REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY ASSEMBLY OF MARSABIT

FOR THE YEAR ENDED 30 JUNE 2016

1894

COUNTY ASSEMBLY OF MARSABIT

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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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Key Management

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

No.	Name	Designation
1.	Mathew Loltome	Speaker
2.	Suleiman Khalif	Leader Majority
3.	Qalicha Huka	Leader Minority
4.	Edin Wario	Member representing the public
5.	Mohamud Kamaya	Clerk/Secretary to the board

(c) Fiduciary Management

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

No.	Designation	Name
1	Clerk	Mohamud Kamaya
2.	Deputy Clerk	Marian Barako
3.	Chief Finance officer	Chare Mato
4.	Head of treasury - Accounts	Fredrick Injella
5.	Principal Procurement	Adan Katello
6.	Human Resource Manager	Jarso Roba
7.	Internal Auditor	Hussein Ali

(d) Fiduciary Oversight Arrangements

Budget and finance committee

The Budget and finance committee of the assembly is established under the County assemblies standing order

- To investigate, inquire into and report all matters related to budget
- Discuss and review the estimates and make recommendations to the assembly
- Examine county budget policy statements

- Examine bills related to the county budget including appropriation bills
- Evaluate tax estimates
- Evaluate economic and budgetary policies and programmes with direct budget outlays

PIC and PAC Committee

- Examine accounts showing appropriation by the county assembly to meet the assembly expenditure
- Examine reports, accounts, and working of the county assembly
- Examine whether the affairs of the county assembly are managed with sound financial principals

(e) Entity Headquarters

County Assembly of Marsabit
P.O. Box 29-060500
Marsabit, KENYA

(f) Entity Contacts

E-mail: www.assembly.marsabit.go.ke
Website: www.assembly.marsabit.go.ke

(g) Entity Bankers

1. Central Bank of Kenya
   Haile Selassie Avenue
   P.O. Box 60000
   City Square 00200
   Nairobi, Kenya
2. Equity Bank, Marsabit branch
3. Kenya commercial bank,
   Marsabit Branch

3. Independent Auditors

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

4. Principal Legal Adviser

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

1 FORWARD BY THE CLERK OF THE ASSEMBLY

Budget performance

During the financial year ended June 30, 2016, the Assembly had a recurrent budget of Kshs. 469,970,248 and a development of Kshs. 56,209,750. However, the Assembly spent Kshs. 466,372,374 on recurrent expenditure and 36,198,401 on development expenditure respectively. The amount unspent on development budget was because of on-going project which are yet to be completed. The absorption rate on recurrent budget was 99% which enabled all the programmes of the County Assembly be undertaken. The budget was 100% funded by the National Treasury

Performance of key development projects

In the financial year ended June 30, 2016, the Assembly undertook four development projects in addition to the already on-going construction of Assembly office block .The projects are (1) Retainer wall (2) underground water tank (3) Perimeter fence (4) Civil works and parking. All the above projects are on-going with more than 50% percentage of completion

Comment on value-for-money achievements

The assembly only undertook the development project to construct office block and related facilities. These will enable the members and staff to have offices from where they can work hence boosts their efficiency.

Challenges and Recommended Way Forward

The main challenge is delayed funding of County Assemblies budget hence programmes are affected. The tradition of releasing funds towards the end of financial year is also not appropriate. IFMIS system not operational most of the time either because of system breakdown or network problem hence grossly affecting programme implementation. Internet banking has time limits and not operational over the weekends thus affecting the payment. We recommend that a stable and reliable network be installed and Internet banking operational hours be extended to conform with IFMIS operational hours

Clerk of the County Assembly

STATEMENT OF MANAGEMENT RESPONSIBILITIES

The Clerk of the County Assembly is responsible for the preparation and presentation of the CountyAssembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended on 30 June 2016. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to beeffective throughout the reporting period;(ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Assembly; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Assembly; (v) selecting and applying appropriate accounting policies; and(vi) making accounting estimates that are reasonable in the circumstances.

The Clerk accepts responsibility for the County Assembly's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS).The Clerk is of the opinion that the County Assembly's financial statements give a true and fair view of the state of the County
Assembly's transactions for the year ended 30 June 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 theCounty Assembly's funds received during the quarter under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Clerk confirms that the County Assembly's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The County Assembly's financial statements were approved and signed by the Clerk of the County Assembly on 29/9/ 2016.

Clerk of the County Assembly

REPUBLIC OF KENYA

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Website: www.kenao.go.ke

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of County Assembly of Marsabit set out on pages 1 to 12, 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 significance 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 qualified audit opinion.

Basis for Qualified Opinion

1.0 Presentation of the Financial Statements

The financial statement presentation format (Cash Basis) prescribed by the Public Sector Accounting Standards Board requires the inclusion of a progress report on follow- up on the previous year's audit recommendations. However, this report was not included in the financial statements for the year under review.

Consequently, the presentation of the financial statements for the year under review does not conform to the format prescribed by the Public Sector Accounting Standards Board under International Public Sector Accounting Standards (IPSAS Cash Basis) and further, actions taken as at 30 June 2016 to remedy audit issues raised in the audit report for 2014/2015 cannot be ascertained.

2.0 Cash and Cash Equivalents

The statement of assets as at 30 June 2016 reflects a cash and cash equivalents balance of Kshs.27,298,110. However, the balance excludes balances for the twenty (20) Ward bank accounts statements in operation during the year under review. Further, bank reconciliation statements, bank statements and bank balance confirmation certificates for the twenty (20) Ward bank accounts were not made available for audit verification. As a result, it has not been possible to confirm the outstanding balances of the twenty (20) bank accounts as at 30 June 2016. Consequently, the accuracy and completeness of the cash and cash Equivalents balance of Kshs.27,298,110 as at 30 June 2016 cannot be ascertained.

Further, the County Assembly maintained three bank accounts out which two (2) were commercial bank accounts, one at the Kenya Commercial Bank and the other at Equity Bank for development and recurrent expenditures respectively. However, the two bank accounts were opened and operated contrary to Section 82 of the Public Finance Management Regulations, 2015.

3.0 Fixed Assets

3.1 Maintenance of Fixed Assets Register

The financial statements reflect fixed assets totaling Kshs. 42,285,671 as at 30 June 2016. However, the fixed asset register maintained by the Assembly lacked critical details such as type and descriptions of assets; acquisition costs of assets; supplier details; dates of purchase; estimated useful life; physical location and persons allocated; asset condition; tag number; date and proceeds of disposal, if any.

Further, the fixed assets balance of Kshs.42,285,671 disclosed in Annexure 1 to the financial statements varies from the fixed assets balance of Kshs.57,159,632 reflected in asset registers by Kshs.14,873,961. No plausible explanation has been provided for the difference.

In the circumstances, the accuracy, existence, valuation and security of the fixed assets balance of Kshs.42,285,671 as at 30 June 2016 cannot be ascertained.

3.2 Irregular Use of Motor Vehicles

Review of the motor-vehicle work tickets revealed that seven Members of the County Assembly (MCAs) authorized and used the Assembly's motor vehicles to travel to various destinations contrary to the guidelines issued by Salaries and Remuneration Commission (SRC) referenced SRC/TC/CGOVT/3/16 dated 27 November 2013. Details on the irregular use of the vehicles are shown in the table below:

Name of the Member of the County Assembly (MCA)	Date	Detail of the Journey	Person Authorizing the Journey	Kilometers Covered	Work Ticket No.
Galgalo Alio	2.4.2016	Eastleigh-Juja-Nanyuki	Hon. Galgalo Alio	172	M513402
	3.4.2016	Nanyuki-Marsabit	Hon. Galgalo Alio	360	M513402
	4.4.2016	Marsabit-Isiolo	Hon. Galgalo Alio	277	M513402
	5.4.2016	Isiolo-Marsabit	Hon. Galgalo Alio	277	M513402
Yattani Wario	6.4.2016	Marsabit-Muke	Hon. Yattani Wario	160	M513402
	7.4.2016	Muke-Turbi-Marsabit	Hon. Yattani Wario	192	M513402
Wario Bulle	7.4.2016	Marsabit-Maikona-North Horr	Hon. Yattani Wario	241	M513402
	8.4.2016	Marsabit-Isiolo-Nanyuki	Hon. Yattani Wario	277	M513402
	10.4.2016	Nanyuki-Marsabit	Hon. Yattani Wario	278	M513402

	3.6.2016	Marsabit-Isiolo-Meru and back	Hon. Yattani Wario	596	M513423
	7.6.2016	Marsabit-Lonyagalani	Hon. Yattani Wario	550	M513423
	16.6.2016	Moyale-Marsabit	Hon. Yattani Wario	257	M513423
	17.6.2016	Marsabit-Nanyuki and back	Hon. Yattani Wario	677	M513423
Sora Halkano	15.4.2016	Marsabit-Balesa	Hon. Sora Halkano	241	M513402
	16.4.2016	Balesa-Marsabit	Hon. Sora Halkano	242	M513402
	22.4.2016	Meru-Isiolo-Meru	Hon. Sora Halkano	60	M513402
	23.4.2016	Meru-Marsabit	Hon. Sora Halkano	342	M513402
	25.4.2016	Marsabit-North Horr	Hon. Sora Halkano	230	M513402
Qalicha Dida	1.11.2016	Isiolo-Marsabit	Hon. Qalicha Dida	291	L874073
	2.11.2016	Marsabit-Logologo and back	Hon. Qalicha Dida	117	L874073
Sora Guyo	3.4.2016	Nairobi-Nanyuki	Hon. Sora Guyo	227	M513403
	4.4.2016	Nanyuki-Marsabit	Hon. Sora Guyo	411	M513403
Abduba Umoro	7.4.2016	Marsabit-Turbi	Hon. Abduba Umoro	126	M513403
	11.4.2016	Moyale-Bubisa	Hon. Abduba Umoro	227	M513403
	16.4.2016	Marsabit-Uran and back	Hon. Abduba Umoro	437	M513403
Total Kilometres Covered				7,265	

In the circumstance, the County Assembly breached the SRC guidelines and further, the fuel consumed to cover the 7,265km plus other incidental losts was not a proper charge on public funds.

4.0 Irregular Expenditure

4.1 Irregular Claim on Mileage Allowance for Members of the County Assembly (MCA's)

During the year under review, the County Assembly spent Kshs.97,956,391 on domestic travel and subsistence. Included in the expenditure were payments totaling to Kshs.19,192,055 made to MCAs in respect of claims on mileage allowances which, however, were not properly supported, as tabulated below:

	Ward	Name of MCA	Weeks	Claim July to November 2015 (Kshs.)	Weeks	Claim December 2015 to June 2016 (Kshs.)	Total (Kshs.)
1	Butiye	Golicha Galgalo	13	548,122	13	548,122	1,096,243
2	Karare	Lechuku Arigele	11	27,779	10	-	27,779
3	Loiyangalani	Mark Napurdi Ekale	12	798,465	15	665,388	1,463,854
4	Laisamis	Mohamoud Kochale	12	258,250	15	322,812	581,062
5	Sololo	Gabriel Galgalo	11	301,950	10	411,750	713,700
6	Hellu/Manyatta	Ano Mado Azuba	11	483,120	16	439,200	922,320
7	Golbo	Ahmed Ibrahim	13	670,878	17	1,182,547	1,853,424
8	Moyale	Suleiman Khalif	13	562,395	9	735,440	1,297,835
9	Uran	Qalacha Huqa Dida	11	326,106	10	266,814	592,920
10	Obbu	Halkano Sora Rare	12	658,800	12	549,000	1,207,800
11	Dukana	Elema Diba Guyo	13	762,231	13	703,598	1,465,829
12	Maikona	Wario Bule Sora	10	373,320	14	485,316	858,636
13	Turbi	Plus Yatani Wario	13	742,248	12	799,344	1,541,592
14	North Horr	Sora Guyo Huka	12	714,139	13	714,139	1,428,278
15	Ileret	Achinya Jackson	11	1,171,566	14	1,491,084	2,662,650
16	Kargi/South Horr	Jitewa Issa Gambare	10	351,360	15	527,040	878,400
17	Korr/Ngurunit	Daudi Tamasot Arkhole	11	169,092	11	253,638	422,730
18	Loglogo	Kochale Somo Jale	12	81,691	14	95,306	176,998
	Total			**9,001,513**		**10,190,538**	**19,192,050**

The claims made by the MCAs did not indicate the specific sessions/meetings attended at the Assembly for the Members to qualify for reimbursement of extra mileage costs.

In the circumstance, it has not been possible to confirm the propriety of the Kshs.19,192,050 milleage payments made to the MCAs.

4.2 Irregular and Double Payment of Domestic Travel Allowance

The financial statements reflected expenditure totalling to Kshs.97,956,391 in respect of domestic travel and subsistence. Included in the expenditure were payments totaling Kshs.474,300 paid to MCA's for domestic travel and subsistence. However, examination of the documents supporting the expenditure revealed that several MCAs were paid for attendance in two functions/meetings ostensibly held on the same dates as analyzed below:

Name	Date	Members Sitting Allowance (Kshs.)	Health Committee Members Allowance (Kshs.)	Total (Kshs.)
Hon. Lokho Abduba	21.9.2015	3,900	8,400	12,300
	25.9.2015	3,900	8,400	12,300
	28.9.201	3,900	8,400	12,300
Total		**11,700**	**25,200**	**36,900**
Sora Guyo	21.9.2015	3,900	8,400	12,300
	25.9.2015	3,900	8,400	12,300
Total		**7,800**	**16,800**	**24,600**
		Budget Committee Member Allowances (Kshs.)	**World Women's Day (Kshs.)**	
Amina Hirbo	4 to 8.3.2016	42,000	26,000	68,000
Daniel Lentiyama	4 to 8.3.2016	42,000	19,500	61,500
		Members sitting allowance (Kshs.)	**Energy, Land and Urban Development Committee (Kshs.)**	
Mohamond Kochale	23.2.2016	3,900	10,500	14,400
Ahmed Ibrahim	23.2.2016	3,900	10,500	14,400
Galgalo Alio	23.2.2016	3,900	10,500	14,400
Phabby Nairume	23.2.2016	3,900	10,500	14,400
Total		**15,600**	**42,000**	**57,600**
		Budget Committee (Nanyuki) (Kshs.)	**Maternal Health Care(Sub-Counties) (Kshs.)**	
Halake Dida Halake	7 to 8.4.2016	21,000	42,000	63,000
Daniella Lenatiyama	7 to 8.4.2016	21,000	42,000	63,000
Total		**42,000**	**84,000**	**126,000**
		Devolution Conference (Meru) (Kshs.)	**Members Sitting Allowance (Kshs.)**	
Somo Kachale	22.4.2016	8,400	3,900	12,300
Sora Guyo	22.4.2016	8,400	3,900	12,300

Hon. Ahmed Ibrahim	22.4.2016	8,400	3,900	12,300
Zamzam Hussein	22.4.2016	8,400	3,900	12,300
Daniella Ntalason	22.4.2016	8,400	3,900	12,300
Total		**42,000**	**19,500**	**61,500**
		Members sitting allowance (Kshs.)	**Budget Committee Members Per Diem (Kshs.)**	
Galgalo Golicha	28.9.2015	3,900	8,400	12,300
Aalina Hirbo	28.9.2015	5,200	8,400	13,600
Daniella Ntalaso	28.9.2015	3,900	8,400	12,300
Total		**12,000**	**25,200**	**38,200**
Grand Total		**216,100**	**258,200**	**474,300**

In view of the foregoing, the propriety of the allowance payments totalling to Kshs.474,300 made to the MCAs cannot be ascertained as at 30 June 2016.

Qualified Opinion

In my opinion, except for the effects 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 Marsabit as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

Other Matter

1.0 Budgetary Control and Performance

The approved budget for the County Assembly of Marsabit for the year under review amounted to Kshs.526,000,000 comprising of Kshs.469,770,249 (89%) for recurrent vote and 56,229,751 (11%) for development vote. However, during the year, the County Assembly received exchequer releases totalling Kshs.525,907,499 out of the budget of Kshs.526,000,000 and thus had unreleased exchequer issues amounting to Kshs.92,501 as at 30 June 2016. Further, as at 30 June 2016, the Assembly had spent Kshs.466,372,374 (99.3%) of the recurrent budget and Kshs.36,198,401 (64.4% of budget) of the development budget and thus incurred under-expenditures of Kshs.3,397,875 and Kshs.20,031,350 on recurrent and development votes respectively.

In the circumstance, the County Assembly denied County residents services equivalent to the unspent recurrent and development budget portions.

2.0 Information, Communication and Technology (ICT) Environment

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

and therefore it was not possible to assess the capacity of the Assembly management in this aspect.

As a result of these weaknesses, it has not been possible to ascertain the security, integrity and reliability of the County Assembly's management information system.

3.0 Non-Establishment of Audit Committee

As at 30 June 2016, the County Assembly did not have in place an audit committee as required by Section 155 (5) of the Public Finance Management, 2012. The audit committee would have performed various roles stipulated in the Act. Further, the internal audit unit formed part of finance department and lacked an internal audit charter. Therefore the operations of the Internal Audit Unit were not independent of the Assembly management as the PFM Regulations require.

In addition, there were no risk assessment processes in place to identify financial and operational risks for mitigation.

In the circumstances, the County Assembly management operated in contravention of Section 155 (5) of the Public Finance Management Act, 2012 during the year under review.

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

Nairobi

15 August 2017

COUNTY ASSEMBLY OF MARSABIT
Reports and Financial Statements
For the year ended June 30 2016
STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015/16 Kshs	2014/15 Kshs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	525,907,499	-
TOTAL RECEIPTS		**525,907,499**	**-**
PAYMENTS			
Compensation of Employees	2	151,927,958	-
Use of goods and services	3	290,381,612	-
Other grants and transfers	4	3,000,000	-
Social Security Benefits	5	14,975,534	-
Acquisition of Assets	6	42,285,671	-
TOTAL PAYMENTS		**502,570,775**	**-**
SURPLUS/DEFICIT		**23,336,724**	**-**

The explanatory notes to these financial statements form an integral part of the financial statements.
The financial statements were approved on 25/9/ 2016 and signed by:

Clerk of the Assembly

Chief Finance Office – County Assembly

STATEMENT OF FINANCIAL ASSETS

	Note	2015/16 Kshs	2014/15 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	7	27,298,110	-
Total Cash and cash equivalents		**27,298,110**	-
TOTAL FINANCIAL ASSETS		**27,298,110**	-
FINANCIAL LIABILITIES			
Accounts Payables – Retentions	8	1,910,358	-
NET FINANCIAL ASSETS		**25,387,752**	-
REPRESENTED BY			
Fund balance b/fwd	9	2,051,028	-
Surplus/Defict for the year		23,336,724	-
NET FINANCIAL POSITION		**25,387,752**	-

The explanatory notes to these financial statements form an integral part of the financial statements.
The financial statements were approved on 29/9/16 2016 and signed by:

Clerk of the Assembly

Chief Finance Officer – County Assembly

STATEMENT OF CASHFLOW

	Note	2015/16 Kshs	2014/15 Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from operating income			
Transfers from the County Treasury/Exchequer Releases	1	525,907,499	-
Payments for operating expenses			
Compensation of Employees	2	(151,927,958)	-
Use of goods and services	3	(290,381,612)	-
Other grants and transfers	4	(3,000,000)	-
Social Security Benefits	5	(14,975,534)	-
Adjusted for:			
Increase in Retention- Withholding Tax	8	1,910,358	-
Net cash flows from operating activities		**67,532,753**	-
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	6	(42,285,671)	-
Net cash flows from investing activities		**(42,285,671)**	-
NET INCREASE IN CASH AND CASH EQUIVALENT		**25,247,082**	-
Cash and cash equivalent at BEGINNING of the Year	9	2,051,028	-
Cash and cash equivalent at END of the Year	7	**27,298,110**	-

The explanatory notes to these financial statements form an integral part of the financial statements.
The financial statements were approved on 29/9/16 2016 and signed by:

Clerk of the Assembly

Chief Finance Office – County Assembly

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of Utilisation difference to final budget
	Kshs	Kshs	c=a+b	e=d-c	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	526,000,000	(2)	525,999,998	525,907,499	100%
TOTAL	**526,000,000**	**(2)**	**525,999,998**	**525,907,499**	**100%**
PAYMENTS					
Compensation of Employees	175,551,453	(21,713,472)	153,837,981	151,927,958	100%
Use of goods and services	301,448,547	(10,000,000)	291,448,547	290,381,612	99%
Other grants and transfers	1,000,000	2,000,000	3,000,000	3,000,000	100%
Social Security Benefits	12,000,000	6,924,316	15,003,720	14,975,534	100%
Acquisition of Assets	36,000,000	26,729,750	62,709,750	42,285,671	67%
TOTAL	**526,000,000**	**(2)**	**525,999,998**	**502,570,775**	**96%**

The entity financial statements were approved on 29/9/ 2016 and signed by:

Clerk of the Assembly

Chief Finance Office – County Assembly

STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of Utilisation difference to final budget
	Kshs	Kshs	c=a+b	e=d-c	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	496,000,000	(26,229,752)	469,770,248	469,677,749	100%
TOTAL	**496,000,000**	**(26,229,752)**	**469,770,248**	**469,677,749**	**100%**
PAYMENTS					
Compensation of Employees	175,551,453	(21,713,472)	153,837,901	151,927,958	100%
Use of goods and services	301,448,547	(10,000,000)	291,448,547	290,381,612	99%
Other grants and transfers	1,000,000	2,000,000	3,000,000	3,000,000	100%
Social Security Benefits	12,000,000	6,924,316	15,003,720	14,975,534	100%
Acquisition of Assets	6,000,000	500,000	6,500,000	6,087,270	94%
TOTAL	**496,000,000**	**(26,229,752)**	**469,770,248**	**466,372,374**	**99%**

The entity financial statements were approved on 29/9/16 2016 and signed by:

Clerk of the Assembly

Chief Finance Office – County Assembly

COUNTY ASSEMBLY OF MARSABIT
Reports and Financial Statements
For the year ended June 30 2016

STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of Utilisation difference to final budget
	Kshs	Kshs	c=a+b	e=d-c	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	30,000,000	26,229,750	56,209,750	56,229,750	100%
TOTAL	**30,000,000**	**26,229,750**	**56,209,750**	**56,229,750**	**100%**
PAYMENTS					
Acquisition of Assets	30,000,000	26,229,750	56,209,750	36,198,401	64%
TOTAL	**30,000,000**	**26,229,750**	**56,209,750**	**36,198,401**	**100%**

The entity financial statements were approved on 29/9/ 2016 ~~and signed by~~:

Clerk of the Assembly

Chief Finance Office – County Assembly

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 County Assembly of Marsabit. 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 County Assembly of Marsabit recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the County Assembly of Marsabit. In addition, the County Assembly of Marsabit recognises all payments when the event occurs and the related cash has actually been paid out by the County Assembly of Marsabit.

3. **In-kind contributions**
In-kind contributions are donations that are made to the County Assembly of Marsabit 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 County Assembly of Marsabit 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 County Assembly of Marsabit 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 County Assembly of Marsabit'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 County Assembly of Marsabit'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.

NOTES TO THE FINANCIAL STATEMENTS

1 Transfers from the County Treasury/Exchequer Releases

	2015/16 Kshs	2014/15 Kshs
Total Exchequer Releases for quarter 1	110,000,000	-
Total Exchequer Releases for quarter 2	108,547,500	-
Total Exchequer Releases for quarter 3	62,300,000	-
Total Exchequer Releases for quarter 4	245,059,999	-
Cumulative Amount	**525,907,499**	-

2 COMPENSATION OF EMPLOYEES

	2015/16 Kshs	2014/15 Kshs
Basic salaries of permanent employees	151,927,958	-
Total	**151,927,958**	-

3 USE OF GOODS AND SERVICES

	2015/16 Kshs	2014/15 Kshs
Utilities, supplies and services	2,963,800	-
Communication, supplies and services	2,524,957	-
Domestic travel and subsistence	97,956,391	-
Foreign travel and subsistence	3,000,000	-
Printing, advertising and information supplies & services	13,948,939	-
Rentals of produced assets	8,995,490	-
Training expenses	18,902,230	-
Hospitality supplies and services	50,990,860	-
Insurance costs	15,161,595	-
Office and general supplies and services	13,747,765	-
Fuel oils and lubricants	12,500,000	-
Other operating expenses	37,443,902	-
Routine maintenance – vehicles and other transport equipment	7,745,683	-
Routine maintenance – other assets	4,500,000	-
		-
Total	**290,381,612**	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 OTHER GRANTS AND TRANSFERS

	2015/16 Kshs	2014/15 Kshs
Other current transfers, grants- membership to international organizations	3,000,000	-
		-
Total	**3,000,000**	-

5 SOCIAL SECURITY BENEFITS

	2015/16 Kshs	2014/15 Kshs
Government pension and retirement benefits	14,975,384	-
Total	**14,975,384**	-

6 ACQUISITION OF ASSETS

Non Financial Assets	2015/16 Kshs	2014/15 Kshs
		-
Refurbishment of Buildings	36,198,401	
		-
Purchase of Office Furniture and General Equipment	6,087,270	
Total	**42,285,671**	

7 BANK ACCOUNTS

Name of Bank, Account No. & Currency	Indicated whether recurrent or development	2015/16 Kshs	2014/15 Kshs
			-
Central Bank of Kenya A/c 1000198753	Recurrent	2,618,070	
			-
Kenya Commercial Bank A/c 1182991661	Development	21,941,707	
Equity Bank A/c 1010261309104	Recurrent	2,738,333	-
Total		**27,298,110**	-

8. PENDING ACCOUNTS PAYABLE

	2015/16 Kshs	2014/15 Kshs
Commissioner of Income Tax- Withholding Tax	1,910,358	-
Total	**1,910,358**	-

9. FUND BALANCE BROUGHT FORWARD

	2015/16 Kshs	2014/15 Kshs
Bank accounts	2,051,028	-
Total	**2,051,028**	-

10. OTHER IMPORTANT DISCLOSURES

10.1: Other Bank accounts

	2015/16 Kshs	2014/15 Kshs
Equity Bank A/c 1010261309104	126,866,428	-
Total	126,866,428	-

ANNEX 1 – SUMMARY OF FIXED ASSET REGISTER

Asset class	30 June 2016	30 June 2015
Land and Building	36,198,401	-
Transport equipment	1,999,950	-
Office equipment, furniture and fittings	4,087,320	-
Total	**42,285,671**	-