REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY ASSEMBLY OF MARSABIT

FOR THE YEAR ENDED 30 JUNE 2017

KENYA NATIONAL AUDIT OFFICE
EMBU HUB
16 APR 2019
2369
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COUNTY ASSEMBLY OF MARSABIT

REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 2017

Prepared in accordance with the Cash Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

COUNTY ASSEMBLY OF MARSABIT

Financial Statements for the period ended 30 JUNE 2017

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COUNTY ASSEMBLY OF MARSABIT

Financial Statements for the period ended 30 JUNE 2017

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Key Management

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

The county Assembly service Board (CASB)

NO.	Designation	Name
1.	Speaker	Mathew Loltome
2.	Leader of Majority	Suleiman Khalif
3.	Leader of Minority	Qalicha Huqa
4.	Member Representing public	Edin Wario
5.	Clerk/Secretary to CASB	Mohamud Kamaya

(c) Fiduciary Management

The key management personnel who held office during the period ended 30th June 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Deputy Clerk	Mariam Barako
2.	Chief Finance officer	Chare Mato
3.	Head of Treasury-Accounts	Fredrick Injela
4.	Principal Procurement	Adan Katello
5.	Human Resources Manager	Jarso Roba
6.	Internal Audit	Hussein Ali

(d) Fiduciary Oversight Arrangements

Budget and Finance Committee Activities.

The budget and finance committee of the assembly is established under the county assemblies' standing order.

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

- Examine county budget policy statements
- Examine bills related to the county budget including appropriation of bills
- Evaluate tax Estimates.
- Evaluate Economic and budgetary policies and programs with direct budget outlays

PIC and PAC Committee

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

(e) Entity Headquarters

County Assembly of Marsabit
P.O Box 29-60500
Marsabit, Kenya.

(f) Entity Contacts

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

(g) Entity Bankers

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

2. Kenya Commercial Bank, Marsabit Branch

3. Equity Bank Marsabit Branch

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

II. FORWARD BY THE CLERK OF THE ASSEMBLY

Budget performance
During the Financial year ended 30th June 2017, The assembly had a recurrent budget of ksh500, 000,000 and development of ksh50, 031,349.10. However, The Assembly spent ksh456,438,632 on recurrent expenditure and ksh50, 031,349.10 on development expenditure respectively. The Amount unspent on recurrent and development budget was surrendered to county revenue account as per the PFM act. The budget was 92% funded by the National Treasury.
Performance of key development projects
In the financial year ended 30th June 2017, the assembly did not have new development projects, however there was ongoing construction of assembly office block, Retainer wall, Underground Water tank, Perimeter Fence and civil works and parking All the Above Projects are 100% complete.
Comment on value-for-money achievements
The assembly undertook the development projects to construct office block and related facilities, which will enable members and staff, have offices where they can work efficiently.
Challenges and Recommended Way Forward
The main challenge is delayed funding of county assemblies budget hence programs are affected. The tradition of releasing funds towards the end of financial year and some cases non funding which results to pending bills is not appropriate. IFMIS system had challenges most of time due to breakdown or network problem, hence grossly affecting program implementation. Internet banking (IB) has time limits and not operational over weekends thus affecting payments. we recommend that a stable and reliable network be installed and internet banking operational hours be extended to conform with IFMIS.

Sign

Clerk of the County Assembly.

III. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

1. **Statement of compliance and basis of preparation**
   The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and applicable government legislations and regulations. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

   The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the County Assembly of Marsabit. The accounting policies adopted have been consistently applied to all the years presented.

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

2. **Recognition of revenue and expenses**
   The County Assembly of Marsabit recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the County Assembly of Marsabit. In addition, the County Assembly of Marsabit recognises all expenses when the event occurs and the related cash has actually been paid out by the County Assembly of Marsabit.

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

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

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

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

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

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

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

10. **Comparative figures**
Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

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

IV. 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 and as at the end of the year ended on 30th June 2017. 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 of 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 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 period ended 30th June 2017, and of its financial position as at that date. The Clerk of the County Assembly 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 County Assembly 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 period under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the County Assembly Speaker 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 financial statements were approved and signed by the Clerk of the County Assembly on 30th June 2016.

Clerk of the county Assembly

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF MARSABIT FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of County Assembly of Marsabit set out on pages 10 to 26, which comprise the statement of assets as at 30 June 2017, and the statement of receipts and payments, statement of cash flow and summary statement of appropriation 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.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of County Assembly of Marsabit as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with the Public Finance Management Act, 2012.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, public money has not been applied lawfully and in an effective way.

Basis for Adverse Opinion

1.0 Presentation of Financial Statements

The International Public Sector Accounting Standards (Cash Basis) reporting template prescribed by the Public Sector Accounting Standards Board requires that a report on the follow up of previous year's audit recommendations and summary of the fixed assets register be included as part of the annexures to the financial statements. However, no summary of Fixed Assets has been attached in the financial statements and also no report on follow-up on previous year's audit and its recommendation has been included on annex to the financial statements as at 30 June 2017.

In the circumstance, the presentation of the financial statements for the year ended 30 June 2017 did not comply with the prescribed format by the Public Sector Accounting

Standards Board under the International Public Sector Accounting Standards (Cash Basis).

2.0 Accuracy and Completeness of the Financial Statements

The financial statements for the year under review reflected a balance of Kshs.21,505,896 under Printing and Advertising expense while the respective schedules reflected a balance of Kshs.21,838,477 resulting into a variance or understatement of the financial statements by Kshs. 332,581.

In the circumstances, the accuracy and completeness of the financial statements as at 30 June 2017 could not be confirmed.

3.0 Cash and Cash Equivalents

The statement of assets as at 30 June, 2017 reflects a cash and cash equivalents balance of Kshs.354,626. However, the balance excludes balances for the twenty (20) ward bank accounts in operation during the year under review.

Further, bank reconciliation statements, bank statements and bank balance confirmation certificates for the twenty (20) ward bank account were not made available for audit verification. As a result, it has not been possible to confirm the outstanding balances of the twenty (20) bank accounts as at 30 June 2017.

Consequently, the accuracy and completeness of the cash and cash equivalents balance of Kshs.354,626 as at 30 June 2017 could not be confirmed.

4.0 Domestic Travel and Subsistence Allowance

The statement of receipts and payments for the year under review reflects an expenditure of Kshs.90,999,999 on domestic travel and subsistence allowance. However, the following anomalies were observed:

i. Voucher No 1050 of Kshs. 420,000 paid to several MCAs while attending Kalacha Festival in Northern Kenya (4-8 August, 2016) was supported by an invitation letter addressed to one M.C.A, but 10 additional officers were paid night outs including 8 MCAs and 2 staff members. No report on outcome of the cultural festival has been provided and its benefit to the Assembly. Further, the members were paid 5 night outs but work ticket showed only 3 night-outs were earned.

ii. Voucher No 1117 of Kshs. 1,056,300 paid to MCAs and staff attending EACC training in Isiolo had no needs analysis conducted or correspondence between the training institution and the Assembly. Travel details further showed that the members were in Nanyuki and not Isiolo and further six (6) members did not attend the training but were still paid.

iii. Voucher No. 1451 of Kshs. 1,764,000 paid to MCAs to operationalize Marsabit County Disaster Vote in Naivasha (5-11Feb. 2017) did not have reasons as to why the MCAs had to sit out of the Assembly premises. Further, a review of the work tickets showed that the MCAs were travelling to Nairobi and other parts of

the Country every morning and spending time out of Naivasha during this period instead of attending the seminar in Naivasha.

iv. Voucher No 1607 of Kshs.3,864,000 paid to MCAs and staff while attending bills deliberation (12-18 March 2017) had no information or explanation as to why the MCAs had to sit outside the County Assembly premises and more so why discussions on the County bills were held in Nairobi and not in Marsabit County?

v. Voucher No 1581 of Kshs.1,512,000 paid to facilitate Alternative Dispute Resolution panel meeting in Nairobi (1-11Feb) was supported by an unsigned attendance list.

vi. Included in the domestic travel and subsistence expenditure of Kshs.90,999,999 was Kshs.182,000 paid to a staff member vide voucher number 1126, warrant number 2424512 to facilitate PIC and PAC members of the County Assembly to follow up and report on failure to initiate water projects in Uran Ward. A review of the supporting documents revealed that the payment was made to nine (9) members of the County Assembly and three (3) staff members who traveled to Uran on 21st October 2016 and returned on the 23rd October 2016. However, it was noted that during the same time (19-22 October 2016) two of these MCAs and one member of staff were also paid allowances totaling to Kshs.197,000 to carry out civic education in North Horr Sub-County vide voucher number 1387, warrant number 2424506 resulting to a double payment of 2 days (21 and 22 October 2016).

In the circumstances, the propriety and value for money of the expenditure of Kshs.90,999,999 on domestic travel and subsistence allowance as at 30 June 2017 could not be confirmed.

5.0 Unsupported Medical Insurance Cover

During the year under review, the County Assembly spent Kshs.11,985,322 on insurance which included Kshs.10,985,322 for a medical cover for the County Assembly members of staff provided by the AAR Insurance Company Kenya Limited. The commitment letter was signed on 14th Nov, 2016 ref No. MCA/PROC/AL MIC/16-17/VOL 1(03) by the County Assembly Clerk for the service to commence with immediate effect. However, it was not possible to authenticate the expenditure as proper charge to the public funds since the medical insurance cover policy document was not made available for audit review.

In consequence, the propriety of the expenditure of Kshs.10,985,322 as at 30 June 2017 could not be confirmed

6.0 Pending Bills

The financial statements did not disclose any pending bills as at 30 June 2017. However, a list of pending bills as at 30 June 2017 of Kshs.41,700,425 was made available for audit review. Included in the Kshs. 41,700,425 pending bills was

Kshs.20,054,659 whose vouchers, local purchase orders and/or invoices were not made available for audit review.

Under the circumstances, the existence, validity and accuracy of the pending bills of Kshs.20,054,659 as at 30 June 2017 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Assembly of Marsabit in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements, except for the matter described in the Basis for Adverse Opinion and Other Matter sections, I have determined that there are no Key Audit Matters to communicate in my report.

Other Matter

1.0 Failure to Establish an Audit Committee

During the year under review, the County Assembly did not have an audit committee in place as required by Section 155 (5) of the Public Finance Management (PFM) Act, 2012 and Section 167 (1) of the Public Finance Management (County Governments) regulations 2015.

Further, although the County Assembly had established an internal audit department, the department was not fully functional as the internal audit unit was part of the finance department and lacked an internal audit charter. In addition, there were no risk assessment processes in place to identify financial and operational risks for mitigation.

The County Executive was therefore in breach of the PFM Act, 2012 and the PFM (County Governments) Regulations, 2015.

2.0 Budgetary Control and Performance

The statement of comparison of budget and actual amounts (Recurrent and Development combined) reflected an approved budget of Kshs.550,031,349 comprising of Kshs.500,000,000 (91%) recurrent and Kshs.50,031,349 (9%) development. However, the statement of receipts and payments for the year under review reflected exchequer releases amounting to Kshs.506,505,933 out of the budget of Kshs.550,031,349 resulting to unreleased exchequer issues amounting to Kshs.43,525,416 as at 30 June, 2017.

In addition, the combined statement of comparison of budget and actual amounts reflected receipts totaling to Kshs.506,705,933 which differs from the

Kshs.506,505,933 reflected in the statement and receipts and payments by an unexplained and unreconciled Kshs.200,000. Further the Assembly had spent Kshs.456,241,452 out of Kshs.500,000,000 of the recurrent budget resulting to an under expenditure of Kshs.43,758,548 (9%).

The Kshs.43,525,416 revenue short fall and the Kshs.43,758,548 under expenditure may have resulted in a denial of equivalent services to the County residents

3.0 Information, Communication Technology (ICT) Environment

During the year under review, the County Assembly did not have an approved ICT policy to enable it manage business processes for the delivery of services in an effective and efficient manner. The County Assembly also lacked a comprehensive ICT inventory.

Lack of an approved ICT policy may lead to data confidentiality, accuracy, reliability, integrity and availability being compromised. Further the IT operations may not be effectively managed and aligned to support the operations of the County Assembly. In addition, lack of a comprehensive ICT inventory may lead to loss of ICT assets.

Consequently, financial data integrity cannot be confirmed.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the County Assembly's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the County Assembly's or to cease operations, or have no realistic alternative but to do so.

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.

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.

Those charged with governance are responsible for overseeing the County Assembly's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the County Assembly's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County Assembly's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the consolidated/ financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the County Assembly to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the county Assembly's to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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

Nairobi

16 July 2018

COUNTY ASSEMBLY OF MARSABIT

Financial Statements for the period ended 30 JUNE 2017

V. STATEMENT OF RECEIPTS AND PAYMENTS

STATEMENTS FOR RECEIPTS AND PAYMENTS THE YEAR ENDED 30/6/2017	Note	2016/2017 Kshs	2015/2016 Kshs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	506,505,933	525,907,499
TOTAL RECEIPTS		**506,505,933**	**525,907,499**
PAYMENTS			
Compensation of Employees	2	150,098,573	151,927,958
Use of goods and services	3	294,983,129	290,381,612
Other grants and transfers	4	2,000,000	3,000,000
Social Security Benefits	5	6,824,350	14,975,534
Acquisition of Assets	6	52,245,256	42,285,671
TOTAL PAYMENTS		**506,151,308**	**502,570,775**
SURPLUS/DEFICIT		**354,626**	**23,336,724**

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 30th June 2017 and signed by:

Clerk of the Assembly

COUNTY ASSEMBLY OF MARSABIT

Financial Statements for the period ended 30 JUNE 2017

VI. STATEMENTS OF FINANCIAL ASSETS

STATEMENTS FOR FINANCIAL ASSETS THE YEAR ENDED 30/6/2017	Note	2016/2017 Kshs	2015/2016 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	7A	354,626	27,298,110
Cash Balances	7B	-	
Total Cash and cash equivalents		**354,626**	**27,298,110**
Accounts receivables – Outstanding Imprests	8	-	
TOTAL FINANCIAL ASSETS		**354,626**	**27,298,110**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	9	380,755	1,910,358
NET FINANCIAL ASSETS		**-26,129**	**25,387,752**
REPRESENTED BY			
Fund balance b/fwd	10	-	2,051,028
Surplus/Defict for the year		354,626	23,336,724
NET FINANCIAL POSITION		**354,626**	**25,387,752**
	Control	*-380,755*	-

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 30TH June 2017 and signed by:

Clerk of the Assembly

COUNTY ASSEMBLY OF MARSABIT

Financial Statements for the period ended 30 JUNE 2017

VII. STATEMENT OF CASHFLOW

STATEMENTS OF CASHFLOW THE YEAR ENDED 30/6/2017	Note	2016/2017 Kshs	2015/2016 Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from operating income	1	506,505,933.10	525,907,499.00
Transfers from the County Treasury/Exchequer Releases		**506,505,933.10**	**525,907,499.00**
Payments for operating expenses	2	150,098,572.70	-151,927,958.00
Compensation of Employees	3	294,983,128.70	-290,381,612.00
Use of goods and services	4	2,000,000.00	-3,000,000.00
Other grants and transfers	5	6,824,350.00	-14,975,534.00
Social Security Benefits		**453,906,051.40**	**-460,285,104.00**
Adjusted for:		1,529,603	1,910,358.00
Increase/decrease in retention-Witholding Tax		**54,129,484.70**	**67,532,753.00**
Net cash flows from operating activities			
CASHFLOW FROM INVESTING ACTIVITIES	6	-52,245,256.13	-42,285,671.00
Acquisition of Assets		-52,245,256.13	-42,285,671.00
Net cash flows from investing activities		1,884,228.57	25,247,082.00
NET INCREASE IN CASH AND CASH EQUIVALENT		27,298,110.00	2,051,028.00
Cash and cash equivalent at BEGINNING of the year		29,182,338.57	27,298,110.00
Cash and cash equivalent at END of the year		354,625.65	27,298,110.00
As per statement of assets			

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 30th June 2017 and signed by:

Clerk of the Assembly

VIII. STATEMENT OF COMPARISON OF 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	555,031,349	(5,000,000)	550,031,349	506,705,933	(43,325,416)
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	-	-
TOTAL	555,031,349	(5,000,000)	550,031,349	506,705,933	(43,325,416)
PAYMENTS					-
Compensation of Employees	159,851,453	159,851,453	319,702,906	150,098,573	(169,604,333)
Use of goods and services	307,148,547	307,148,547	614,297,094	294,983,129	(319,313,965)
Subsidies	-	-	-	-	-
Transfers to Other Government Entities					

COUNTY ASSEMBLY OF MARSABIT

Financial Statements for the period ended 30 JUNE 2017

	3,400,000	3,400,000	6,800,000	2,000,000	(4,800,000)
Other grants and transfers	5,800,000	5,800,000	11,600,000	-	(11,600,000)
Social Security Benefits	13,600,000	13,600,000	27,200,000	6,824,350	(20,375,650)
Acquisition of Assets	65,231,349	15,200,000	80,431,349	52,231,349	(28,200,000)
Finance Costs	-	-	-	-	-
Other Payments	-	-	-	-	-
TOTAL	**555,031,349**	**505,000,000**	**1,060,031,349**	**506,137,400**	**(553,893,949)**

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

Clerk of the Assembly

Chief Finance Office – County Assembly

COUNTY ASSEMBLY OF MARSABIT

Financial Statements for the period ended 30 JUNE 2017

IX. 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	505,000,000	(5,000,000)	500,000,000	456,674,584	86.70%
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	**505,000,000**	**(5,000,000)**	**500,000,000**	**456,674,584**	86.70%
PAYMENTS					
Compensation of Employees	159,851,453		150,101,392	150,098,573	
Use of goods and services	307,148,547		295,115,710	294,983,129	
Subsidies					
Transfers to Other Government Entities	3,400,000		2,000,000	2,000,000	

COUNTY ASSEMBLY OF MARSABIT

Financial Statements for the period ended 30 JUNE 2017

Other grants and transfers	5,800,000				
Social Security Benefits	13,600,000		6,824,350	6,824,350	
Acquisition of Assets	15,200,000		2,200,000	2,200,000	
Finance Costs					
Other Payments					
TOTAL	**505,000,000**	-	**456,241,452**	**456,106,051**	-

The entity financial statements were approved on _____ 2017 and signed by:

_____

Clerk of the Assembly

_____

Chief Finance Office – County Assembly

COUNTY ASSEMBLY OF MARSABIT
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30/6/2017

X. 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	50,031,349		50,031,349	50,031,349	100%
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	**50,031,349**	-	**50,031,349**	**50,031,349**	**100%**
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	50,031,349		50,031,349	50,031,349	
Finance Costs					
Other Payments					
TOTAL		-	**50,031,349**	**50,031,349**	

	50,031,349				-

The entity financial statements were approved on _30th June_ 2017 and signed by:

Clerk of the Assembly

Chief Finance Office – County Assembly

XI. NOTES TO THE FINANCIAL STATEMENTS

COUNTY ASSEMBLY OF MARSABIT
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30/6/2017

1. TRANSFERS FROM THE COUNTY TREASURY/EXCHEQUER RELEASES

	2016/2017	2015/2016
	Kshs	Kshs
Total Exchequer Releases for quarter 1	91,074,584.00	110,000,000.00
Total Exchequer Releases for quarter 2	133,100,000.00	108,547,500.00
Total Exchequer Releases for quarter 3	106,300,000.00	62,300,000.00
Total Exchequer Releases for quarter 4	176,031,349.10	245,059,999.00
Total	**506,505,933.10**	**525,907,499.00**

2. COMPENSATION OF EMPLOYEES

	2016/2017	2015/2016
	Kshs	Kshs
Basic salaries of permanent employees	114,928,927	151,927,958
Personal allowances paid as part of salary	28,819,646	
Compulsory national social security schemes	6,350,000	
Total	**150,098,573**	**151,927,958**

3. USE OF GOODS AND SERVICES

	2016/2017	2015/2016
	Kshs	Kshs
Utilities, supplies and services	9,959,993	2,963,800
Communication, supplies and services	4,367,389	2,524,957
Domestic travel and subsistence	90,999,999	97,956,391
Foreign travel and subsistence	1,500,000	3,000,000
Printing, advertising and information supplies & services	21,505,896	13,948,939
Rentals of produced assets	12,933,500	8,995,490
Training expenses	16,701,045	18,902,230
Hospitality supplies and services	48,982,683	50,990,860
Insurance costs	11,985,322	15,161,595
Specialized materials and services	-	-
Office and general supplies and services	25,194,675	13,747,765
Fuel Oil and Lubricants	2,000,000	12,500,000

Other operating expenses	39,052,627	37,443,902
Routine maintenance – vehicles and other transport equipment	4,300,000	7,745,683
Routine maintenance – other assets	5,500,000	4,500,000
Total	**294,983,129**	**290,381,612**

4. OTHER GRANTS AND TRANSFERS

	2016/2017	2015/2016
	Kshs	Kshs
Membership fees dues and Subscriptions	2,000,000	3,000,000
Total	**2,000,000**	**3,000,000**

5. SOCIAL SECURITY BENEFITS

	2016/2017	2015/2016
	Kshs	Kshs
Government pension and retirement benefits	6,824,350	14,975,384
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	-	-
	-	
Total	**6,824,350**	**14,975,384**

6. ACQUISITION OF ASSETS

	2016/2017	2015/2016

Non Financial Assets	Kshs	Kshs
Construction of buildings	20,523,656	36,198,401
Purchase of Office Furniture and General Equipment	31,721,600	6,087,270
Total	**52,245,256**	**42,285,671**

7A. BANK ACCOUNTS

	Indicated whether recurrent or development	2016/2017	2015/2016
Name of Bank, Account No. & Currency		Kshs	Kshs
CENTRAL BANK OF KENYA,A/C NO 1000198753,KSHS	Recurrent	235,952	2,618,070
CENTRAL BANK OF KENYA,A/C NO 1000198761,KSHS	Development	0	21,941,707
KENYA COMMERCIAL BANK,A/C NO 1182991661,KSHS	Deposit	0	
EQUITY BANK AC NO 1010261309104,KSHS	Recurrent	118,674	2,738,333
Total		**354,626**	**27,298,110**

7B. CASH IN HAND

	2016/2017	2015/2016
	Kshs	Kshs
Cash in Hand – Held in domestic currency		
Cash in Hand – Held in foreign currency		
Total	-	-

COUNTY ASSEMBLY OF MARSABIT

Financial Statements for the period ended 30 JUNE 2017

Cash in hand should be analysed as follows:

	2016/2017	2015/2016
	Kshs	Kshs
Location 1		
Location 2		
Location 3		
Total		

8. ACCOUNTS RECEIVABLE

	2016/2017	2015/2016
	Kshs	Kshs
Government Imprests		
Clearance Accounts		
Staff Advances		
Other Advances		
Total	-	-

Government Imprest Holders

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs
Name of Officer or Institution	dd/mm/yy			
Name of Officer or Institution	dd/mm/yy			
Name of Officer or Institution	dd/mm/yy			
Name of Officer or Institution	dd/mm/yy			
Name of Officer or Institution	dd/mm/yy			
Name of Officer or Institution	dd/mm/yy			
Total				

COUNTY ASSEMBLY OF MARSABIT

Financial Statements for the period ended 30 JUNE 2017

9. ACCOUNTS PAYABLE

	2016/2017	2015/2016
	Kshs	Kshs
Deposits and Retentions	380,755	1,910,358
Total	380,755	1,910,358

10. FUND BALANCE BROUGHT FORWARD

	2016/2017	2015/2016
	Kshs	Kshs
Bank accounts		2,051,028
Cash in hand		
Accounts Receivables		
Accounts Payables		
Total	-	2,051,028

11. OTHER IMPORTANT DISCLOSURES

	2016/2017	2015/2016
	Kshs	Kshs
Other Bank Accounts	0	126,866,428.00

COUNTY ASSEMBLY OF MARSABIT

Financial Statements for the period ended 30 JUNE 2017

11.1: PENDING ACCOUNTS PAYABLE (See Annex 4)

	2016/2017	2015/2016
	Kshs	Kshs
Commissioner of Income Tax		1,910,358.00
Construction of civil works		
Supply of goods	41,700,425.00	
Supply of services		
Total	**41,700,425.00**	**1,910,358.00**

11.2 PENDING STAFF PAYABLES (See Annex 5)

	2016/2017	2015/2016
Name of Staff	Kshs	Kshs
Total		

11.3 OTHER PENDING PAYABLES (See Annex 6)

	2016/2017	2015/2016
	Kshs	Kshs
Amounts due to National Government entities		
Amounts due to County Government entities		
Amounts due to third parties		
Total		