REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY ASSEMBLY OF NAROK

FOR THE YEAR ENDED 30 JUNE 2016

COUNTY ASSEMBLY OF NAROK

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)

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100 NAIROBI
25 JAN 2017
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KENYA NATIONAL AUDIT OFFICE
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06 JAN 2017
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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Key Management

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

- Clerks' Department;
- Finance Department Committee & Procedure Department;
- Human Resource and Administration
- ...

(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	- **Sheddd D. Simotwo**
2.	Deputy Clerk	- **Justus Yiaile**
3.	Principal Finance Officer	- **Peter Tianta**
4.	Administrative Officer	- **NicholusLenkoi**

(d) FiduciaryOversight Arrangements

Here, provide a high-level description of the key fiduciary oversight arrangements covering (say):

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

(e) Entity Headquarters

P.O. Box 19 - 20500
Narok County Assembly Building
Mau - NarokRoad ,Narok Town
Nairobi, KENYA

(f) EntityContacts

Telephone: (254) 02068889
E-mail: info@narokassembly.or.go.ke
Website: www.narokassemblygo.ke

(g) EntityBankers

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

2. Kenya Commercial Bank
   Cooperative Bank

(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

The Core mandate of County Assembly is to legislate and ensure good governance through the oversight role of Assembly. For this to be achieved, budget provision is made to improve capacity for Members of County Assembly to make laws, fully participate in the Budget making process and also improve capacity for staff through capacity building programmes and also leveraging usage of information communication technology. These will entail adequate funding to ensure that County Assembly efficiently and effectively fulfills constitutional functions in a representative system of County Government.

The County Assembly was allocated a budget of **ksh.720,410,000** in the **FY 2015/2016**. These comprised of both recurrent and development items amounting to **Kshs. 533,000,000** and **187,410,000** respectively.

Out of the sum allocated the County Assembly received from the exchequer **ksh.538,236,407** against an expenditure of Ksh. **521,014,969** resulting to an absorption rate of **67%.**

The major achievements made by the County Assembly during the FY2015/2016 include:

- Passing of Budget and Appropriation bill.
- Passing of finance bill.
- Completion of committee rooms.
- Construction of parking bay for members of county assembly which is ongoing.
- Fencing of perimeter wall at completion stage.
- Furnishing of committee rooms.
- Renovation and opening of Assembly Annex offices.
- Confirmation of County Assembly Staff .
- The County Assembly Bank Account functioning independently.

The County Assembly has experienced challenges and constraints in the implementation of its budget among them are:

- Delay in disbursement of funds from the Treasury.
- Office space and
- High public expectations.

Shedd D. Simotwo
Clerk,
Narok County Assembly

III. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Sections 163,164 and 165 of the Public Finance Management Act, 2013 requires that, at the end of each financial year, the County Treasury shall prepare financial statements of each County Government entity, receiver of revenue and consolidated financial statements for all County Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Clekis responsible for the preparation and presentation of the CountyAssemblyfinancial statements, which give a true and fair view of the state of affairs of the County Government for and as at the end of the financial year ended onJune 30, 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 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 financial statements give a true and fair view of the state of the County Assembly transactions during the financial year ended June 30, 2016, and of its financial position as at that date. The Clek 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 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 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 financial statements were approved and signed by the Clerk on 5/1/2017 2016.

CLERK

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of County Assembly of Narok set out on pages 6 to 21, which comprises the statement of assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flow and summary statement of appropriation: recurrent and development 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 misstatements, 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 controls 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 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 evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

1.0 Inaccuracies in the Financial statements

The statement of receipts and payments shows a brought forward fund balance of Kshs.110,000,000. This was the unspent balance of the car loan and mortgage Fund that was created and operationalized in the previous financial year. The funds were appropriated and accounted for under other grants and transfers in the previous year and the balance was not paid back to the County Assembly's main operations bank account. The balance should have been accounted for under fund account but the financial statements of the Fund were not prepared and presented to the Auditor-General for audit in accordance with Section 167 of Public Finance Management Act 2012.

The County Assembly therefore breached the law by not preparing the Car Loan and Mortgage Fund Accounts for the year ended 30 June 2016.

2.0 Cash and Bank Balances

The statement of assets as at 30 June 2016 reflects a cash and cash equivalent balance of Kshs.110,023,070 out of which Kshs.110,000,000 was in respect of unspent fund balances relating to Narok County Assembly Loans & Mortgages Fund. The Fund maintains three bank accounts which held a total balance of Kshs.69,510,137 as at 30 June 2016 broken down as follows: Co-operative Bank account number 0114 1660 8243 00 (Kshs.6,291,975), and Trans National Bank account numbers 16143002 (Kshs.60,183,187) and 16143003 (Kshs.3,034,975). However, no bank reconciliation statements were presented to authenticate the correct fund balance as at 30 June 2016.

In the circumstance, the accuracy of the cash balance of Kshs.110,023,070 as at 30 June cannot be confirmed.

3.0 Foreign Travel and Subsistence – Trip to Arusha, Tanzania

The statement of receipts and payments for the year ended 30 June 2016 reflects an expenditure of Kshs.148,186,730 in respect of use of goods and services, out of which Kshs.43,283,647 was spent on foreign travel and subsistence. Included in the amount for foreign travel was Kshs.10,470,970 incurred by a 48-member delegation comprising Members of the County Assembly (MCAs) and other officers on a trip to Arusha, Tanzania. However, the expenditure was not supported by relevant documents which include a memo for authorization of the journey, programme of activities to be carried out, attendance register of participants, payment schedules signed by the recipients of cash and copies of passports indicating the respective dates of entry and exit into and out of Tanzania.

Further, the size of the delegation was in excess of the guidelines given in the Office of the President circular Ref. No. OP/CAB.1/7A of 26.1.2015 which states that a delegation to a foreign country should not exceed 7 persons. Consequently, the propriety of the expenditure of Kshs.10,470,970 incurred on the foreign trip to Arusha could not be confirmed.

4.0 Domestic Travel and Subsistence

Included in the use of goods and services under Note 5 to the financial statements is an expenditure of Kshs.33,419,112 in respect of domestic travel and subsistence. The balance includes Kshs.4,517,500 that the County Assembly spent on allowances for 49 MCAs and 17 other officers to attend a Senate legislative summit at Flamingo Hotel, Mombasa for five days from 22nd to 27th June 2016. However, the expenditure was not supported with relevant documents such as an invitation letter, programme for the event, attendance list of the participants and agreement for hire of motor vehicles used to transport the delegation. Further, no reports have been provided to show what benefit was realized from the participation of the MCAs in the summit.

Under the circumstances, it could not be confirmed if the County Assembly realized any value-for-money from the expenditure of Kshs.4,517,500 incurred on domestic travel and subsistence.

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

Other Matter

1.0 Car Loan and Mortgage Loan Repayment

Car loan and mortgage loan repayment status reports reflected outstanding balances of Kshs.30,049,695 and Kshs.8,048,703 respectively as at 30 June 2016. However, the sum of the bank balances and the outstanding loans, totalled Kshs.107,608,535 as at 30 June 2016 which varied from the reported fund balances of Kshs.110,000,000 by Kshs.2,391,465. In the circumstance, the accuracy of the car and mortgage fund balances totalling Kshs.110,000,000 could not be confirmed.

In addition, the County Assembly car loan repayment status report indicated that as at 30 June 2016, only Kshs.69,881,083 (or 70%) had been repaid out of the total amount of Kshs.99,930,778 due from the beneficiaries of the scheme. The outstanding loan balance on that date was Kshs.30,049,695 (30%). Similarly, the mortgage loan repayment status report indicated that Kshs.4,579,097 (or 36%) had been repaid, while Kshs.8,048,703 (or 64%) was outstanding. In view of the slow rate at which the loans are being recovered, the outstanding amounts can only be amortized in 20 or more months from 30 June 2016.

Given that as at 30 June 2016, only 12 months remain before the expiry of the term of the members, the large outstanding loan balances are not likely to have been settled in full by that time. This contradicts Clause 11 of the Narok County Assembly Loans & Mortgages Fund Scheme Regulations which stipulates that the members shall repay the loan and mortgage, at the latest, four months before the end of their respective terms.

Under the circumstances, the Fund is likely to suffer losses when the term of the members expires since the administrator has not made arrangements for complete recovery of the debts.

2.0 Promotion of Staff

The payroll for the year under review indicated that some staff were promoted from one job group to a higher one while others had their salaries enhanced within the same job group bracket. These changes caused an increase of Kshs.1,070,006 in monthly emoluments or Kshs.12,840,072 per year.

However, the basis of the promotions have not been explained since the Minutes of the deliberations of the County Assembly Service Board, that recommend each of the staff members for promotion were not presented for audit review. In addition, the personal files of the staff were not presented for audit review. Under the circumstance, it has not been possible to confirm that all the promotions and salary increases were merited.

3.0 Budgetary Allocation and Performance

During the year under review, the County Assembly had an approved expenditure budget of Kshs.798,628,066 but received Kshs.538,236,407, thus resulting in under-funding of Kshs.30,391,659 or 33% as shown below:

Comparison of Budgeted and Actual Receipts

	Current year Final	Budgeted Amount	Difference between Budget and Actual	Difference between Budget and Actual
	Kshs.	Kshs.	Kshs	%
Exchequer Releases Quarter 1	81,484,554	199,657,016	118,172,462	59%
Exchequer Releases Quarter 2	101,484,554	199,657,016	98,172,462	49%
Exchequer Releases Quarter 3	116,267,300	199,657,016	83,389,716	42%
Exchequer Releases Quarter 4	239,000,000	199,657,016	(39,342,983)	-20%
Total	**538,236,408**	**798,628,066**	**260,391,658**	**33%**

It appears that the under-funding arose because the County Assembly's budget-making process lacked an accurate estimate of funds expected from the National Government, which is its only financier. Out of the funds totalling Kshs.538,236,408 received, a sum of Kshs.533,014,969 was utilized which translated to an absorption level of 99%.

The County Assembly was able to operate optimally with reduced funding thus suggesting that their original budget may have been exaggerated.

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

Nairobi

15 August 2017

1. STATEMENT OF RECEIPTS AND PAYMENTS

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

	Note	2015/2016
		Kshs
RECEIPTS		
Fund Balance Brought Forward	16	110,000,000.00
Transfers from the County Treasury/Exchequer Releases	1	538,236,407.00
Proceeds from Sale of Assets	2	-
Other Receipts	3	-
TOTAL RECEIPTS		**648,236,407**
PAYMENTS		
Compensation of Employees	4	331,281,532
Use of goods and services	5	148,186,730
Subsidies	6	-
Transfers to Other Government Entities	7	
Other grants and transfers	8	
Social Security Benefits	9	14,637,625
Acquisition of Assets	10	38,909,082
Finance Costs	11	-
Other Payments	12	-
TOTAL PAYMENTS		**533,014,969**
SURPLUS/DEFICIT		**115,221,438**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 5/6/2017 2016 and signed by:

Clerk of the Assembly

II. STATEMENT OF ASSETS

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

	Note	2015/2016
FINANCIAL ASSETS		**Kshs**
Cash and Cash Equivalents		
Bank Balances	13A	23,070
Cash Balances	13B	-
Fund Balances	16	110,000,000
Total Cash and cash equivalents		**110,023,070**
Accounts receivables – Outstanding Imprests	14	5,198,367
TOTAL FINANCIAL ASSETS		**115,221,437**
FINANCIAL LIABILITIES		
Accounts Payables – Deposits and retentions	15	-
NET FINANCIAL ASSETS		**115,221,437**
REPRESENTED BY		
Fund balance b/fwd		-
Surplus/Defict for the year		115,221,438
NET FINANCIAL POSITION		**115,221,438**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 5/12/17 2016 and signed by:

CLERK

PRINCIPAL FINANCE OFFICER

III. STATEMENT OF CASHFLOW

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

	Note	2015/2016
		Kshs
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from operating income		
Transfers from the County Treasury/Exchequer Releases	1	538,236,407
Other Receipts	3	-
Payments for operating expenses		
Compensation of Employees	4	331,281,532
Use of goods and services	5	148,186,730
Subsidies	6	-
Transfers to Other Government Entities	7	-
Other grants and transfers	8	-
Social Security Benefits	9	14,637,525
Finance Costs	11	-
Other Payments	12	-
Adjusted for:		
Adjustments during the year		
Net cash flows from operating activities		494,105,887
CASHFLOW FROM INVESTING ACTIVITIES		
Proceeds from Sale of Assets	2	-
Acquisition of Assets	10	38,909,082
Net cash flows from investing activities		**38,909,082**
NET INCREASE IN CASH AND CASH EQUIVALENT		**5,221,438**
Cash and cash equivalent at BEGINNING of the year		**110,000,000**
Cash and cash equivalent at END of the year		**115,221,438**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 31/1/2017 2016 and signed by:

CLERK

PRINCIPAL FINANCE OFFICER

V. SUMMARY STATEMENT OF APPROPRIATION: 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	720,410,000	78,218,066	798,628,066	538,236,407	67%
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	**720,410,000**	**78,218,066**	**798,628,066**	**538,236,407**	**67%**
PAYMENTS					
Compensation of Employees	271,805,421	81,188,066	352,993,487	331,281,532	94%
Use of goods and services	223,590,000	(2,620,000)	220,970,000	148,186,730	67%
Subsidies					0%
Transfers to Other Government Entities	100,000,000	-	100,000,000	0	0%
Other grants and trausfers					0%
Social Security Benefits	15,435,235	-	15,435,235	14,637,625	95%
Acquisition of Assets	109,579,344	(350,000)	109,229,344	38,909,082	36%
Finance Costs					0%
Other Payments					0%
TOTAL	**720,410,000**	**78,218,066**	**798,628,066**	**533,014,969**	67%

[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 5/12-17 2016 and signed by:

CLERK

PRINCIPAL FINANCE OFFICER

VI. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense Item

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	610,830,656	78,568,066	689,398,722	514,236,407	75%
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	**610,830,656**	**78,568,066**	**689,398,722**	**514,236,407**	**75%**
PAYMENTS					
Compensation of Employees	271,805,421	81,188,066	352,993,487	331,281,532	94%
Use of goods and services	223,590,000	(2,620,000)	220,970,000	148,186,730	67%
Subsidies					0%
Transfers to Other Government Entities	100,000,000	-	100,000,000	0	10%
Other grants and transfers					0%
Social Security Benefits	15,435,235	-	15,435,235	14,637,625	95%
Acquisition of Assets					0%
Finance Costs					0%
Other Payments					0%
TOTAL	**610,830,656**	**78,568,066**	**689,398,722**	**494,105,887**	72%

[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 31/2017 2016 and signed by:

CLERK

PRINCIPAL FINANCE OFFICER

VII. SUMMARY STATEMENT OF APPROPRIATION: 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					0%
Transfers from the County Treasury/Exchequer Releases	109,579,344	(350,000)	109,229,344	24,000,000	0%
Proceeds from Sale of Assets					0%
Other Receipts					0%
TOTAL	**109,579,344**	**(350,000)**	**109,229,344**	**24,000,000**	0%
PAYMENTS					0%
Compensation of Employees					0%
Use of goods and services					0%
Subsidies					0%
Transfers to Other Government Entities					0%
Other grants and transfers					0%
Social Security Benefits					0%
Acquisition of Assets	109,579,344	(350,000)	109,229,344	38,909,082	36%
Finance Costs					0%
Other Payments					0%
TOTAL	**109,579,344**	**(350,000)**	**109,229,344**	**38,909,082**	36%

[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 5/1/2017 2016 and signed by:

CLERK

PRINCIPAL FINANCE OFFICER

VIII. 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* and all values are rounded to the nearest thousand (Kshs'000). 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 revenue and expenses**
The *entity* recognises all revenues 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 expenses 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**
Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

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.

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM THE COUNTY TREASURY/EXCHEQUER RELEASES	
	Kshs
Total Exchequer Releases for quarter 1	81,484,554
Total Exchequer Releases for quarter 2	101,484,554
Total Exchequer Releases for quarter 3	116,267,300
Total Exchequer Releases for quarter 4	239,000,000
Total	**538,236,407**
2. PROCEEDS FROM SALE OF ASSETS	
	2015/2016
	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	-
3. OTHER RECEIPTS	
	2015/2016
	Kshs
Other Receipts I	
Other Receipts II	
Other Receipts III	
Other Receipts IV	
Other Receipts XXXX	
Total	-

4. COMPENSATION OF EMPLOYEES	
	2015/2016
	Kshs
Basic salaries of permanent employees	206,195,650
Basic wages of temporary employees	20,036,733
Personal allowances paid as part of salary	95,496,026
Personal allowances paid as reimbursements	
Personal allowances provided in kind	
Pension and other social security contributions	9,553,124
Compulsory national social security schemes	-
Compulsory national health insurance schemes	
Social benefit schemes outside government	
Other personnel payments	
Total	**331,281,532**
5. USE OF GOODS AND SERVICES	
	2015/2016
	Kshs
Utilities, supplies and services	339,068
Communication, supplies and services	2,153,352
Domestic travel and subsistence	33,419,112
Foreign travel and subsistence	43,283,647
Printing, advertising and information supplies & services	5,587,466
Rentals of produced assets	4,393,500
Training expenses	3,370,249
Hospitality supplies and services	17,060,496
Insurance costs	19,254,565
Specialized materials and services	974,383
Office and general supplies and services	2,661,427
Other operating expenses	10,846,356
Routine maintenance – vehicles and other transport equipment	
Routine maintenance – other assets	194,627
Fuel Oil and Lubricants	4,648,481
Total	**148,186,730**
6. SUBSIDIES	

Description	**2015/2016**
	Kshs
Subsidies to Public Corporations	
See list attached	
Nyumbani Sugar Company	
Subsidies to Private Enterprises	
See list attached	
Vijana Fisheries Ltd	
TOTAL	-
7. TRANSFERS TO OTHER GOVERNMENT ENTITIES	
Description	**2015/2016**
	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	
	2015/2016
	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	
	2015/2016
	Kshs
Government pension and retirement benefits	14,637,625
Social security benefits in cash and in kind	
Employer Social Benefits in cash and in kind	
Total	**14,637,625**

10. ACQUISITION OF ASSETS	
	2015/2016
Non-Financial Assets	**Kshs**
Purchase of Buildings	
Construction of Buildings	18,389,098
Refurbishment of Buildings	480,000
Construction of Roads	-
Construction and Civil Works	-
Overhaul and Refurbishment of Construction and Civil Works	-
Purchase of Vehicles and Other Transport Equipment	15,240,900
Overhaul of Vehicles and Other Transport Equipment	-
Purchase of Household Furniture and Institutional Equipment	876,000
Purchase of Office Furniture and General Equipment	2,934,506
Purchase of ICT Equipment, Software and Other ICT Assets	988,578
Purchase of Specialised Plant, Equipment and Machinery	-
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	
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	**38,909,082**
11. FINANCE COSTS	
	2015/2016
	Kshs
Bank Charges	-
Exchange Rate Losses	-
Other Finance Costs	-
Total	-
12. OTHER PAYMENTS	
	2015/2016
	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	-

	Indicated whether recurrent or development	**2015/2016**
Name of Bank, Account No. & Currency		**Kshs**
Central Bank Account No. 1000198467	Recurrent	23,070
Transnational Bank-161430003 Mortgage		0
Transnational Bank-161430002 Car Loan		0
Cooperative Bank Account No.	Imprest	-
Central Bank Account No. 1000286601	Development	-
Total		**23,070**

13B. CASH IN HAND		
	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:		
	2015/2016	**2014/2015**
	Kshs	**Kshs**
Location 1		
Location 2		
Location 3		
Total		
14. ACCOUNTS RECEIVABLE		
	2015/2016	**2014/2015**
	Kshs	**Kshs**
Government Imprests	5,198,367	
Clearance Accounts		
Staff Advances		
Other Advances		
Total	5,198,367	-

Imprest Holders

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs
BEATRICE WAIRIMU MASAGO	29/06/2016	300,000.00	0	300,000.00
BEATRICE KADESA OKANGA	29/06/2016	168,000.00		168,000.00
JACKSON SWAKEI YENKO	29/06/2016	100,000.00		100,000.00
ASBETTY MALASO KINAIYA	29/06/2016	100,000.00		100,000.00
BEATRICE WAIRIMU MASAGO	29/06/2016	613,000.00		613,000.00
DAUDI LEDAMA MORINTAT	29/06/2016	381,600.00		381,600.00
BRIAN LEMAIYAN LETUYA	29/06/2016	209,000.00		209,000.00
BRIAN LEMAIYAN LETUYA	29/06/2016	1,251,967.20		1,251,967.20
BRIAN LEMAIYAN LETUYA	29/06/2016	119,000.00		119,000.00
RICHARD KOTENE OLE KAMUARO	29/06/2016	500,000.00		500,000.00
RICHARD KOTENE OLE KAMUARO	29/06/2016	600,000.00		600,000.00
NICHOLAS KIPKEMOI ROTICH	29/06/2016	188,600.00	0	188,600.00
WILLIAM KAYIOK KAIGIL	29/06/2016	67,200.00		67,200.00
JUSTUS SINOYIA YIAILE	29/06/2016	600,000.00		600,000.00
		5,198,367.20		**5,198,367.20**

15. ACCOUNTS PAYABLE	
	2015/2016
	Kshs
Deposits and Retentions	-
Total	-

16. FUND BALANCE BROUGHT FORWARD	
	2015/2016
	Kshs
Bank accounts	110,000,000
Cash in hand	-
Accounts Receivables	-
Accounts Payables	-
Total	**110,000,000**
17. OTHER IMPORTANT DISCLOSURES	
18.1: PENDING ACCOUNTS PAYABLE (See Annex 4)	
	2015/2016
	Kshs
Construction of buildings	2,317,565.60
Construction of civil works	
Supply of goods	
Supply of services	6,105,083.80
Total	**8,422,649.40**
17.2 PENDING STAFF PAYABLES (See Annex 5)	
	2015/2016
Name of Staff	**Kshs**
	4,781,104.20
Total	**4,781,104.20**
17.3 OTHER PENDING PAYABLES (See Annex 6)	
	2015/2016
	Kshs
Amounts due to National Government entities	
Amounts due to County Government entities	
Amounts due to third parties	
Total	