202.00**
21	CMC	5/16/2016	2371683	R0715013	164,823.41	**164,823.41**
22	KUKENA SACCO	6/24/2016		025	140,000.00	**140,000.00**
23	TONINAO VENTURES	2/8/2016	2371643	10203	18,640.00	
		2/8/2016	2371641	10201	12,261.00	
		2/8/2016	2371642	10200	17,505.00	**48,406.00**
24	MFI DOCUMENT SOLUTIONS	2/22/2016	2371647	1079	69,600.00	**69,600.00**
25	GROUNDWORK TRADING	7/13/2015	2371602	0141	61,570.00	
			2371603	0146	34,250.00	
			2371604			**95,820.00**
26	JIM PHILLIX GABBAGEIN TOWN M	5/4/2016	2371658		45,000.00	**45,000.00**
	TOTAL				**9,487,424.41**	**9,487,424.41**

KIRINYAGA COUNTY ASSEMBLY			
BANK RECONCILIATION STATEMENT			
FOR THE MONTH OF JUNE 2016			
COOPERATIVE BANK -KERUGOYA BRANCH - ACCOUNT NO.01141567001400			
	DETAILS	**AMT-KSHS**	**TOTALS-KSHS**
BALANCE AS PER CASH BOOK			**13,095.41**
ADD			
Unpresented cheques			
direct deposit			
cheques paid in bank but ommitted in cashbook			
Credits in bank not in cashbook			
LESS			
Dishonoured Cheques			
Standing Charges			
Bank Charges		(12,102.25)	
issued cheques Unrecorded in cashbook			
Balance as per bank statement			**993.16**