REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY ASSEMBLY OF SAMBURU

FOR THE YEAR ENDED 30 JUNE 2016

COUNTY ASSEMBLY OF SAMBURU

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)

THE CLERK
SAMBURU
COUNTY ASSEMBLY

KENYA NATIONAL AUDIT OFFICE
SOUTH B/ROAD
22 FEB 2017

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Key Management

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

- The Speaker
- The Clerk
- The County Assembly Service Board

(c) Fiduciary Management

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

No.	Designation	Name
1.	The Clerk (Accounting Officer)	- Mr. Patrick Kamais Leshore
2.	Head of Accounting & Finance	- Mr. David Lmasintae Lerno

(d) Fiduciary Oversight 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 3 - 20600
County Assembly Headquarters
Maralal, KENYA

(f) Entity Contacts

Telephone: (254) 721 818 492
E-mail: info@samburucountyassembly.or.ke
Website: www.go.ke

(g) Entity Bankers

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

2. Kenya Commercial Bank
   P.o. Box 260 - 20600
   Maralal, Kenya

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

STATEMENT OF MANAGEMENT RESPONSIBILITIES

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

The Clerk accepts responsibility for the County Assembly's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Clerk is of the opinion that the County Assembly's financial statements give a true and fair view of the state of the County Assembly's transactions for the year ended June 30, 2016 and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the County Assembly which have been relied upon in the preparation of the its financial statements as well as the adequacy of the systems of internal financial control.

The Clerk confirms that the County Assembly has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Assembly's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Clerk confirms that the County Assembly's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

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

Clerk of the County Assembly

THE CLERK
SAMBURU
COUNTY ASSEMBLY

REPUBLIC OF KENYA

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

P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of County Assembly of Samburu set out on pages 1 to 15 which comprise statement of assets as at 30 June 2016 and the statement of receipts and payments, statement of cash flows, 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.

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.

Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, I am not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

1.0 Inaccuracies in the Financial Statements

1.1 Inaccurate Trial Balance

The trial balance presented by the County Assembly in support of the financial statements did not balance. The debits totaling Kshs.488,207,662.80 reflected in the trial balance exceeded credit balances totaling Kshs.487,217,308.90 by Kshs.990,353.90. With trial balance not tallying, the accuracy and reliability of the account balances presented in the financial statements cannot be confirmed. It has similarly, not been possible to confirm whether proper books of account are maintained by the management of the County Assembly.

1.2 Inaccurate Statement of Cash flows

The statement of cash flows reflects net cash flow from operating activities for the year totaling Kshs.896,216,586.20. The balance is an aggregate of the receipts and payments while it should have been a net balance of receipt less payments. In addition, the statement reflects cash and cash equivalents at end of the year of Kshs.963,861,212.95 which differs with the balance of Kshs.2,090,353.45 reflected in the statement of financial assets. Consequently, the accuracy of the statement of cash flows as at 30 June 2016 could not be confirmed.

1.3 Inaccurate Statement of Comparison of Budget and Actual Amounts: Recurrent and Development Combined

The statement of comparison of the budget and actual amounts recurrent and development combined, reflects total receipts of Kshs.471,689,907 while the statement of receipts and payments reflects receipts of Kshs.487,217,309. The difference of Kshs.15,527,401 has not been explained or reconciled. Consequently, the accuracy of the statement of comparison of budget and actual amount: recurrent and development combined could not be confirmed.

2.0 Expenditure

2.1 Unsupported Receipts and Payments

The statement of receipts and payments for the year ended 30 June 2016 reflects other receipts of Kshs.15, 527,402. However, the balance was not supported by any record and it was therefore not possible to confirm the completeness and accuracy of the amount. In addition, the same balance is shown as an account payable (deposits and retention) while Note 15 describes the balance as amount due to the Executive.

Therefore, it has not been possible to tell what the balance actually represents. Further, the statement reflects other payments of Kshs.10,573,405 which are also not supported by schedules. However, the balance represents outstanding imprests as at 30 June 2016. It is not clear why the balance is reflected as an expenditure in the statement of receipts and payments and also shown as a receivable in the statement of financial assets.

In the circumstance, the accuracy of the financial statements for the year ended 30 June 2016 cannot be confirmed.

2.2 Compensation of Employees

The receipts and payments statement reflects compensation of employees balance of Kshs.220,507,465 which includes a balance of Kshs.84,276,643.25 relating to personal allowances. The general ledger reflects personal allowances balance of Kshs.84,405,343.10 resulting in an unexplained and unreconciled balance of Kshs.128,699.85. Further, the Trial Balance reflects personal allowances balance of Kshs.46,633,650 paid as part of the salary, whereas Note 4 to the financial statements reflects a balance of Kshs.28,882,945. The varying balances reported by the different records have not been explained or reconciled. In the circumstance, it has not been possible to establish the correct balance for compensation of employees as the financial statements reflect different figures.

2.3 Use of Goods and Services

The statement of receipts and payments reflects use of goods and services expenditure of Kshs.134,041,261 which includes Kshs.2,071,061.05 incurred on routine maintenance as detailed under Note 5 to the financial statements. However, no schedules were presented for audit in support of the balance and therefore it has not been possible to confirm the propriety of the expenditure.

In view of these anomalies, the completeness and accuracy of the statement of receipts and payments as at 30 June 2016 could not be confirmed.

3.0 Cash and Cash Equivalents

3.1 Bank Reconciliation

i. Central Bank of Kenya, Recurrent Account No. 1000195517

The statement of financial assets reflects a bank balance of Kshs.338,492 as at 30 June 2016 under Note 13A while the certificate of bank balance reflects a balance of Kshs.16,783,368. However, the adjusted bank reconciliation statement reflects a cash book bank balance of Kshs.50,589,281. Consequently, it has not been possible to confirm which of the three balances is correct.

ii. Stale Cheques

The adjusted bank reconciliation statement reflects outstanding payments (unpresented cheques) of Kshs.72,431,247. Out of this balance, cheques worth Kshs.41,076,723.25 drawn in favor of various payees were stale. Although it has been

explained that the stale cheques were in respect of payments made by the County Treasury in August 2016 before the opening of the County Assembly recurrent account in September 2016, it is not clear why the cheques were not written back in the cashbook.

3.2 Cash in Hand

The statement of financial assets reflects cash in hand balance of Kshs.1,100,000. However, Note 13B reflects nil balance. Further, no Board of Survey certificate was presented for audit verification to confirm the existence of the balance as at 30 June 2016. In the circumstance, the existence of the cash-in-hand balance of Kshs.1,100,000 as at 30 June 2016 cannot be confirmed.

3.3 Outstanding Imprests

The statement of financial assets reflects an outstanding imprest balance of Kshs.10,573,405 as at 30 June 2016 also detailed under Note 14 to the financial statements. However, it has not been explained why the imprest holders failed to account or surrender the imprests by 30 June 2016. Further, no explanation has been provided why no recoveries were made from the defaulters' salaries as required by Section 93 (6) of Public Finance Management Regulations 2012.

3.4 Unsupported Payables

Included in the statement of financial assets for the period ended 30 June 2016 were financial liabilities totaling Kshs.15,527,402 in respect of funds due to the County Executive. Although it was explained that the liability resulted from payments of salary for the months of July and August 2015 by the County Executive before the County Assembly opened its bank accounts, the summary of payments made was not provided for verification of the claim.

Consequently, it was not possible to confirm the liability was in respect of salaries paid by the Executive.

3.5 Acquisition of Assets

The statement of receipts and payments indicates that the County Assembly acquired assets worth Kshs.64,644,627 during the year under review. However, the statement of cash flow reflects a balance of Kshs.67,644,627 under the account as detailed in Note 10 to the financial statements. However, page 18 of annex 4 – summary of the fixed assets register reflects the balance of Kshs.63,322,061 against the account. In the circumstance, it has not been possible to confirm the correct value of assets acquired by the County Assembly during the year under review.

4.0 Irregular Expenditure

A tax audit conducted by Kenya Revenue Authority (KRA) for the financial year 2014/2015 revealed that income tax totaling Kshs.11,428,289 was not levied on allowances and benefits paid to several County Assembly officials between the years 2014 and 2015. Consequently, penalties and interest totaling to Kshs.3,271,569 and Kshs.1,739,691 respectively, were levied on the County Assembly for non-deduction

and non-remittance of taxes to the KRA. In total, a sum of Kshs.16,439,549 owed to the KRA as unremitted principal tax, plus penalties and interest during the year. Out of this amount, a payment of Kshs.8,428,288 was made to KRA leaving the balance of Kshs.8,011,261 unpaid.

However, no documentary evidence has been presented for audit verification to confirm that the County Assembly has instituted recovery of the taxes due from the officers. Consequently, the nugatory expenditure was not a proper charge to public funds and the County Assembly ought to have recovered the tax paid from the officers.

5.0. Unaccounted for Expenditure

5.1 Sitting Allowances

Examination of expenditure records disclosed that a sum of Kshs.22,202,810 was paid as sitting allowances to various committee members for having attended a meeting on diverse dates. Although attendance registers were presented for audit to support the payments, not all the payments were supported by Hansard reports and Minutes as required. Further, scrutiny of a sample of Minutes presented for audit verification revealed significant anomalies. There were instances of some MCAs having attended two separate meetings held simultaneously. For example, the vetting of Ms Mary Ekai and a separate sitting of the Labour, Social Welfare and Legal Committee meetings took place on 7July 2015 at 10 am with the same members reportedly in attendance.

In view of these anomalies, it has not been possible to confirm that the expenditure of Kshs.22,202,810 was a proper charge to public funds.

5.2 Domestic Travel and Subsistence Allowances

Examination of expenditure records on domestic travel and subsistence disclosed that subsistence allowances totaling Kshs.8,362,900 were paid to various officers during the year under review. However, a sum of Kshs.6,879,600 of the payments was not supported with sufficient documentary evidence. In the circumstance, the propriety of the expenditure cannot be confirmed.

5.3 Irregular Procurement of Foodstuffs

M/s Rashid Merchants of P.O. Box 1-20600 Maralal, was paid a sum of Kshs.1,554,300 for supply of an assortment of foodstuff for distribution to members of the public in the County's Wards. However, inspection and acceptance committee certificates and reports confirming the quantity and quality of foodstuffs delivered were not presented for audit. Further, the foodstuffs were not taken-on-charge in the store records and no documentary evidence was produced to show how the food was distributed and who the beneficiaries were. In the absence of the stores records to confirm delivery of the foodstuff and distribution lists, it has not been possible to confirm the expenditure as a proper charge to public funds.

Disclaimer of Opinion

Because of the significance of the matters described in the Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

Other Matter

1.0 Budget Performance Analysis

The approved budget for the County Assembly's recurrent vote expenditure was Kshs.454,457,738 while development vote expenditure was Kshs.50,000,000 and therefore the County's total approved budget for the year under review was Kshs.504,457,738. However, comparison of the approved budget and actual expenditure disclosed instances of over-expenditure and under-expenditure as shown below:

Expenditure Item	Budgeted Amount (Kshs.)	Actual Amount as per FS (Kshs.)	Over/under expenditure (Kshs.)
Basic Salary- Permanent Employees	146,438,969	136,102,122	10,336,847
Personal Allowance -Paid as Part of Salary	67,894,679	84,276,643	-16,381,964
Utilities Supplies and Services	700,000	422,722	277,278
Communication Supplies and Services	7,300,000	4,585,201	2,714,799
Domestic Travel and Subsistence, and Other Transportation Costs	34,015,600	34,132,352	-116,752
Foreign Travel and Subsistence, and other Transportation Costs	19,100,000	13,940,171	5,159,829
Printing, Advertising and Information Supplies and Services	1,800,000	1,401,678	398,322
Rentals of Produced Assets	4,000,000	801,565	3,198,435
Training Expenses	9,500,000	8,702,058	797,942
Hospitality Supplies and Services	7,500,000	10,571,014	-3,071,014
Insurance Costs	18,952,000	13,431,205	5,520,795
Specialized Materials and Supplies	1,850,000	2,892,831	-1,850,000
Office and General Supplies and Services	4,000,000	7,528,555	-3,528,555
Fuel Oil and Lubricants	8,500,000	0	8,500,000
Other Operating Expenses	20,300,000	12,585,264	7,714,736
Routine Maintenance - Vehicles and Other Transport Equipment	2,500,000	20,975,629	-18,475,629
Routine Maintenance - Other Assets	2,000,000	2,071,016	-71,016

Other Current Transfers, Grants and Subsidies	1,500,000	841,374	658,626
Government Pension and Retirement Benefits	15,406,490	18,609,177	(3,202,686.75.00)
Purchase of Office Furniture and General Equipment	200,000	1,434,755	-1,234,755
Purchase of Vehicles	8,000,000	12,615,448	-4,615,448
Loans and Mortgages	73,000,000	35,000,000	38,000,000
Development - Construction of Buildings	50,000,000	39,348,139	10,651,861
Other Expenses	0	0	
Purchase of ICT Equipment, Software and other ICT Assets	0	14,246,284	-14,246,284
Total	**504,457,738**	**476,515,203**	**27,942,534.65**

The following was noted:

(i) There was overall under expenditure of Kshs.27,943,535 or approximately 6% of the budgeted amount which is indicative of the County Assembly's lack of sufficient capacity to absorb budgeted funds.

(ii) The actual expenditure of Kshs.476,515,203.35 differed from the total payments of Kshs.487,217,309 reflected in the statement of receipts and payments as at 30 June 2016. The difference of Kshs.10,702,105.65 between the two set of records has not been explained.

(iii) The County Assembly incurred over-expenditure of Kshs.66,794,103.55 which was incurred from recurrent expenses which included items such as Personal Allowance - Paid as Part of Salary, Hospitality Supplies and Services, Specialized Materials and Supplies, Office and General Supplies and Services, Routine Maintenance - Vehicles and Other Transport Equipment, Government Pension and Retirement Benefits, Purchase of Office Furniture and General Equipment, Purchase of vehicles and Purchase of ICT Equipment, Software and other ICT Assets. However, there was no proof that a supplementary budget for the over-expenditure was approved by the County Assembly and therefore an irregular reallocation of funds was carried out. In addition, it was noted that Personal Allowances paid as part of salary had an over expenditure of Kshs.16,381,964.25 which was approximately 24% of the budgeted amount even though no increase on the basic salary expenditure was awarded to County workers during the year. The over-expenditure could be attributed to irregular/unbudgeted payment of allowances.

(iv) An over-expenditure of Kshs.18,475,629 was noted on routine maintenance of vehicles and other transport equipment. The over-expenditure could be attributed to the County Assembly's failure to observe the budget ceilings.

(v) There was a total under-expenditure of Kshs.85,152,161.30. Out of this amount, Kshs.38,000,000 was an under-expenditure on car loans and mortgages and no explanation was given for the failure to spend the funds provided in the approved budget.

(vi) Unbudgeted expenditure of Kshs.14,246,284 was incurred on purchase of ICT equipment, software and other ICT Assets. However, the source of the unbudgeted amount was not explained which implies that an irregular reallocation of the funds was not carried out.

2.0 Car Loans and Mortgages

2.1 Risk of Uncollectable Loan Balances

The outstanding loan balance owed by twenty-seven (27) members of the County Assembly as at 30 June 2016 was Kshs.61,914,070 as evidenced by members' pay-slips. However, it was noted that the members did not deposit with the administrator of the fund ownership documents of assets bought from the loans and which assets should have been duly valued by a registered practitioner approved by the Fund committee. Further, loans were granted in absence of mortgage protection and fire policies issued by an insurance firm approved by the committee. In addition, it was noted that the few car logbooks presented for audit verification indicated the motor vehicles were not co-owned by the respective borrowers and the County authorities and therefore it was not possible to confirm that the vehicles were bought through the proceeds of car-loan scheme and whether there existed proper collateral for the amounts advanced.

In addition, given the monthly loan repayments due from the borrowers, Kshs.21,743,875 worth of loans are at risk of having not been collected at the expiry of the current term of the Members of County Assembly on or before 31 July 2017. The County Assembly is therefore at risk of losing Kshs.21,743,875 (as detailed in Appendix II of this report) upon the expiry of the MCAs term of office.

2.2 Car Loan and Mortgage Fund Financial Statements for the year ended 30 June 2016

Although, the County Assembly prepared financial statements for the Car Loan and Mortgage Fund for the year ended 30 June 2016, it has not been possible to certify the financial statements since the statements for the previous year ended 30 June 2015, were not prepared and certified.

The County Assembly ought to have prepared financial statements for the whole period the Fund was in operation.

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

Nairobi

15 August 2017

II. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015/2016 Kshs	2014/2015 Kshs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	471,689,907	-
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	15,527,402	-
TOTAL RECEIPTS		**487,217,309**	**-**
PAYMENTS			
Compensation of Employees	4	220,507,465	-
Use of goods and services	5	134,041,261	-
Subsidies	6	841,374	-
Transfers to Other Government Entities	7	35,000,000	-
Other grants and transfers	8	-	-
Social Security Benefits	9	18,609,177	-
Acquisition of Assets	10	64,644,627	-
Finance Costs	11	-	-
Other Payments	12	10,573,405	-
TOTAL PAYMENTS		**487,217,309**	**-**
SURPLUS/DEFICIT		**0**	**-**

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

Clerk of the Assembly

Chief Finance Officer – County Assembly

COUNTY ASSEMBLY SAMBURU THE CLERK

III. STATEMENT OF FINANCIAL ASSETS

	Note	2015/2016 Kshs	2014/2015 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	13A	990,353	-
Cash Balances	13B	1,100,000	-
Total Cash and cash equivalents		**2,090,353**	**-**
Accounts receivables – Outstanding Imprests	14	10,573,405	-
TOTAL FINANCIAL ASSETS		**12,663,758**	**-**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	15	15,527,402	-
NET FINANCIAL ASSETS		**- 2,863,643**	**-**
REPRESENTED BY			
Fund balance b/fwd	16	-	-
Surplus/Defict for the year		0	-
NET FINANCIAL POSITION		**- 0**	**-**
	Control -	2,863,643	

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

Clerk of the Assembly

Chief Finance Officer – County Assembly

IV. STATEMENT OF CASHFLOW

	Note	2015/2016 Kshs	2014/2015 Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from operating income			
Transfers from the County Treasury/Exchequer Releases	1	471,689,907.00	-
Other Receipts	3	15,527,401.90	-
Payments for operating expenses			
Compensation of Employees	4	220,507,465.35	-
Use of goods and services	5	134,041,261.20	-
Subsidies	6	841,374.00	-
Transfers to Other Government Entities	7	35,000,000.00	-
Other grants and transfers	8	-	-
Social Security Benefits	9	18,609,176.75	-
Finance Costs	11	-	-
Other Payments	12	-	-
Adjusted for:			
Adjustments during the year		-	-
Net cash flows from operating activities		**896,216,586.20**	-
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	67,644,626.75	-
Net cash flows from investing activities		**67,644,626.75**	-
NET INCREASE IN CASH AND CASH EQUIVALENT		**963,861,212.95**	-
Cash and cash equivalent at BEGINNING of the year		-	-
Cash and cash equivalent at END of the year		**963,861,212.95**	-
As per statement of assets		**2,090,353.45**	-
Control		-	***963,861,212.95***

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

for

Clerk of the Assembly

for

Chief Finance Officer – County Assembly

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of utilization difference to final budget
	Kshs	Kshs	Kshs	Kshs	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	531,457,737	(26,999,999)	504,457,738	471,689,907	94%
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	**531,457,737**	**(26,999,999)**	**504,457,738**	**471,689,907**	**94%**
PAYMENTS					
Compensation of Employees	260,746,892	(18,844,803)	241,902,089	220,507,465	91%
Use of goods and services	81,936,398	7,753,597	89,689,995	134,041,261	149%
Subsidies	-	854,000	854,000	841,374	99%
Transfers to Other Government Entities	50,250,000	2,251,622	52,501,622	35,000,000	67%
Other grants and transfers	-	-	-	-	-
Social Security Benefits	16,647,447	2,829,485	19,476,932	18,609,177	96%
Acquisition of Assets	101,000,000	(26,843,900)	74,156,100	67,644,626	91%
Finance Costs	-	-	-	-	-
Other Payments	20,877,000	5,000,000	25,877,000	10,573,405	41%
TOTAL	**531,457,737**	**(26,999,999)**	**504,457,738**	**487,217,308**	**97%**

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

(a) Xxxx
(b) Xxxx
(c) Xxxx

The entity financial statements were approved on **June 23, 2016** and signed by:

Clerk of the Assembly

Chief Finance Officer – County Assembly

VI. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of utilization difference to final budget
	Kshs	Kshs	Kshs	Kshs	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	431,457,737	23,000,001	454,457,738	431,689,907	95%
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	**431,457,737**	**23,000,001**	**454,457,738**	**431,689,907**	**95%**
PAYMENTS					
Compensation of Employees	260,746,892	(18,844,803)	241,902,089	220,507,465	91%
Use of goods and services	81,936,398	7,753,597	89,689,995	134,041,261	149%
Subsidies	-	854,000	854,000	841,374	99%
Transfers to Other Government Entities	50,250,000	2,251,622	52,501,622	35,000,000	67%
Other grants and transfers	-	-	-	-	-
Social Security Benefits	16,647,447	2,829,485	19,476,932	18,609,177	96%
Acquisition of Assets	1,000,000	23,156,100	24,156,100	28,296,487	117%
Finance Costs	-	-	-	-	-
Other Payments	20,877,000	5,000,000	25,877,000	10,573,405	41%
TOTAL	**431,457,737**	**23,000,001**	**454,457,738**	**447,869,169**	**99%**

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

(a) Xxxx
(b) Xxxx
(c) Xxxx

The entity financial statements were approved on **June 23, 2016** and signed by:

Clerk of the Assembly

Chief Finance Office – County Assembly

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of utilization difference to final budget
	Kshs	Kshs	Kshs	Kshs	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	100,000,000	(50,000,0000)	50,000,000	40,000,000	80%
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	-	-
TOTAL	**100,000,000**	**(50,000,000)**	**50,000,000**	**40,000,000**	**80%**
PAYMENTS					
Compensation of Employees	-	-	-	-	-
Use of goods and services	-	-	-	-	-
Subsidies	-	-	-	-	-
Transfers to Other Government Entities	-	-	-	-	-
Other grants and transfers	-	-	-	-	-
Social Security Benefits	-	-	-	-	-
Acquisition of Assets	100,000,000	(50,000,000)	50,000,000	39,348,139	79%
Finance Costs	-	-	-	-	-
Other Payments	-	-	-	-	-
TOTAL	**100,000,000**	**(500,000,000)**	**50,000,000**	**39,348,139**	**79%**

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

(a) Xxxx
(b) Xxxx
(c) Xxxx

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

Clerk of the Assembly

Chief Finance Office – County Assembly

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*. The accounting policies adopted have been consistently applied to all the years presented.

   The financial statements have been prepared on the cash basis following the Government's standard chart of accounts.

2. **Recognition of receipts and payments**
   The *entity* recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the *entity*. In addition, the *entity* recognises all payments when the event occurs and the related cash has actually been paid out by the *entity*.

3. **In-kind contributions**
   In-kind contributions are donations that are made to the *entity* in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the *entity* includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

4. **Cash and cash equivalents**
   Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

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

6. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties has been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and agencies. Other liabilities including pending bills are disclosed in the financial statements.

7. Non current assets

Non current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the entity fixed asset register a summary of which is provided as a memorandum to these financial statements.

8. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the *entity* at the end of the year. Pending bill form a first charge to the subsequent year budget and when they are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

9. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *entity's* budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the *entity's* actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

10. Comparative figures

This is the first time the County Assembly is preparing its full year financial statements. Being a first time adopter, there are no comparative amounts for the previous year.

11. Subsequent events

Events subsequent to submission of the financial year end financial statements to the National Treasury and other stakeholders with a significant impact on the financial statements may be adjusted with the concurrence of National Treasury.

IX. NOTES TO THE FINANCIAL STATEMENTS

1 Transfers from the County Treasury/Exchequer Releases

Description	2015/2016	2014/2015
	Kshs	Kshs
Total Exchequer Releases for quarter 1	50,015,000.00	-
Total Exchequer Releases for quarter 2	120,022,930.00	-
Total Exchequer Releases for quarter 3	77,852,543.00	-
Total Exchequer Releases for quarter 4	223,799,434.00	-
Total	**471,689,907.00**	-

2 PROCEEDS FROM SALE OF ASSETS

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

3 OTHER RECEIPTS

Description	2015/2016	2014/2015
	Kshs	Kshs
July and August payments made by county executive before seperation	15,527,401.90	-
Other Receipts II	-	-
Other Receipts III	-	-
Other Receipts IV	-	-
Other Receipts XXXX	-	-
Total	-	-

4 COMPENSATION OF EMPLOYEES

Description	2015/2016 Kshs	2014/2015 Kshs
Basic salaries of permanent employees	118,351,417.25	-
Basic wages of temporary employees	17,750,705.00	-
Personal allowances paid as part of salary	28,882,945.00	-
Personal allowances paid as reimbursements	55,522,398.10	-
Personal allowances provided in kind	-	-
Pension and other social security contributions	-	-
Compulsory national social security schemes	-	-
Compulsory national health insurance schemes	-	-
Social benefit schemes outside government	-	-
Other personnel payments	-	-
Total	**220,507,465.35**	**-**

5 USE OF GOODS AND SERVICES

Description	2015/2016 Kshs	2014/2015 Kshs
Utilities, supplies and services	422,722.00	-
Communication, supplies and services	4,585,201.40	-
Domestic travel and subsistence	34,132,352.00	-
Foreign travel and subsistence	13,940,171.05	-
Printing, advertising and information supplies & services	1,401,678.00	-
Rentals of produced assets	801,565.00	-
Training expenses	8,702,058.00	-
Hospitality supplies and services	10,571,013.50	-
Insurance costs	13,431,205.00	-
Specialized materials and services	2,892,831.10	-
Fuel Oil and Lubricant	-	-
Office and general supplies and services	7,528,555.00	-
Other operating expenses	12,585,264.00	-
Routine maintenance – vehicles and other transport equipment	20,975,629.00	-
Routine maintenance – other assets	2,071,061.05	-
Total	**134,041,261.20**	**-**

6 SUBSIDIES

Description	2015/2016 Kshs	2014/2015 Kshs
Subsidies to Public Corporations		
See list attached		
Donations of seats to public primary schools	841,374.00	-
Nyiro primary school		-
Lkuroto primary school		
Kitobor primary school		-
Maralal DEB primary school		-
TOTAL	**841,374.00**	**-**

7 TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2015/2016 Kshs	2014/2015 Kshs
Transfers to National Government entities		
See attached list	-	-
Transfers to Counties		
County Assembly Car Loan Fund Account	35,000,000.00	-
(insert name of budget agency)		-
TOTAL	**35,000,000.00**	**-**

8 OTHER GRANTS AND TRANSFERS

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

9 SOCIAL SECURITY BENEFITS

Description	2015/2016 Kshs	2014/2015 Kshs
Government pension and retirement benefits	18,609,176.75	-
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	-	-
Total	**18,609,176.75**	**-**

10 ACQUISITION OF ASSETS

Description	2015/2016 Kshs	2014/2015 Kshs
Non financial assets		
Purchase of Buildings	-	-
Construction of Buildings	39,348,139.75	-
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	12,615,448.00	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	1,434,755.00	-
Purchase of ICT Equipment, Software and Other ICT Assets	14,246,284.00	-
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	**67,644,626.75**	**-**

11 FINANCE COSTS

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

12 OTHER PAYMENTS

Description	2015/2016 Kshs	2014/2015 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	10,573,405.00	-
Domestic Accounts	-	-
Total	**10,573,405.00**	**-**

13A BANK ACCOUNTS

Name of Bank, Account No. & Currency	Indicated whether recurrent or development	2015/2016	2014/2015
		Kshs	Kshs
SAMBURU COUNTY ASSEMBLY RECURRENT, No.1000195517, Kshs recurrent	Recurrent	338,492.70	-
SAMBURU COUNTY DEVELOPMENT, No.1000195525, Kshs	Development	651,860.75	-
Total		**990,353.45**	**-**

13B CASH IN HAND

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

Cash in hand should be analysed as follows:

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

14 ACCOUNTS RECEIVABLE

Description	2015/2016 Kshs	2014/2015 Kshs
Government Imprests	10,573,405.00	-
Clearance Accounts	-	-
Staff Advances	-	-
Other Advances	-	-
Total	**10,573,405.00**	**-**

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

15 ACCOUNTS PAYABLE

Description	2015/2016 Kshs	2014/2015 Kshs
Cash Due to County Executive	15,527,401.90	-
Total	15,527,401.90	-

16 FUND BALANCE BROUGHT FORWARD

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

17 OTHER IMPORTANT DISCLOSURES

17.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

Description	2015/2016 Kshs	2014/2015 Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
Total	-	-

17.2: PENDING STAFF PAYABLES (See Annex 2)

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

17.3: OTHER PENDING PAYABLES (See Annex 3)

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

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balanc 2015
	a	b	c	d=a-c
Construction of buildings				
1. Office Complex				
2. Administration block				470,0
3. County Assembly Hall				
Sub-Total				**470,0**
Construction of civil works				
4. Pavement in and around county assembly Headquarters				
5. Beeline service limited-Gate Renovations, Office Tilings & Draining				3,721,521.
6.				
Sub-Total				**3,721,521.**
Supply of goods				
7. Lekos services station-fuel, oils, lubricants				1,000.000.
8. Bhogals Autoworld-supply of tyres for the 8 county assembly vehicles				2,342,402.
9.				
Sub-Total				**3,342,402.**
Supply of services				
10. Bright Innovations Limited-design and installation of CA operations systems				4,067,173.
11. Fairdeal Furnitures Limited-supply of office furniteres				509,980.
12. Focus on devolution-consultancy services for development of county citizen participation framework				842,460.
Sub-Total				**5,419,613.**
Grand Total				**12,953,536.**

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2016	Comments
		a	b	c	d=a-c		
1.							
2.							
Sub-Total							
Grand Total							

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

ne	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2016	Comments
		a	b	c	d=a-c		
ıounts due to National Govt tities							
Sub-Total							
ıounts due to County Govt Entities							
Sub-Total							
ıounts due to Third Parties							
Sub-Total							
hers (*specify*)							
Sub-Total							
Grand Total							

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost FY2015/2016 KShs	Historical Cost FY2015/2016 KShs
Land	-	-
Buildings and structures	**39,348,139**	-
Transport equipment	-	-
Office equipment, furniture and fittings	**1,434,755.00**	-
ICT Equipment, Software and Other ICT Assets	**9,833,718.00**	-
Other Machinery and Equipment	**12,615,448.00**	-
Heritage and cultural assets	-	-
Intangible assets	-	-
Total	**63,232,061.00**	-

COUNTY ASSEMBLY OF SAMBURU

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2016

SUMMARY OF OUTSTANDING IMPRESTS AS AT 30TH JUNE 2016

No.	Value Date	Reference No.	Transaction Details	System O/S Amount
1	28-Jan-16	FT16028DXJT5	ADAMSON LANYASUNYA IMP NO 2421668	80,000.00
2	4-Jul-15		ADAMSON LANYASUNYA IMP NO 2163388	100,000.00
3	4-Mar-16	FT160643S4NP	AUGUSTINE LOTIT LENKUPAE IMP NO 2421691	608,000.00
4	7-Dec-15	FT15341ZX03V	BENJAMIN LEITORE IMP NO 2171596	42,000.00
5	13-Jun-16	FT161654VSZN	BENJAMIN LEITORE IMP NO 2422144	260,000.00
6	1-Jul-16	FT16183TPC5F	DAVID NKISALASH LESAMANA IMP NO 2422156	665,800.00
7	10-Dec-15	FT15344MW5G8	EDWIN SARUNI LEMPUSHUNA IMP NO 2171600	525,000.00
8	1-Jul-16	FT16183R9TBV	FEISAL ABDINOOR ABDI IMP NO 2422155	300,000.00
9	1-Jul-16	FT16183VR9VZ	FRED LEPARLEEN LENAPEER IMP NO 2422154	285,000.00
10	30-May-16	FT16151MYQQZ	JOHN LEPIL LOLKILE IMP NO 2422138	210,000.00
11	27-Jun-16	FT161792CMK0	LMASINTAE DAVID LERNO IMP NO 2422148	4,375,205.00
12	1-Jul-16	FT16183RD1B5	LMASINTAE DAVID LERNO IMP NO 2422151	800,000.00
13	24-Feb-16		PAUL LESIEUR LENGURO IMP NO 2421681	56,000.00
14	2-Mar-16		STEVE LTUMBESI LELEGWE IMP NO 2421696	350,000.00
15	4-Mar-16	FT160643S4NP	AUGUSTINE LOTIT LENKUPAE IMP NO 2421691	608,000.00
16	3-Mar-16		FRANCIS MSARU LETIROK IMP NO 2421700	42,000.00
17	26-Aug-15		RICHARD LORAPUNKAI LENANYOKIE IMP NO 2171554	52,600.00
18	24-Feb-16		STEVE LTUMBESI LELEGWE IMP NO 2421680	165,500.00
19	2-Mar-16		STEVE LTUMBESI LELEGWE IMP NO 2421696	149,093.50
20	9-May-16	FT161301N6MN	LMASINTAE DAVID LERNO IMP NO. 2421123	170,800.00
21	4-Jul-15		ROMANO ALLAN LEAKONO IMP NO 2163391	100,000.00
22	1-Jul-16	FT16183NH53C	SHADRACK SAIWANA LEKERPES IMP. NO. 242215	627,500.00
23	22-Dec-15	FT15356970FY	SIMON LOLONYOKIE IMP NO 2421652	906.50
			TOTAL IMPREST	**10,573,405.00**

PREPARED BY: **LEPARTELEG CHRISTOPHER** .....

CONFIRMED BY: **DAVID LERNO** .....

APROVED BY: **PATRICK LESHORE** .....