REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF NAIROBI CITY COUNTY ASSEMBLY

FOR THE YEAR ENDED 30 JUNE 2017

NAIROBI CITY COUNTY ASSEMBLY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2017

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

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The County Assembly is constituted as per the Constitution of Kenya. It is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The Nairobi City County Assembly constitutes 85 Members of County Assembly (MCAs) elected to represent members of the public from their respective wards. The MCAs are responsible for making any laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

(b) Key Management

The Nairobi City County Assembly day-to-day management is under the following key organs:

- The County Assembly Service Board; and
- The Clerk

(c) Fiduciary Management

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

No.	Designation		Name
1.	Accounting Officer	-	**Jacob Ngwele**
2.	Principal Accountant	-	**Philomena Nzuki**

(d) Fiduciary Oversight Arrangements

The fiduciary oversight arrangements include:

- County Assembly Audit Committee
- County Assembly Public Accounts Committee
- Office of the Auditor General
- Controller of Budget
- Commission on Revenue Allocation

(e) Nairobi City County Assembly Headquarters

P.O. Box 45844-00100
City Hall Building
Mama Ngina Street
Nairobi, KENYA

(f) Nairobi City County Assembly Contacts

Telephone: (+254) 202216151
E-mail: info@nairobiassembly.go.ke
clerk@nairobiasembly.go.ke
Website: www.nairobiassembly.go.ke

(g) Nairobi City County Assembly Bankers

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

2. Co-operative Bank of Kenya Limited
   City Hall Branch
   P.O Box 44805
   GPO 00100
   Nairobi, Kenya

(h) Independent Auditors

Auditor General
The Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(i) Principal Legal Adviser

Senior Legal Counsel
Office of the Clerk
(Thro' Panel of Qualified Legal Advocates)
P.O. Box 45844
GPO 00100
Nairobi, Kenya

II. FORWARD BY THE CLERK OF THE ASSEMBLY

III. FORWARD BY THE CLERK OF THE ASSEMBLY

The Nairobi City County Assembly was established under Article 176 of the Constitution of Kenya and it consists of 85 elected and 42 nominated members. The County Assembly is the legislative arm of Nairobi County Government responsible for formulation of laws that regulate the conduct and activities within Nairobi City County.

The County Assembly is governed by the County Assembly Service Board (CASB) which is established pursuant to Section 12(1) of the County Government Act, 2012. CASB managed to establish core functional offices in its endeavour to facilitate the Assembly to deliver its core mandate of oversight, representation as well as make numerous legislative bills that were passed into law. This has resulted in notable improvements in overall financial management in current years' of operation since the inception of the County Assembly.

Of the Kshs.1.67 Billion budgeted for in FY 2016/2017, Kshs.1.4 Billion was received and spent representing 84% budgetary absorption rate. We still emphasis that the County Assembly's overreliance on the mercy of County Executive for funds do compromise the County Government Legislative Arm's independence and oversight responsibility.

Nairobi City County Assembly has made strides in performance of key development projects and also in running its day to day operations. Some of the key projects include; Refurbishment of Conference Hall into Assembly Chambers, Installation of Multimedia Digital Systems in the Assembly Chambers, Construction of Security Grills around the precincts of the Assembly and Installation of CCTV Cameras to enhance security. These projects have enhanced service delivery of the Members of the County Assembly to their citizens.

We therefore recommended that for greater autonomy, the Assembly's proportional share of Nairobi City County revenue should be mutually predetermined and deposited directly to County Assembly's Central Bank of Kenya account as and when the executive receives the Assembly's share of revenues.

JACOB NGWELE

CLERK TO THE NAIROBI CITY COUNTY ASSEMBLY

STATEMENT OF MANAGEMENT RESPONSIBILITIES

Sections 164 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer of a County Government Entity to prepare financial statements in

accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board

The Clerk of the Nairobi City 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 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 accepts responsibility for the Nairobi City 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 Nairobi City County Assembly's financial statements give a true and fair view of the state of the County Assembly's transactions for the year ended, 30th June 2017 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 Nairobi City 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 quarter under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Clerk confirms that the County Assembly's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The Nairobi City County Assembly's financial statements were approved and signed by the Clerk of the County Assembly on 30th June 2017.

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Clerk of the Nairobi City County Assembly

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Nairobi City County Assembly set out on pages 1 to 34, which comprise the statement of financial assets and liabilities as at 30 June 2017, and the statement of receipts and payments, statement of cash flows, statements of comparison of budget and actual amounts recurrent, development and combined 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 Nairobi City County Assembly 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 (Accrual 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 audit procedures performed, I confirm that public money has not been applied lawfully and in an effective way.

Basis for Adverse Opinion

1. Accuracy of the Financial Statements

1.1 Non-Disclosure of Non-Current Assets Balances

The summary statement of fixed assets at Annex 4 to the financial statements reflects total fixed assets balance of Kshs.107,533,555.75 as at 30 June, 2017. The amount, however, relates only to the total fixed assets acquired during the financial year under review. The statement does not reflect the balance of assets acquired in prior years contrary to the requirements of the reporting format issued by the Public Sector Accounting Standard Board. Further, management did not provide fixed assets register

for audit verification. Consequently, the accuracy of the summary statement of fixed assets balance of Kshs.107,533,555.75 as at 30 June 2017 cannot be confirmed.

1.2 Un accounted for Receipts

The statement of receipts and payments reflects exchequer release of Kshs.1,447,004,403 which differ with an amount of Kshs.1,446,104,403 indicated in the supporting schedules, resulting in an unexplained difference of Kshs.900,000.

Further, the County Assembly had inter-accounts borrowing totalling Kshs.44,034,191 from car loan, mortgage and other receipts during the year under review as analyzed below:

Date	Details	Amount (Kshs.)
14/07/2016	Transfer	5,000,000
8/8/2017	Transfer	4,000,000
29/09/2016	Transfer	5,000,000
3/9/2016	Transfer	3,000,000
7/10/2016	Transfer	9,000,000
12/1/2017	Income- Nairobi County Assembly	2,429,647
14/03/2017	Transfer	3,000,000
3/4/2017	Pioneer Insurance	7,604,544
26/05/2017	Transfer	5,000,000
	Total	**44,034,191**

However, the legal basis for transferring the funds to the County Assembly's recurrent account has not been explained or supported with documentary evidence. In addition, receipt from Pioneer Insurance of Kshs.7,604,544 has not been explained or accounted for in the financial statements.

In the circumstances, the accuracy of transfers from the County Treasury totaling Kshs.1,447,004,403 for the year ended 30 June 2017 cannot be confirmed.

1.3 Compensation of Employees

The statement of receipts and payments reflects an amount of Kshs.780,476,852 in respect of compensation of employees for the year ended 30 June 2017. The amount includes pensions and other social security contributions of Kshs.134,593,617.91 out of which Kshs.107,892,803.22 was reported to have been paid to Lap Fund by 30 June 2017. However, an amount of Kshs.70,353,360 out of the total of Kshs.107,892,803.22 was not supported by payment vouchers. Consequently, the accuracy of compensation of employees expenditure of Kshs.780,476,852 for the year ended 30 June 2017 can not be confirmed.

1.4 Casting Error

The statement of receipts and payments reflects total payments of Kshs.1,492,398,495. However, total payments cast to Kshs.1,492,398,195 resulting in a casting error of Kshs.300. In the circumstances, the accuracy of the financial statements for the year ended 30 June 2017 can not be confirmed.

2. Cash and Cash Equivalents

The statement of financial assets and liabilities reflects cash and cash equivalents balance of Kshs.64,561,610 as at 30 June 2017. However, a review of the bank reconciliation statements revealed that the balances reported for each bank account were balances as per the bank statements instead of the reconciled cashbook balance. In addition, the bank reconciliation statement for the month of June 2017 reflects un-presented cheques totalling Kshs.88,722,677.87 and payments in the bank statements not in the cash book totalling Kshs.157,908,034.60. However, the list of the reconciling items for all the months were not dated and lacked unique identification numbers such as cheque number, transaction number and payment voucher number and therefore could not be traced in either the bank statement or the cashbook.

Examination of the cashbook further revealed that the unpresented cheques of Kshs.88,722,677.87 shown as being in the cashbook but not in the bank statement were not traceable in the cashbook. In addition, the co-operative account bank statement-recurrent, reflects several contra entries amounting to Kshs.98,370,321 whose reversals could not be traced in the debit side of the bank statement. The same transactions could also not be traced in the cashbook and those traced had different narrations and therefore, the cashbook and the bank statement could not correlate. No clear explanations have been given for these anomalies.

Consequently, the accuracy of cash and cash equivalents balance of Kshs.64,561,610 as at 30 June 2017 can not be confirmed.

3. Use of Goods and Services

3.1 Insurance Costs

As disclosed in Note 5 to the financial statements, use of goods and services total expenditure of Kshs.604,088,961 includes insurance costs of Kshs.98,398,001. However, an amount of Kshs.25,452,216.99 in respect to insurance has been double counted in the ledger. Further the ledger under use of goods and services reflects an amount of Kshs.98,189,001 for insurance while the financial statements reflect Kshs.98,398,001 leading to unexplained variance of Kshs.209,000. Consequently, the accuracy of insurance cost of Kshs.98,398,001 for the year ended 30 June 2017 can not be confirmed.

3.2 Misclassification of Expenditure

Note 5 to the financial statements under use of goods and services reflects other operating expenses of Kshs.166,713,614 comprising the following items:

Item	Amount (Kshs)
Personal Allowance	162,164,399.05
Fuel, Oil and Lubricants	1,924,214
Uniforms	2,615,232
un explained amount	9,768.95
Total	**166,713,614.00**

However, the same expenses have been accounted for under compensation of employees, uniforms and fuel, and oil and lubricants. Further the reported figure has an explained suspense of Kshs.9,768.95. The financial statements presentation is not fully compliant with the approved budget and consequently the presentation and disclosure of other operating expenses cannot be confirmed.

3.3 Omitted Expenditure

Note 5 to the financial statements on use of goods and services reflects nil expenditure on routine maintenance. However, the ledger and trial balance provided reflects an amount of Kshs.3,238,284 for the items. No explanation has been provided for the omission. In the circumstances, the accuracy of nil expenditure under routine maintenance of vehicles and other transport equipment cannot be confirmed

3.4 Unexplained Variance on Office and General Supplies and Services

Note 5 to the financial statements reflects under office and general supplies and services expenditure of Kshs.13,294,886. However, the ledger reflects expenditure amounting to Kshs.43,197,828 leading to unexplained variance of Kshs.29,902,942. Consequently, the accuracy of office and general supplies and services amount of Kshs.13,294,886 can not be confirmed.

4. Un-accounted for Provisional Sums

Provisional sums totalling Kshs.480,000 paid in respect of two contracts during the year under review had not been accounted for as at 30 June 2017 as follows;

Contract No.	Description of Work	Payment Voucher	Un-accounted Provisional Sum
NCA/CASB/ARCH/M/05/2017	Proposed renovations to existing kitchen premises	960	250,000

NCA/CASB/ARCH/M/05/2017	Proposed renovations to existing kitchen premises	980	125,000
NCA/CASB/ARCH/M/05/2017	Proposed Re-roofing of existing covered shed at County Assembly Catering Unit		105,000
Total			**480,000**

Consequently the propriety of Kshs. 480,000 paid as provisional sums cannot be confirmed.

5. Rentals of Produced Assets

Note 5 to the financial statements reflects an amount of Kshs.19,782,000 on rentals of produced assets. Included in this figure is an amount of Kshs.9,100,000,000 for speaker's house rent arrears for the period of July 2014 to August 2016 (26 months) at a rate of Kshs.350,000 per month. However, the Salaries and Remuneration Commission (SRC) Circular reference number SRC/TS/CGOVT/3/61 dated 24 October 2016 limits the speaker's house rent to Kshs. 150,000 per month. The County Assembly therefore overpaid for the speaker's house by Kshs. 5,200,000.

6. Pending Accounts Payable

Note 18.1 to the financial statements reflects pending accounts payable balance of Kshs.79,949,597.75. However, schedules provided to support the figures reflect Kshs.182,614,652.75 resulting in unexplained difference of Kshs.102,665,055. Further, included in the pending accounts payable schedule is Kshs.130,262,405.60 relating to acquisition of assets. In addition, the pending bills balance includes unanalyzed withholding tax of Kshs.1,907,057. In the circumstances, the accuracy of pending bills balance of Kshs.79,949,597.75 as at 30 June 2017 can not be confirmed.

7. Maintenance of Updated Retention Register and Release of Retention Money

Note 15 to the financial statements reflects deposits and retention money totalling Kshs.9,693,566.20. During the year under review, however, the County Assembly did not maintain an updated retention money register. All retentions deducted from contracts during the year were not recorded/posted in the register. Further, the County Assembly was not depositing the retained amounts in the deposits accounts. Release of retention money could also not be confirmed in the register. Consequently, the accuracy of the balance of Kshs.9,693,566.20 cannot be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Nairobi City County Assembly 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 judgement are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Adverse Opinion section, I have determined that there are no Key Audit Matters to communicate in my report.

Other Matter

1. Audit Committee Meetings

Although the Nairobi City County Assembly had an audit committee in place, no evidence was presented to indicate that the committee met and conducted business during the year under review. The County Assembly was, therefore, in breach of regulation 172 of the Public Finance Management (National Government) Regulations, 2015 which require the audit committee to meet at least once in every three months. Management has not provided explanations for this anomaly.

2. Budget and Budgetary Control

2.1 Under- Expenditure

The Nairobi City County Assembly had an approved budget of Kshs. 1,702,057,083. However examination of the IFMIS account analysis report revealed that the County Assembly did not adhere to the budget and budgetary control under eleven (11) line items with under expenditure amounting to Kshs.157,773,127.25 as analyzed below:

Item	Budgeted Amount (Kshs.)	Expenditure (Kshs.)	Under Expenditure (Kshs.)
Communication, supplies and services	13,162,684.00	3,847,652.00	9,315,032.00
Foreign travel and subsistence	77,522,900	42,270,716	35,252,184.00
Training expenses	32,188,000	24,788,324	7,399,676.00
Routine Maintenance -Vehicles and other transport Equipment	2,203,861.00	1,931,764	272,097.00
Routine Maintenance -Other Assets	4,407,722.00	1,306,520	3,101,202.00
Fuel, oil and lubricants	1,979,002.00	1,924,214	54,788.00
Refurbishment of Buildings	146,422,579	64,335,728	82,086,850.75
Purchase of Office Furniture and General Equipment	44,260,000	43,197,828	1,062,172.50
Purchase of ICT Equipment, Software and Other ICAT Assets	18,370,000	0	18,370,000.00

Basic Salaries of permanent Employees	321,007,010	320,154,285	852,725.00
Compulsory national social security schemes	12,400	6,000	6,400.00
Total	**661,536,158.00**	**503,763,030.75**	**157,773,127.25**

The under expenditure is an indication of funds not utilized fully and approved programs not implemented.

2.2 Over-Expenditure

Further examination of the IFMIS account analysis report revealed that the County Assembly did not adhere to the budget and budgetary control under eleven (11) line items with over expenditure amounting to Kshs.113,973,281 as analyzed below:

Item	Budgeted Amount (Kshs.)	Expenditure (Kshs.)	Over Expenditure (Kshs.)
Domestic Travel and subsitence	153,869,910.00	156,555,208.00	2,685,298.00
Printing, advertisement and information supplies	-	9,919,595	9,919,595.00
Hospitability supplies and services	16,229,167.00	35,314,228	19,085,061.00
Insurance costs	66,094,242.00	72,736,784	6,642,542.39
Office and general supplies and services	8,676,393.00	43,197,828	34,521,434.57
Rentals of Produced Assets	15,555,000.00	19,782,000	4,227,000.00
Basic Salaries of Temporary Employees	72,647,000	72,687,700	40,700.00
Personal Allowances paid as part of salary	225,361,061	243,848,729	18,487,668.00
Personal Allowances paid as reimbursements	0	7,752,000	7,752,000.00
Pension and other Social Security contributions	125,416,155	134,593,617	9,177,462.00
Other Personnel Payment	0	1,434,520	1,434,520.00
Total	**683,848,928**	**797,822,209**	**113,973,281**

The over expenditure is an indication that some expenditure items might have been over funded at the expense of others.

2.3 Un approved Budget Re-allocations

The County Assembly sitting allowances budget for the financial year 2016/2017 amounted to Kshs.88,047,217. However, the actual expenditure on sitting allowance for the year ended 30 June 2017 amounted to Kshs. 100,373,827 resulting to an over expenditure of Kshs. 12,579,603. The over- expenditure on the item was charged against various items voted in the budget as detailed below:

Item	Vote Code	Amount (Kshs.)
Basic Salary	501-2110112	1,050,556
Basic Salary	201-2110112	571,642
Commuter Allowance	501-2110314	343,074
Commuter Allowance	501-211314	24,577
Extraneous Allowance	501-2110315	23,333
Responsibility Allowance	201-2110312	135,000
Overtime	501-2110304	33,319
Non Practicing Allowance	501-2110318	1,546
Top up Allowance	5012111310	2,184,000
House Allowance	501-2211301	5,906,666
	501-2120101	300
Rental Allowance	501-2120301	424,391
Gratuity	201-2710115	1,474,300
Car Maintenance Allowance	201-2211325	406,899
TOTAL		**12,579,603**

Consequently, the County Assembly did not adhere to the budget and budgetary control and was in breach of the law.

Responsibility 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 Standard (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 continue sustaining services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the management either intends to liquidate the County Assembly 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.

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 of Kenya. 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 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 skepticism 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 offering 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 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 offering 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 Assembly 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

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016/17 Kshs	2015/16 Kshs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	1,447,004,403	1,706,000,000
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	29,000	66,000
TOTAL RECEIPTS		**1,447,033,403**	**1,706,066,000**
PAYMENTS			
Compensation of Employees	4	780,476,852	650,152,733
Use of goods and services	5	604,088,961	509,711,732
Subsidies	6	-	-
Transfers to Other Government Entities	7		-
Other grants and transfers	8		156,000,000
Social Security Benefits	9	-	61,455,903
Acquisition of Assets	10	107,533,556	231,650,925
Finance Costs	11	298,826	-
Other Payments	12	-	-
TOTAL PAYMENTS		**1,492,398,495**	**1,608,971,293**
SURPLUS/DEFICIT		**(45,364,792)**	**97,094,707**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30th June 2017 and signed by:

Clerk of the Nairobi County Assembly

Name: Jacob Ngwele

Principal Accountant –Nairobi County Assembly

Name: Philomena Nzuki
ICPAK Member Number: 3804

V. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

	Note	2016/2017 Kshs	2015/16 Kshs
FINANCIAL ASSETS			
ASSETS			
Non-Financial Assets		**64,561,610**	
Cash and Cash Equivalents			
Bank Balances	13A	64,561,610	109,036,500
Cash Balances	13B	-	-
Total Cash and Cash Equivalents		**54,868,044**	**109,036,500**
Accounts receivables – Outstanding Imprests	14	8,803,664	-
		-	-
Accounts Payables – Deposits and retentions	15	9,693,566	-
TOTAL FINANCIAL ASSETS		**63,671,708**	**109,036,500**
REPRESENTED BY			
Fund balance b/fwd	16	109,036,500	11,941,793
Surplus/Deficit for the year		(45,364,792)	97,094,707
NET FINANCIAL POSITION		**63,671,708**	**109,036,500**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30th June 2017 and signed by:

Clerk of the Nairobi County Assembly
Name: Jacob Ngwele

Principal Accountant – Nairobi County Assembly
Name: Philomena Nzuki
ICPAK Member Number: 3804

VI. STATEMENT OF CASH FLOWS

	Note	2016/17 Kshs	2015/16 Kshs
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operating income			
Transfers from the County Treasury/Exchequer Releases	1	1,447,004,703	1,706,000,000
Other Receipts	3	29,000	66,000
Payments for operating expenses			
Compensation of Employees	4	(780,476,852)	(650,152,733)
Use of goods and services	5	(604,088,961)	(509,711,732)
Subsidies	6	-	-
Transfers to Other Government Entities	7	-	-
Other grants and transfers	8	-	(156,000,000)
Social Security Benefits	9	-	(61,455,903)
Finance Costs	11	(298,826)	-
Other Payments	12	-	-
Adjusted for:			
Adjustments during the year	17	889,901	-
Net cash flows from operating activities		**64,175,545**	**328,745,632**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	(107,533,556)	(231,650,925)
Net cash flows from investing activities		**(107,533,556)**	**(231,650,925)**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**(45,364,792)**	**97,094,707**
Cash and Cash equivalent at BEGINNING of the year	13	**109,036,500**	**11,941,793**
Cash and Cash Equivalent at END of the year		**64,561,610**	**109,036,500**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30th June 2017 and signed by:

Clerk of the Nairobi County Assembly
Name: Jacob Ngwele
ICPAK

Principal Accountant – Nairobi County Assembly
Name: Philomena Nzuki ICPAK Member Number: 3804

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of Utilisation difference to final budget
	Kshs	Kshs	c=a+b	e=d-c	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	1,670,594,504	31,462,579	1,702,057,082	1,447,004,403	85%
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	29,000	
TOTAL	**1,670,594,504**	**31,462,579**	**1,702,057,082**	**1,447,033,403**	-
PAYMENTS					
Compensation of Employees	703,903,658	(52,449,600)	651,454,059	780,476,852	1.2%
Use of goods and services	569,553,278	52,449,600	622,002,878	604,088,961	97%
Subsidies	-	-	-	-	-
Transfers to Other Government Entities	-	-	-	-	-
Other grants and transfers	200,000,000	(90,000,000)	110,000,000	-	-
Social Security Benefits	47,147,568	62,400,000	109,547,568	-	-
Acquisition of Assets	149,990,000	59,062,579	209,052,579	107,533,556	51%
Finance Costs	-	-	-	298,826	-
Other Payments	-	-	-	-	-
TOTAL	**1,670,594,504**	**31,462,579**	**1,702,057,084**	**1,492,398,495**	**87%**
SURPLUS/ DEFICIT	-	-	-	**(45,364,792)**	

				...	

(NB: the total under actual on comparable basis should be the same as the totals under the statement of receipts and payments, where the two statements are not in agreement, a reconciliation of these two statements should be prepared as required under IPSAS and presented hereunder)

[Provide below a commentary on significant underutilization (below 10% of utilization) and any overutilization]

There was no significant underutilization or any overutilization of the budget as analysed above. However, Underfunding by the County Treasury on development and recurrent budget and IFMIS Downtime especially at the close of the financial year was a major challenge.

The entity financial statements were approved on 30th June 2017 and signed by:

Clerk of the Assembly
Name:Jacob Ngwele

Principal Accountant– Nairobi County Assembly
Name:Philomena Nzuki
ICPAK Member Number: 3804

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of Utilisation difference to final budget
	Kshs	Kshs	c=a+b	e=d-c	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	1,520,604,504	(27,600,001)	1,493,004,503	1,297,014,403	87%
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	29,000	
TOTAL	1,520,604,504	(27,600,001)	1,493,004,503	**1,7,033,403**	-
PAYMENTS					
Compensation of Employees	703,903,658	(52,449,600)	651,454,059	780,476,852	1.2%
Use of goods and services	569,553,278	52,449,600	622,002,878	604,088,961	97%
Subsidies	-	-	-	-	-
Transfers to Other Government Entities	-	-	-	-	-
Other grants and transfers	200,000,000	(90,000,000)	110,000,000	-	-
Social Security Benefits	47,147,568	62,400,000	109,547,568	-	-
Acquisition of Assets				-	
Finance Costs	-	-	-	298,826	-
Other Payments	-	-	-		-
TOTAL	**1,520,604,504**	**(27,600,000)**	**1,493,004,505**	1,384,864,639	**93%**
SURPLUS/ DEFICIT				**(87,821,236)**	

(NB: the total under actual on comparable basis should be the same as the totals under the statement of receipts and payments, where the two statements are not in agreement, a reconciliation of these two statements should be prepared as required under IPSAS and presented hereunder)

[Provide below a commentary on significant underutilization (below 10% of utilization) and any overutilization]

(a) Underfunding by the County Treasury on development budget.
(b) IFMIS Downtime especially at the close of the financial year,

The entity financial statements were approved on 30th June 2017 and signed by:

Clerk of the Assembly
Name: Jacob Ngwele

Principal Accountant– Nairobi County Assembly
Name:Philomena Nzuki
ICPAK Member Number: 3804

STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of Utilisation difference to final budget
	Kshs	Kshs	c=a+b	e=d-c	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	149,990,000	59,062,579	209,052,579	149,990,000	71%
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	-	-
TOTAL	149,990,000	59,062,579	209,052,579	149,990,000	**71%**
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	149,990,000	59,062,579	209,052,579	107,533,556	51%
Finance Costs	-	-	-	-	-
Other Payments	-	-	-		-
TOTAL	**149,990,000**	**59,06,579**	**209,052,579**	107,533,556	**51%**
SURPLUS/ DEFICIT				42,456,444	

[Provide below a commentary on significant underutilization (below 10% of utilization) and any overutilization]

No underutilization or overutilization. The changes in the original and final budget is as a result of underfunding

(Explain *whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23*)

The entity financial statements were approved on 30th June 2017 and signed by:

Clerk of the Assembly
Name: Jacob Ngwele

Principal Accountant – County Assembly
Name:Philomena Nzuki
ICPAK Member Number: 3804

IX. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2016/17		2016/17	2016/17	
	Kshs	Kshs	Kshs	Kshs	Kshs
Programme 1					
Sub-programme 1					
Sub-programme 2					
Sub-programme 3					
Programme 2					
Sub-programme 1					
Sub-programme 2					
Sub-programme 3					

(NB: This statement is a disclosure statement indicating the utilisation in the same format at the County budgets which are programmatic)

X. 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 Cash-basis IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy notes below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The statement of assets and liabilities, although not a requirement of the IPSAS Cash Standard, has been included to disclose information on receivables and payables.

   The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the entity all values are rounded to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented.

   The financial statements comply with and conform to the form of presentation prescribed by the PSASB.
2. **Reporting entity**
   The financial statements are for the Nairobi City County Assembly. The financial statements encompass the reporting entity as specified in section 164 of PFM Act 2012.

3. **Recognition of receipts and payments**
   a) Recognition of receipts
   The Nairobi City County Assembly recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Assembly.

   Tax receipts
   Tax Receipts is recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received.

   Transfers from the Exchequer/ County Treasury
   Transfer from Exchequer is recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

   Other Receipts
   Other receipts relate to receipts such as tender fees among others. These are recognised in the financial statements when the associated cash is received.

b) Recognition of payments

The entity recognises all expenses when the event occurs and the related cash has actually been paid out by the entity.

Compensation of employees

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

Use of goods and services

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

4. In-kind contributions

In-kind contributions are donations that are made to the Nairobi City 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, the Assembly includes such value in the statement of receipts and payments both as receipts 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.

Restriction on cash

Restricted cash represents amounts that are limited /restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation.

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2017, this amounted to Kshs 9,693,566.20 compared to Kshs Nil in prior period as indicated on note 13A. There were no other restrictions on cash during the year

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 payments 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 and prescribed by the Public Sector Accounting Standards Board. 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 Assembly 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 prepared on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The Assembly's budget was approved as required by Law .The original budget was approved by the County Assembly on 30th June, 2016 for the period 1st July 2016 to 30 June 2017 as required by law. There was one (1) number of supplementary budgets passed in the year. A high-level assessment of the entity's actual performance against the comparable budget for the financial year under review has been included in the Statement of Comparison between actual and budgeted amounts included in these financial statements.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Comparative figures

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

12. Subsequent events

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

13. Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

14. Related party transactions

Related party transactions involve cash and in kind transactions with the National Government, National Government entities and County Government entities. Specific information with regards to related party transactions is included in the disclosure notes.

XI. NOTES TO THE FINANCIAL STATEMENTS

1 Transfers from the County Treasury/Exchequer Releases

	2016/17	2015/16
	Kshs	Kshs
Transfers from the County Treasury for Q1	369,230,000	247,000,000
Transfers from the County Treasury for Q2	347,000,000	405,000,000
Transfers from the County Treasury for Q3	392,000,000	422,000,000
Transfers from the County Treasury for Q4	338,774,403	632,000,000
Cumulative Amount	**1,447,004,403**	**1,706,000,000**

(Where money is transferred to the County Assembly on a monthly basis, include the months instead of quarters. A detailed annex showing the reconciliation of transfers between the County Treasury and County Assembly is included in this report.)

2 PROCEEDS FROM SALE OF ASSETS

	2016/17	2015/16
	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

	2016/17	2015/16
	Kshs	Kshs
Tender fees received	29,000	66,000
Other Receipts	-	-
Total	**29,000**	**66,000**

(Provide a detailed explanation of what other receipts relate to, who they were received from and whether they had been budgeted for)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 COMPENSATION OF EMPLOYEES

	2016/17	2015/16
	Kshs	Kshs
Basic salaries of permanent employees	320,154,285	302,466,832
Basic wages of temporary employees	72,687,700	71,169,300
Personal allowances paid as part of salary	243,848,729	252,775,261
Personal allowances paid as reimbursements	7,752,000	8,030,855
Personal allowances provided in kind	-	-
Pension and other social security contributions	134,593,617.91	12548,685
Compulsory national social security schemes	6000	161,800
Compulsory national health insurance schemes	-	-
Social benefit schemes outside government	-	-
Other personnel payments	-	3,000,000
Other personnel payments	1,434,520	
Total	**780,476,852**	**650,152,733**

(Provide detailed explanation with regard to the number of employees recruited by the Assembly, new employees and resignations. Explain what other personnel costs relate to)

5 USE OF GOODS AND SERVICES

	2016/17	2015/16
	Kshs	Kshs
Utilities, supplies and services	2,251,221	944,800
Communication, supplies and services	3,847,652	6,744,710
Domestic travel and subsistence	156,555,208	164,270,740
Foreign travel and subsistence	42,270,716	113,230,520
Printing, advertising and information supplies & services	9,919,595	17,125,546
Rentals of produced assets	19,782,000	-
Training expenses	24,788,324	59,484,339
Hospitality supplies and services	35,314,228	17,456,994
Insurance costs	98,398,001	46,065,056
Specialized materials and services	-	2,029,376
Office and general supplies and services	13,294,886	8,931,397
Other operating expenses	166,713,614	65,404,807
Routine maintenance – vehicles and other transport equipment	-	5,267,727
Routine maintenance – other assets	-	2,755,720
Legislative	30,953,516	
Fuel, Oil and Lubricants	-	
Total	**604,088,961**	**509,711,732**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 SUBSIDIES

Description	2016/17	2015/16
	Kshs	Kshs
Subsidies to County Corporations	Nil	Nil
Subsidies to Private Enterprises	Nil	Nil
TOTAL	**Nil**	**Nil**

(Provide explanations as to what subsidies relate to)

7 TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2016/17	2015/16
	Kshs	Kshs
Transfers to National Government entities	-	-
	-	-
	-	-
Transfers to Counties	-	-
	-	-
	-	-
	-	-
TOTAL	-	-

(Explain what the transfers relate to and whether they are to be refunded by the institution referred to)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 OTHER GRANTS AND TRANSFERS

	2016/17	2015/16
	Kshs	Kshs
Scholarships and other educational benefits	-	-
Emergency relief and refugee assistance	-	-
Subsidies to small businesses, cooperatives, and self employed	-	-
Other current transfers, grants	-	156,000,000
Other capital grants and transfers	-	-
	-	-
Total	-	**156,000,000**

(Give explanations on what other grants and transfers relate to and who the beneficiaries are)

9 SOCIAL SECURITY BENEFITS

	2016/17	2015/16
	Kshs	Kshs
Government pension and retirement benefits	-	61,455,903
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	-	-
Total	-	**61,455,903**

(Give explanations and distinguish between NSSF benefits and contributions made to other entities on behalf of staff.)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 ACQUISITION OF ASSETS

Non Financial Assets	**2016/17**	**2015/16**
	Kshs	**Kshs**
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	64,335,728.25	182,655,171
Construction of Roads	-	-
Construction and Civil Works	-	-
Overhaul and Refurbishment of Construction and Civil Works	-	-
Purchase of Vehicles and Other Transport Equipment	-	10,000,000
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	43,197,827.50	32,420,328
Purchase of ICT Equipment, Software and Other ICT Assets	-	6,575,426
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	**107,533,556**	**231,650,925**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 FINANCE COSTS

	2016/17	2015/16
	Kshs	Kshs
Bank Charges	298,826	-
Exchange Rate Losses	-	-
Other Finance costs	-	-
Interest on borrowings	-	-
Total	298,826	-

(Provide detailed explanation on finance costs and whether they relate to borrowings on bank overdraft)

12 OTHER PAYMENTS

	2016/17	2015/16
	Kshs	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- Service Gratuity	62,400,000	-
Other Expenses- Speaker's House Rental Expenses	9,100,000	-
Domestic Accounts	-	-
Total	**71,500,000**	-

(Provide detailed explanations for other payments)

13 A BANK ACCOUNTS

Name of Bank, Account No. & Currency	Indicated whether recurrent or development	2016/17	2015/16
		Kshs	Kshs
Central Bank of Kenya, Acc. No. & currency	CRF Acc	-	-
Central Bank of Kenya, Acc. No.1000286587 & Currency-Kshs	Development Acc	9,283,618	11,800,415
Central Bank of Kenya, Acc. No.1000193538 & Currency- Kshs	Recurrent Acc	33,434,189	47,368,338
Central Bank of Kenya, Acc. No.1000286598& Currency-Kshs	Deposits Acc	9,693,566	-
Co-operative Bank of Kenya, Acc. No.01141232417501& Currency-Kshs	Commercial Bank Acc: Development Acc	-	13,966,832.89

Co-operative Bank of Kenya, Acc No.01141232417500& Currency -Kshs	Commercial Bank Accs:Recurrent Acc	12,150,237	35,430,913.13
Total		**64,561,610.35**	**109,036,500.27**

(NB: all bank accounts operated by the County Assembly should be included in this note.)
The Bank Balances indicated above for FY 2016/17 are as per Bank Balance Certificates

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 B CASH IN HAND

	2016/17	2015/16
	Kshs	Kshs
Cash in Hand – Held in domestic currency	-	-
Cash in Hand – Held in foreign currency	-	-
Total	-	-

13 C Cash in hand should be analysed as follows:

	2016/17	2015/16
	Kshs	Kshs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Total	-	-

(Provide locations where cash in hand is held e.g head office, cashier's office, cash office etc)

14 ACCOUNTS RECEIVABLE

	2016/17	2016/17
	Kshs	Kshs
Government Imprests	**8,615,163.46**	-
Clearance Accounts	-	-
Staff Advances	188,500.00	-
Other Advances	-	-
Total	**8,803,663.60**	-

**See Annex 6 for a detailed analysis of the outstanding imprests.*

15 ACCOUNTS PAYABLE

	2016/17	2015/16
	Kshs	Kshs
Deposits and Retentions	9,693,566.20	-
Total	**9,693,566,.20**	-

(NB: Amount under deposits and retentions should tie to cash held in deposit account)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 FUND BALANCE BROUGHT FORWARD

	2016/17	2015/16
	Kshs	Kshs
Bank accounts	109,036,500	11,941,000
Cash in hand	-	-
Accounts Receivables	-	-
Accounts Payables	-	-
Total	109,036,500	11,941,000

17 PRIOR YEAR ADJUSTMENT

Description of the adjustment	2016/17	2015/16
Adjustments on bank account balances	Kshs	Kshs
Adjustments on cash in hand	-	-
Adjustments on payables	-	-
Adjustments on receivables	-	-
Others (*specify*)	889,901	-
Total	889,901	-

(Explain whether the prior year relates to errors noted in prior year, changes in estimates or accounting policy.)

DISCLOSURE NOTES

18.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2016/17	2015/16
	Kshs	Kshs
Construction of buildings	67,688,950.40	-
Construction of civil works	-	-
Supply of goods	9,885,397.35	-
Supply of services	2,375,250.00	-
Total	**79,949,597.75**	-

18.2: PENDING STAFF PAYABLES (See Annex 2)

	2016/17	2015/16
Name of Staff	**Kshs**	**Kshs**
See the annexures attached	-	-
	-	-
Total	-	-

18.3: OTHER PENDING PAYABLES (See Annex 3)

	2016/17	2015/16
	Kshs	Kshs
Amounts due to National Government entities	-	-
Amounts due to County Government entities	-	-
Amounts due to third parties	-	-
Total	-	-

19 RELATED PARTY DISCLOSURES

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS.

The following comprise of related parties to the County Assembly.

- Members of County Assembly;
- Key management personnel that include the Clerk of the Assembly and heads of departments;
- The County Executive;
- County Ministries and Departments;
- Other County Government entities including corporations, funds and boards;
- The National Government;
- Other County Governments; and
- State Corporations and Semi-Autonomous Government Agencies.

Related party transactions:

	2016/2017	2015/2016
	Kshs	Kshs
Compensation to the MCAs	542,469,276	-
Key Management compensation	9,000,000	-
	=======	=======
Transfers from the County Treasury	-	-
Transfers to/ from other County Government entities	-	-
Transfers to/ from County Ministries and Departments	-	-
Payments made in favour of other related parties	-	-
Payments made by related parties on behalf of Assembly	-	-
	=======	=======

XII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue *(Name and designation)*	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*

Guidance Notes:

(i) Use the same reference numbers as contained in the external audit report;

(ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;

(iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;

(iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Clerk of the County Assembly

Sign.....

Date. 30th June 2017

XIII. ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2016	Comments
	A	b	c	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

XIV. 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.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							
11.							
12.							
Sub-Total							
Grand Total							

XV. ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	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		
Amounts due to National Govt Entities							
1.							
2.							
3.							
Sub-Total							
Amounts due to County Govt Entities							
4.							
5.							
6.							
Sub-Total							
Amounts due to Third Parties							
7.							
8.							
9.							
Sub-Total							
Others (*specify*)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

XVI. ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2015/2016	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 2016/2017
Land		-		-
Buildings and structures		64,335,728.25		182,655,171
Transport equipment		-		10,000,000
Office equipment, furniture and fittings		43,197,827.50		32,420,328
ICT Equipment, Software and Other ICT Assets		-		6,575,426
Other Machinery and Equipment		-		-
Heritage and cultural assets		-		-
Intangible assets		-		-
Total		107,533,555.75		231,650,925

NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the County Assembly since its inception. Additions during the year should tie to note 10 on acquisition of assets during the year and subsequently the statement of receipts and payments

XVII. ANNEX 5 – ANALYSIS OF OUTSTANDING IMPREST

Government Imprest Holders

Name of Officer or Institution	*Date Imprest Taken*	*Amount Taken*	*Amount Surrendered*	*Balance*
		Kshs	*Kshs*	*Kshs*
Magelo HON. Alex Ole	-	1,330,000.00	-	1,330,000.00
Okumu Hon. Otieno Elias	-	2,151,545.46	-	2,151,545.46
Hassan HON.Abdi Ibrahim	-	3,695,587.00	-	3,695,587.00
Asitiba HON. Jairo Atenyo	-	47,000.00	-	47,000.00
Ibrahim HON.Osman adow	-	47,000.00	-	47,000.00
Kariuki HON. Mercy Wanjiku	-	94,000.00	-	94,000.00
Kengere HON. Joash Omwenga	-	47,000.00	-	47,000.00
Kinyanjui HON. Martin	-	35,600.00	-	35,600.00
Lore HON.Oscar Otieno	-	122,000.00	-	122,000.00
Mohamed HON. Maliyum Hawa	-	499,431.00	-	499,431.00
Mbatia HON. Robert	-	47,000.00	-	47,000.00
Millicent HON. Wambui	-	47,000.00	-	47,000.00
Ndungu HON. Benedette	-	221,000.00	-	221,000.00
NJogu HON.Njoroge Fredrick	-	27,200.00	-	27,200.00
Samuel HON. Ndungu	-	27,200.00	-	27,200.00
Obenge HON. Fredrick	-	8,400.00	-	8,400.00
Ochola HON. Wilson	-	47,000.00	-	47,000.00
Okumu HON. Ogada Michael	-	47,000.00	-	47,000.00
Otieno HON. Ouda Alex	-	47,000.00	-	47,000.00
Wala Hon.Janet	-	27,200.00	-	27,200.00
Total				**8,615,163.46**