REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY ASSEMBLY OF NYANDARUA

FOR THE YEAR ENDED 30 JUNE 2016

REPUBLIC OF KENYA

NYANDARUA COUNTY ASSEMBLY

OFFICE OF THE CLERK

Office Tel: 020-2195542; **Mobile:** 0706-116880
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COUNTY ASSEMBLY OF NYANDARUA

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)

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The County Assembly of Nyandarua is a creation of the Constitution of Kenya (2010) and is managed administratively by the County Assembly Service Board, formed as per the County Government Act with a mandate to facilitate members to carry out their Constitutional mandate and to oversee the day to day operations of the Assembly.

The members of Nyandarua County Assembly Service Board include;

1. James Ndegwa Wahome — Speaker/Chairman
2. Kariuki Muchiri — Vice Chairman(Leader of Majority)
3. Peter Githinji Ngumba — Member (Leader of Minority)
4. Thirikwa Kamau Thirikwa — Member
5. Stephen Muriithi Wairimu — Secretary

Vision

To be the leading County Assembly in Representation, Legislation and Oversight for good governance

Mission

To facilitate Nyandarua County Assembly to efficiently and effectively discharge its constitutional and statutory mandate.

The County Assembly is made up of 42 members of the County Assembly (25 elected and 16 Nominated) and has an establishment of 77 members of staff. The Assembly is made up of four directorates namely

i. Human Resource Management
ii. Budget, Finance and Economic Planning
iii. Information, and Corporate Communication Services
iv. Legal, procedures legislative and Committee Services

(b) Key Management

The *County Assembly's* day-to-day management is under the following key directorates:

i. Human Resource Management
ii. Budget, Finance and Economic Planning
iii. Information, and Corporate Communication Services
iv. Legal, procedures legislative and Committee Services

(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	**Purity Mwonjoria Kamuruchi**
2.	Acting Clerk	**Stephen Muriithi Wairimu**

(d) Entity Headquarters

P.O. Box 720
Former Olkalou town council offices
Olkalou-Nakuru Road
Olkalou, KENYA

(e) Entity Contacts

Telephone: **Office Tel:** 020-2195542;**Mobile** 0706-116880
E-mail: clerk@assembly.nyandarua.go.ke
Website: www.nyandaruaassemblygo.ke

(f) Entity Bankers

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

(g) Independent Auditors

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

(h) Principal Legal Adviser

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

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 County Assembly Clerk 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 and as at the end of the financial year ended on June 30, 2016. This responsibility includes: maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Assembly; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; safeguarding the assets of the County Assembly; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Clerk to the County Assembly 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 to the Assembly 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 during the financial 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 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 that the County Assembly's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Clerk confirms that the County Assembly's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The County Assembly's financial statements were approved and signed by the Clerk to the County Assembly on _____ 2016.

Clerk-County Assembly of Nyandarua

I. REPORT OF THE INDEPENDENT AUDITORS ON THE COUNTY ASSEMBLY OF NYANDARUA

We have audited the accompanying financial statements of *(Nyandarua County Assembly) for the year ended June 30, 2016*, which comprise: (i) a statement of receipts and payments; (ii) a statement of financial assets and liabilities; (iii) a statement of comparative budget and actual amounts; (iv) a statement of pending bills as at June 30, 2015; and (v) a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Nyandarua County Assembly Service board is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit 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 auditors' judgment, 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 entity's internal control. An

audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at June 30, 2016, and its receipts and payments, as well as cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

FORWARD BY THE COUNTY ASSEMBLY CLERK

In the financial year 2015/2016, Nyandarua County Assembly had an approved budget of Kshs. 720,868,213. Out of this Ksh. 605,568,213(84%) was allocated for recurrent expenditure and Ksh.115, 300,000 (16%) for development expenditure. The county assembly did not however violate the minimum requirements of PFM Act Sec 107(2) (a) on allocating at least 30% of County Budgets to development expenditure as the county assembly's core mandates are not development related and thus the budget is mainly used on operations which are majorly recurrent in nature.

The County assembly's gross expenditure for the period under review was Ksh.664, 453,498 which translates to absorption of 92.17%. This came about from absorption of Ksh. 605,551,743 recurrent expenditure (99.9%) and Kshs. 58,901,755(51.1%) for development expenditure.

Challenges

- ✓ The irregular and unpredictable release of funds from the National Treasury which in effect hinders effective planning and budget implementation.
- ✓ The delayed installation of IFMIS and Internet Banking (Central Bank of Kenya) in the County Assembly which led to delayed payments
- ✓ In adequate staff establishment in the finance directorate leading to reduced efficiency and improper segregation of duties.

ACCOUNTING POLICIES

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 Nyandarua county Assembly 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. **Accounting records and transactions:**

a) We have made available to you all books of accounts and supporting documentation and all minutes of meetings and no such has been withheld.

b) The financial statements are free of material misstatements including omissions. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.

c) We have no plans that may alter materially the carrying value or transaction of assets and liabilities reflected in the financial statements.

d) Except as disclosed in the financial statements, the results of operations for the year were not materially affected by transactions of an extraordinary or abnormal nature of sort not usually undertaken by the County Assembly, or items relating to prior year.

e) All transfer payments have been properly and completely accounted for and has been recorded in the proper period.

f) The financial statement reflects a complete record of all expenditure relating to the financial transactions of the budgetary vote under our control as well as all allocated funds.

g) The budget has been prepared in accordance with the relevant regulations and instructions and is in line with the set criteria and objectives.

h) Personal expenditure represents payments in respect of services which have been rendered to the County Assembly by employees on the payroll of the County Assembly.

3. Recognition of revenue and expenses

Nyandarua County Assembly recognises all revenues from the various sources when the event occurs and the related cash has actually been received by Nyandarua County Assembly. In addition, Nyandarua County assembly recognises all expenses when the event occurs and the related cash has actually been paid out.

4. In-kind contributions

In-kind contributions are donations that are made to Nyandarua County Assembly 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, Nyandarua County Assembly 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.

5. 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.

6. 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.

7. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have 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.

8. 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.

9. 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.

10. 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. Nyandarua County Assembly g budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of Nyandarua County Assembly actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

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.

12. Assets

We have no plans or intentions that will result in any excess or obsolete inventory and the County Assembly has satisfactory title to all assets, and there are no liens or encumbrances on

the County Assembly assets in favor of a third party. Further, all assets were maintained and were stored in good conditions during the financial year.

13. Liabilities:

The County Assembly has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regularity authorities that could have a material effect on the financial statements in the event of non-compliance. Further, we have recorded or disclosed, as appropriate, all liabilities, both actual and contingent and have disclosed in Notes to the financial statements all guarantees that we have given to third parties. We are not aware of any pending or threatened litigation, proceedings, hearings, claims or negotiations which may result in significant loss to the County Assembly.in addition, there have been no events subsequent to period end that requires adjustments of or disclosure in the financial statements or notes thereto and we are not aware of any capital projects entered into without a legal contract. There were no purchase commitments in excess of normal requirements or at prices in excess of prevailing market prices.

14. Other matters:

i. There have been no irregularities involving management or employees that have a significant role in the accounting and internal systems or that could have a material effect on the financial statements.

Yours

Stephen Muriithi Wairimu

Ag. Clerk,

County Assembly of Nyandarua

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the County Assembly of Nyandarua set out on pages 1 to 16, which comprise the statement of financial assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows, and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County Assembly's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Adverse Opinion

1.0 Cash and Cash Equivalents

The statement of assets as at 30 June 2016 reflects bank balances of Kshs.44,116,138 as at 30 June 2016. However, certificates of bank balances as at 30 June 2016 for the Development Vote and Recurrent Vote accounts operated at the Central Bank of Kenya were not presented for audit review. Further, cash books were maintained in Microsoft Excel software, which is not secured and is thus unreliable. In addition, the County Assembly did not disclose four (4) bank accounts operated in commercial banks as follows:

Bank Name	Account Name	Account Number
Chase Bank	Nyandarua County assembly Mortgage and Car Loan	113094709002
Chase Bank	Nyandarua County assembly Mortgage and Car Loan	113094709003
Family Bank	Nyandarua County Car Loan and Mortgage Scheme Utilized Fund Account	370000010995
Family Bank	Nyandarua County Car Loan and Mortgage Scheme Fund Account	37000009974

In addition, there was no evidence to show that receipts and payments effected through these accounts during the year were disclosed in these financial statements.

In view of these anomalies, the completeness and accuracy of cash and cash equivalents balance of Kshs.44,116,138 as at 30 June 2016, cannot be confirmed.

2.0 Unexplained differences between financial statements and supporting schedules

A comparison between the balances in the financial statements and the supporting schedules reflects the variances tabulated below:

Expenditure item	Supporting Schedules Balance Kshs.	Financial Statements Balance Kshs.	Variance Kshs.
Compensation of Employees	264,889,973	264,722,470	167,503
Use of Goods and Services	261,487,446	261,508,637	-21,191
Acquisition of Assets	111,251,704	110,536,528	715,176

No explanation has been provided in respect of these variances.

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

3.0 Variances between IFMIS Report and the Financial Statements Balances

Comparison between the balances in the financial statements and the balances extracted from the Integrated Financial Management and Information Systems (IFMIS) reflects the variances tabulated below:

Description	Amount as per IFMIS- Kshs.	Amounts as per Financial Statements Kshs.	Variance Kshs.
Receipts	0	695,541,566	695,541,566
Payments	664,493,501	664,453,498	-40,003
Cash and cash equivalents	12,746,192	44,166,138	31,419,946
Receivables	-514,542	50,000	564,542
Accounts payable	1,207,944,437	13,078,070	-1,194,866,367

As a result, the accuracy and completeness of the County Assembly's financial statements for the year under review cannot be confirmed.

4.0 Overpayment on Construction of Assembly Chambers

Reflected in Note 18 to the financial statements in the balance for acquisition of assets is the cost of construction of buildings totaling to Kshs.58,901,755. Included in the balance is a payment of Kshs.3,310,116.20 made in respect of construction of the Assembly Chamber which is not supported with a completion certificate. Further, the narration on the payment voucher indicated that the amount was on account of an underpayment made on three completion certificates Nos. 9, 10 and 11 processed on 11 December 2015. However, a review of the payment and certificates showed the

amount due was only Kshs.658,696.41. As a result, the contractor was overpaid by Kshs.2,651,419.79.

In the circumstance, the propriety of Kshs.3,310,116.20 incurred on construction of the Assembly Chamber during the year ended 30 June 2016, cannot be confirmed.

5.0 Pending Bills

Note 18.1 to the financial statements reflects pending bills totalling to Kshs.65,373,432 as at 30 June 2016 which were not settled during the year but were instead carried forward to 2016/2017. Out of this total, bills totalling to Kshs.44,600,000 and Kshs.13,078,070 relate to construction of the Assembly Chamber and retention fees while Kshs.3,734,479 and Kshs.3,960,883 relate to unpaid allowances and debts due to suppliers of goods and services respectively. However, no certificate of completed works was provided for audit review to support the balance of Kshs.44,600,000 due to the contractor for County Assembly Chamber. Further, had the bills been paid and the expenditure charged to the accounts for 2015/2016, the surplus of Kshs.31,088,068 now shown in the statement of receipts and payments would have reduced to a deficit of Kshs.34,285,364, an indication that the County Assembly management entered into financial commitments for which no resources were available.

6.0 Car Loan and Mortgage Scheme

As previously reported, the County Assembly procured car and mortgage administration services from Chase Bank through single-sourcing and transferred Kshs.161,000,000 in 2013/2014 and an additional amount of Kshs.30,000,000 in 2015/2016 financial year to operationalize the fund. A review of funds records revealed that out of the amount of Kshs.189,250,000 so far issued to members from the kitty, an amount of Kshs.30,520,000 was indicated as outstanding as at 30 June 2016. However, the County Assembly did not maintain proper accounting records including cash book, ledgers, bank reconciliation statements and fund accounts. Further, out of forty two (42) members of the County Assembly (MCAs) who had obtained both car and mortgage loan, thirty four (34) of them had not provided log books and title deeds as security for the loans taken. Hence the County Assembly may not be able to recover the debts in case of default by the members.
Consequently, the propriety and administration of car loan and mortgage facility could not be confirmed.

7.0 Daily Subsistence Allowance and Hire of conference facilities

The County Assembly paid Kshs.13,414,300 and Kshs.9,544,110 for daily subsistence allowance to MCAs and hire of conference facilities respectively for various Assembly committee activities during the year ended 30 June 2016. The activities included writing reports and consultative meetings in hired hotels and institutions particularly in Naivasha and Nairobi instead of doing so from County offices and premises established

for such routine activities. The allowances and hire of facilities were excessive and prone to abuse.

Therefore it has not possible to confirm that the County Assembly obtained value for money from these conferences and meetings.

8.0 Unaccounted for Fuel

Included in Note 13 to the financial statements under use of goods and services account is over-expenditure totalling Kshs.3,996,850 reportedly incurred on purchase of fuel, oil and lubricants. However, included in this balance is sum of Kshs.3,680,000 against which no records such as fuel registers, detail orders and copies of work tickets were not presented for audit review.

As a result, it has not been possible to confirm that the fuel was received and used for the intended purpose.

Adverse Opinion

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

Other Matter

1.0 Budget Performance

The statement of comparison of budget and actual amounts; recurrent and development combined indicate that, during the year under review, the County Assembly of Nyandarua's total budget was Kshs.720,868,212 comprising development budget of Kshs.115,300,000 and recurrent budget of Kshs.605,568,213. The total budget reflected net under-expenditure of Kshs.56,414,713 or 8% as summarized below:

Vote	Approved Budget for 2015/2016 (Kshs)	Actual Expenditure for 2015/2016 (Kshs)	Under Expenditure (Kshs)	Actual as % of Budget
Recurrent	605,568,212	605,551,743	16,469	100
Development	115,300,000	58,901,755	56,398,245	51
Total	**720,868,212**	**664,453,498**	**56,414,714**	**92**

The actual development expenditure of Kshs.58,901,755 represents 9% of the total budget for the year of Kshs.664,453,498 inspite of the requirement that a minimum threshold of 30% of the budget should have been allocated to development expenditure as prescribed in Section 107(2) of the Public Finance Management Act, 2012. Further, the management has not provided explanation for the failure to utilize all the approved development budget provisions.

1.1 Over expenditure on recurrent expenses

Comparison of actual recurrent expenditure against approved budget allocations of some items revealed over expenditure as follows:

Recurrent Expenditure Item	2015/2016 Final Budget Kshs.	2015/2016 Actual Expenditure Kshs.	Over Expenses Kshs.
County Assembly Service Board-Sitting Allowances & County Assembly Members Sitting Allowances	66,364,927	68,174,057	(1,809,130)
Air time, Staff & Other Allowances, KICOSCA Games & Other Operating Expenses	24,952,670	31,260,048	(6,307,378)
Social Services, County Budgeting, Traveling & Subsistence Allowance	82,917,865	93,128,495	(10,210,630)
Training, Exams and Seminars	4,967,597	6,536,076	(1,568,479)
Catering and Entertainment	5,588,666	6,341,962	(753,296)
Workman's Compensation Insurance Policy & Medical Ex-gratia	1,703,990	5,180,000	(3,476,010)
Audit, Accounts and Consultancy	150,000	254,784	(104,784)
Tyres and Tubes	1,403,546	1,648,009	(244,463)
Mortgage & Car loan Fund	25,000,000	30,000,000	(5,000,000)
Development of departmental & Individual work plans	7,450,641	spent on accommodation allowances	(7,450,641)
Review of Departmental and Staff Performance	3,000,000	spent on accommodation allowances	(3,000,000)
Total			**(39,924,811)**

The comparison indicates the following:

(i) The County Assembly over-spent by Kshs.39,924,811 on eleven (11) items representing 6.6% of the approved recurrent budget.

(ii) The approved provisions of Kshs.7,450,641 and Kshs.3,000,000 budgeted for development of departmental and individual work plans and review of departmental and staff performance respectively, were misallocated and irregularly charged against unrelated travel and accommodation expenses. Apart from the management having failed to comply with the final budget approved by the County Assembly, no evidence of approval of these reallocations by the County Assembly was provided for audit review.

2.0 Use of Manual Payrolls

During the year under review, the County Assembly of Nyandarua incurred a total of Kshs.264,722,470 on compensation of employees. Out of this amount, salaries and allowances paid to the Members of the County Assembly totaling Kshs.170,669,185 were processed using manual payrolls done in Microsoft Excel which is prone to errors. No justification has been provided for failure to process the salaries through the approved Integrated Payment and Personal Database (IPPD) system. Further, review of attendance registers maintained for both plenary and committee meetings for the year under review revealed that MCAs did not append their signatures against their names for meetings attended, but instead the register was marked with a tick for the members present and a cross sign for members absent. The symbols used are prone to manipulation and therefore the authenticity and validity of the register and committee allowance payment claims is doubtful.

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

Nairobi

15 August 2017

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

	Note	2015-2016 Kshs
RECEIPTS		
Transfers from National Treasury	4	695,541,566
Other Receipts	11	-
TOTAL REVENUES		**695,541,566**
PAYMENTS		
Compensation of Employees	12	264,722,470
Use of goods and services	13	261,508,637
Social Security Benefits	17	27,685,863
Acquisition of Assets	18	110,536,528
TOTAL PAYMENTS		**664,453,498**
SURPLUS/DEFICIT		**31,088,068**

of the financial statements. The entity financial statements were approved on _____ 2016 and signed by:

Clerk of the County Assembly

Principal Finance Officer – County Assembly

	Note	2015-2016 Kshs
FINANCIAL ASSETS		
Cash and Cash Equivalents		
Bank Balances	22A	44,116,138
Cash Balances	22B	-
Total Cash And Cash Equivalents		44,116,138
Accounts Receivables - Outstanding Imprest and Clearence Accounts	23	50,000
TOTAL FINANCIAL ASSETS		44,166,138
LESS: FINANCIAL LIABILITIES		
Accounts Payables - Deposits	24	13,078,070
NET FINANCIAL ASSETS		**31,088,068**
REPRESENTED BY		
Fund balance b/fwd	25	-
Surplus/Defict for the year		**31,088,068**
Prior year adjustments		-
NET FINANCIAL POSITION		**31,088,068**

Control

financial statements form an integral part of the financial statements. The entity financial statements

Clerk of the County Assembly

Principal Finance Office – County Assembly

	Note	2015-2016 Kshs
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts for operating income		
Transfers from National Treasury	4	695,541,566
Other Revenues	11	-
		695,541,566
Payments for operating expenses		
Compensation of Employees	12	264,722,470
Use of goods and services	13	261,508,637
Social Security Benefits	17	27,685,863
		553,916,970
Adjusted for:		
Changes in receivables		- 50,000
Changes in payables		13,078,070
Adjustments during the year		-
Net cashflow from operating activities		**154,652,666**
CASHFLOW FROM INVESTING ACTIVITIES		
Acquisition of Assets	18	(110,536,528)
Net cash flows from Investing Activities		**(110,536,528)**
CASHFLOW FROM BORROWING ACTIVITIES		
Net cash flow from financing activities		-
NET INCREASE IN CASH AND CASH EQUIVALENT		**44,116,138**
Cash and cash equivalent at BEGINNING of the year	24	-
Cash and cash equivalent at END of the year	25	44,116,138
Control		-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity

Clerk of the County Assembly

Principal Finance Officer – County Assembly

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

	Note	Printed Estimate	Reallocation / Transfer	Supplementary Estimates	Final Approved Estimate (Net)	Actual	Budget Utilization Differences	% of Utilization
		a	b	c	D=a+b+c	e	f=d-e	g=e/d%
RECEIPTS								
Tax Receipts	1	0	0	0	0	-	0	0.00%
Social Security Contribution	2	0	0	0	0	-	0	0.00%
Proceeds from Domestic and Foreign Grants	3	0	0	0	0	-	0	0.00%
Exchequer releases	4	570,000,000.00	0	150,868,212.00	720,868,212.00	695,541,566	25,326,646.00	0.97%
Transfers from Other Government Entities	5	0	0	0	0	-	0	0.00%
Proceeds from Domestic Borrowings	6	0	0	0	0	-	0	0.00%
Proceeds from Foreign Borrowings	7	0	0	0	0	-	0	0.00%
Proceeds from Sales of Assets	8	0	0	0	0	-	0	0.00%
Reimbursements and Refunds	9	0	0	0	0	-	0	0.00%
Returns of Equity Holdings	10	0	0	0	0	-	0	0.00%
Other Receipts	11	0	0	0	0	-	0	0.00%
Total		0	0	0	0	-	0	0.00%
PAYMENTS								
Compensation of Employees	12	262,764,188.00	0	316,173.00	263,080,361.00	264,722,470	-1,642,109.00	100.62%
Use of goods and Services	13	172,085,060.00	0	89,845,145.00	261,930,205.00	261,508,637	421,568.00	99.84%
Subsidies	14	0	0	0	0	-	0.00	0.00%
Transfers to Other Government Units	15	0	0	0	0	-	0.00	0.00%
Other Grants and Transfers	16	0	0	0	0	-	0.00	0.00%
Social Security Benefits	17	27,709,252.00	0	0	27,709,252.00	27,685,864	23,388.50	99.92%
Acquisition of Assets	18	107,441,500.00	0	60,706,894.00	168,148,394.00	110,536,528	57,611,866.00	65.74%
Finance Costs, including Loan Interest	19	0	0	0	0	-	0.00	0.00%
Repayment of Principal on Domestic and Foreign Borrowing	20	0	0	0	0	-	0.00	0.00%
Total		570,000,000.00	0	150,868,212.00	720,868,212.00	664,453,499	56,414,713.50	92.17%

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The

Clerk of the Assembly

Principal Finance Officer - County Assembly

STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT

	Note	Printed Estimate	Reallocation / Transfer	Supplementary Estimates	Final Approved Estimate (Net)	Actual	Budget Utilization Differences	% of Utilization
		a	b	c	D=a+b+c	e	f=d-e	g=e/d%
RECEIPTS								
Exchequer releases	4	501,000,000	0	104,568,213	605,568,213	592,541,566	13,026,647	97.84%
Other Receipts	11	-	0	0	0	0	0	0.00%
Total		501,000,000	-	104,568,213	605,568,213	592,541,566	13,026,647	97.84%
PAYMENTS								
Compensation of Employees	12	262,764,188.00	0	316,173.00	263,080,361.00	264,722,470.00	-1,642,109.00	100.67%
Use of goods and Services	13	172,085,060.00	0	89,845,145.00	261,930,205.00	261,508,637.00	421,568.00	99.93%
Social Security Benefits	17	27,709,252.00	0	0	27,709,252.00	27,685,863.00	23,389.00	99.92%
Acquisition of Assets	18	38,441,500.00	0	14,406,894.00	52,848,394.00	51,634,773.00	1,213,621.00	97.70%
Total		501,000,000.00	0.00	104,568,212.00	605,568,212.00	605,551,743.00	16,469.00	99.99%

Clerk of the County Assembly

Principal Finance Officer – County Assembly

STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: DEVELOPMENT

	Note	Printed Estimate	Reallocation / Transfer	Supplementary Estimates	Final Approved Estimate (Net)	Actual	Budget Utilization Differences	% of Utilization
		a	b	c	D=a+b+c	e	f=c-e	g=e/d%
RECEIPTS								
Exchequer releases	4	69,000,000	0	43,600,000	115,300,000	103,000,000	12300000	89.33%
Other Receipts	11	0	0	0	0	0	0	0.00%
Total		69,000,000	-	43,600,000	115,300,000	103,000,000	12,300,000	89.33%
PAYMENTS								
Compensation of Employees	12	0	0	0	0	0	0	0.00%
Use of goods and Services	13	0	0	0	0	0	0	0.00%
Acquisition of Assets	18	69,000,000.00	0	46,300,000.00	115,300,000.00	56,901,755.40	56,398,244.60	51.09%
Total		69,000,000.00	0	46,300,000.00	115,300,000.00	56,901,755.40	56,398,244.60	51.09%

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 _____ 2016 and signed b

Clerk of the County Assembly

Principal Finance Officer – County Assembly

4 EXCHEQUER RELEASES

Description and reference of the transfer		Date of transfer	2015 - 2016	
			Kshs	
1st quarter transfer			118,500,000	
2nd quarter transfer			176,712,862	
3rd quarter transfer			129,605,746	
4th quarter transfer			270,722,958	
Total			695,541,566	

11 OTHER REVENUES

	2015-2016 Kshs
System Required Revenue A/cs	-
Total	-

[Provide short appropriate explanations as necessary]

12 COMPENSATION OF EMPLOYEES

	2015-2016 Kshs
Basic salaries of permanent employees	142,610,559
Basic wages of temporary employees	-
Personal allowances paid as part of salary	114,750,182
Personal allowances paid as reimbursements	-
Personal allowances provided in kind	-
Pension and other social security contributions	7,361,729
Compulsory national social security schemes	-
Compulsory national health insurance schemes	-
Social benefit schemes outside government	-
Other personnel payments	-
Total	264,722,470

[Provide short appropriate explanations as necessary]

13 USE OF GOODS AND SERVICES

	2015-2016 Kshs
Utilities, supplies and services	248,630
Communication, supplies and services	2,168,185
Domestic travel and subsistence	121,853,913
Foreign travel and subsistence	10,794,838
Printing, advertising and information supplies & services	11,169,052
Rentals of produced assets	4,260,000
Training expenses	6,746,776
Hospitality supplies and services	34,504,222
Insurance costs	27,642,533
Specialised materials and services	1,146,050
Office and general supplies and services	4,264,933
Other operating expenses	25,162,414
Routine maintenance – vehicles and other transport equipment	4,254,029
Fuel Oil and Lubricants	3,996,212
Routine maintenance – other assets	3,296,850
Total	**261,508,637**

[Provide short appropriate explanations as necessary]

17 SOCIAL SECURITY BENEFITS

	2015 - 2016 Kshs
Government pension and retirement benefits	27,685,863
Social security benefits in cash and in kind	-
Employer Social Benefits in cash and in kind	-
Total	**27,685,863**

[Provide short appropriate explanations as necessary]

18 ACQUISITION OF ASSETS

	2015 - 2016 Kshs
Non Financial Assets	
Purchase of Buildings	
Construction of Buildings	58,901,755
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	11,363,910
Overhaul of Vehicles and Other Transport Equipment	
Purchase of Household Furniture and Institutional Equipment	
Purchase of Office Furniture and General Equipment	
Purchase of Specialised Plant, Equipment and Machinery	71,200
Rehabilitation and Renovation of Plant, Machinery and Equip	
Purchase of Certified Seeds, Breeding Stock and Live Animals	
Research, Studies, Project Preparation, Design & Supervision	9,258,193
Rehabilitation of Civil Works	
Acquisition of Strategic Stocks and commodities	
Acquisition of Land	
Acquisition of Intangible Assets	
Purchase of ICT Equipment	5,941,470
Domestic Lending and Onlending	25,000,000
Financial Assets	
Domestic Public Non-Financial Enterprises	
Domestic Public Financial Institutions	
Foreign financial Institutions operating Abroad	
Other Foreign Enterprises	
Foreign Payables - From Previous Years	
Total	110,536,528

[Provide short appropriate explanations as necessary]

22A Bank Accounts

Name of Bank, Account No. & currency		Indicate whether recurrent, Development, deposit, revenue, CRF e.t.c	2015 - 2016	
			Kshs	
Central Bank Of Kenya A/C NO.1000239743(KES)		*Recurrent*	17,893	
Central Bank Of Kenya A/C NO.1000250135(KES)		*Development*	44,098,245	
Total			44,116,138	

[List all bank account held by the entity]

22B Cash in hand

	2015 - 2016 Kshs
Cash in Hand – Held in domestic currency	
Cash in Hand – Held in foreign currency	
Total	0

Cash in hand should also be analysed as follows:

	2015 - 2016 Kshs
Location 1	
Location 1	
Total	-

[Provide cash count certificates for each]

23 Outstanding Imprests

Description	2015 - 2016 Kshs
Government Imprests	50,000
Clearance accounts	-
Total	50,000

[Include a breakdown of the outstanding imprest below or as an annex to the notes if the list is longer than 1 page.]

Name of Officer or Institution	*Date Imprest Taken*	*Amount Taken*	*Amount Surrendered*	
		Kshs	*Kshs*	
Leah Wanjiru Wanderi	29-Mar-16	50,000	-	
Total				

[Provide short appropriate explanations as necessary]

24 Accounts Payables

	2015 - 2016 Kshs
Deposits-Retention Zaina building and construction	13,078,070
TOTAL	**13,078,070**

25 BALANCES BROUGHT FORWARD

	2015 - 2016 Kshs
Bank accounts	
Cash in hand	-
Receivables - Outstanding Imprests	-
Payables - Deposits	
Total	-

18 OTHER IMPORTANT DISCLOSURES

18.1: PENDING ACCOUNTS PAYABLE

	2015/16	2014/15
	Kshs	Kshs
Construction of buildings	57,678,070	
Construction of civil works	-	
Supply of goods	667,132	
Supply of services	3,238,183	
Total	**61,583,385**	-

18.2: PENDING STAFF PAYABLES (Annex 1)

	2015/16	2014/15
Name of Staff	**Kshs**	**Kshs**
Stanley Kimeria	73,500	xxx
Patricia Wanjugu	64,500	
Commissioner of income tax	62,700	xxx
Monica Kamuyu	50,500	
Irene Kang'au	81,200	
Peter Karanu	25,200	xxx
Jeremiah Muchemi	6,300	
Naomi Kienje	19,650	
Wanjohi Gakio	1,000	
Daniel Mucheru	6,300	
Peter Kamoche	7,000	
Peter Githinji Ngumba	168,000	
James Mwangi	56,000	
Rahab Wanjehia	50,500	
Jane Mwathe	82,000	
Gideon Mukiri	58,800	
Peter Githae	56,400	
Peter Kairu	59,500	
John Githinji	5,000	
Ann Kionero	5,000	
Patricia Chege	34,600	
Charles Wahinya	13,300	
Moses Kinyua	134,400	
Mureithi Wairimu	2,800	

Simon Mwaura	2,800	
John Lektari	2,800	
Kennedy Mwaniki	34,300	
Grace Ng'ang'a	47,600	
Lewis Njenga	2,800	
David Gitau	37,800	
Peter Mairiru	9,629	
Simon Kanyi	25,200	
David Mutahi	25,200	
Faith Kamori	25,200	
Naomi Kienje	9,800	
Gladys Karuiru	1,000	
Benjamin Gatonga	1,000	
Nancy Ng'ang'a	94,500	
Sammy D Kamau	73,500	
James Ndegwa	79,800	
Edinald King'ori	56,000	
Kariuki Muchiri	71,500	
John Gachari	59,500	
Dorcas Kihara	73,500	
Miriam Wahura	59,500	
Aurellia Wanjiru	44,800	
Moses Mwangi	44,800	
Leah Njenga	45,800	
Rebecca Weru	108,500	
Josphat Kamau	59,500	
Moses Mwichigi	73,500	
Beth Wahito	73,500	
John Kieru	73,500	
David Ndirangu Mwangi	73,500	
Peter Mwangi	45,500	
Thirikwa Kamau	14,000	
Silvester Kagiri	73,500	
Suleiman Kihika	73,500	
Michael Kirumba	73,500	
Tiziana Mwangi	73,500	
Teresiah Njoki	73,500	
Paul Maina	45,500	
Paul Kiruka	45,500	
Samuel Gachuhi	45,500	
Joshua Mureithi	45,500	
Joseph Mumba	45,500	
Margaret Wambugu	45,500	
Daniel Kibebo	45,500	
Joel Karanja	33,600	

Misheck Waweru	108,000	
Elizabeth Muthui	10,500	
Margaret Waithaka	56,000	
Peter Waweru	56,000	
Philip Kariuki	44,800	
Joseph Macharia	44,800	
Martha Wacuka	44,800	
Alice Kimani	44,800	
kahinga John	56,000	
Paul Muya	56,000	
Joseph Njuguna	2,800	
Mercy Nyakaria	67,200	
Elizabeth Ngaruiya	67,200	
TOTAL	**3,952,479**	

COUNTY ASSEMBLY OF NYANDARUA

LIST OF PENDING BILLS AS AT 30 JUNE 2016

	ITEM	SUPPLIER'S NAME	BALANCE
1	2210504	NATION MEDIA GROUP	135,720.00
2	2211101	STAN PRODUCTS & SUPPLIES	12,500.00
3	3111001	MT KENYA FURNITURES	218,000.00
4	2220202	COPY CAT LTD	104,400.00
5	2110101	NYACASWA WELFARE	28,569.00
6	2110101	HERI GENERAL MERCHANTS	14,620.00
7	2210802	MASADA HOTEL	194,400.00
8	2210301	KENFAM INTERNATIONAL LTD	142,200.00
9	2220210	HURRY TECH EQUIPMENT AND SUPPLIES	42,000.00
10	2210802	JUMUIYA RESORT	72,000.00
11	2211399	THE STAR	131,544.00
12	2210301	KENFAM INTERNATIONAL LTD	243,150.00
13	2220101	THIKA MOTOR DEALERS	22,780.00
14	2220101	THIKA MOTOR DEALERS	41,254.00
15	2220210	SIMSNET IT CONSULTANT	48,720.00
16	2211101	MONROTWO KENYA LTD	34,320.00
17	2211101	ALICHE BOOKSHOP AND STATIONERIES	27,254.00
18	2220202	ANISON ENTERPRISES	35,000.00
19	2210799	KENYA SCHOOL OF MONETARY SCHOOL	1,172,760.00
20	2210802	KENYA SCHOOL OF GOVERNMENT	741,240.00
21	2220202	ANISON ENTERPRISES	8,500.00
22	2210802	THE MOOD HOTEL	59,860.00
23	2220101	HARDCOPY TECHNOLOGIES	253,692.00
24	2211101	ALICHE BOOKSHOP AND STATIONERIES	6,400.00
25	2210802	NAIVASHA PEPPERNCORN	78,000.00
26	2211101	QUANCA ENTERPRISES	92,000.00
27	2210302	ALLOWANCES	3,734,479.00
28		RETENTION ZAINACONSTRUCTION CO.	13,078,070.00
29		CONSTRUCTION OF CHAMBERS	44,600,000.00
		TOTAL	**65,373,432.00**

SUMMARY OF ASSET REGISTER

DESCRIPTION	AMOUNT
VEHICLES	41,827,551
LAPTOPS	4,135,595
DESKTOPS	2,412,825
DESKS	4,436,250
CHAIRS	4,070,685
CABINETS	832,500
SAFES	140000
WORKSTATIC	469000
PRINTERS	1,068,090
PHOTOCOPIE	1,972,000
TOTAL	61,364,496