REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY ASSEMBLY OF SAMBURU

FOR THE YEAR ENDED 30 JUNE 2017

SAMBURU 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 is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The County Assembly constitutes 26 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 County Assembly day-to-day management is under the following key organs:

- The County Assembly Service Board
- Management Committee
- The Speaker

(c) Fiduciary Management

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

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

(d) Entity Headquarters

P.O. Box 3-20600
County Assembly Building
Maralal-Baragoi Road
Maralal, Kenya.

(e) Entity Contacts

Telephone: (254) 0712818492
E-mail: info@samburuassembly.go.ke
Website: www.samburuassembly.go.ke

(f) Entity Bankers

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

2. Kenya Commercial Bank
   Maralal Branch
   P.o box
   Maralal 20600
   Maralal, Kenya.

(g) Independent Auditors

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

(h) Principal Legal Adviser

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

II. FORWARD BY THE CLERK OF THE ASSEMBLY

Budget performance

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of Utilization difference to final budget
Exchequer Releases	527,808,782	22,000,000	549,808,782	473,352,126.00	85
Total Payments	**527,808,782**	**7,019,249**	**549,808,782**	**463,495744.00**	84
Surplus/ Deficit	-		-	**9,856,382.00**	

The County assembly budget was utilised to 85% due to delay on the start of the construction of the main block. There was also undisbursed amount for recurrent expenditure which resulted in the pending bills not cleared for the FY 2016/17.

Operational Performance

The county assembly passed 9 Acts and Approved 3 policies by county executive. It has improved the population of Samburu trough improved Agriculture, livestock markets, and bursaries among others.
The County Budget is passed by 30th June every financial year and supplementary including the supplementary budget within the financial year.
The County Assembly has the following committees among others; public investment / accounts committee budget and appropriation committee, house business committee, committee on agriculture and livestock. The mandates of the committee are to ensure that oversight role of the county assembly is executed as per the sectorial areas of the committee.

Performance of key development projects

The county assembly of Samburu is undertaking construction of Main Assembly block which is in progress. This will enhance the efficiency of county assembly operations because it will serve us the main chambers and also has enough capacity for members and staff offices.

Comment on value-for-money achievements

Give specific examples of how some of the projects undertaken as listed above have positively improved the lives of the citizens of the County.

Challenges and Recommended Way Forward

1. Underfundingt/Financial constraints
2. Delay in release of exchequer funds
3. In adequate office space.
Way forward

1. *Provide for adequate funds.*
2. *Timely release of exchequer funds*
3. *Completion of the on-going office block.*

SIGNATURE

Clerk of the 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

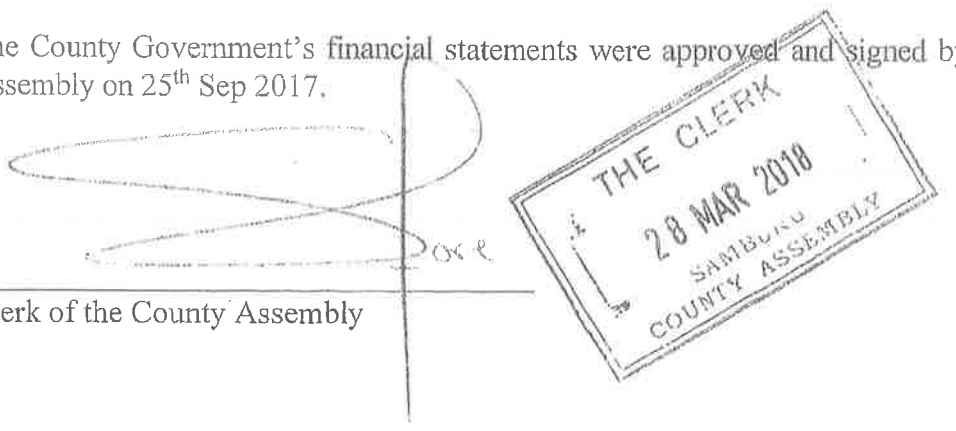
The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended on FY 2016/17. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Assembly; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Assembly; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Clerk accepts responsibility for the County Assembly's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Clerk is of the opinion that the County Assembly's financial statements give a true and fair view of the state of the County Assembly's transactions for the year ended FY 2016/17, and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the County Assembly which have been relied upon in the preparation of the its financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The County Government's financial statements were approved and signed by the Clerk of the County Assembly on 25th Sep 2017.



Clerk of the County Assembly

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF SAMBURU 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 Samburu set out on pages 1 to 23, 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, statement of comparison of budget and actual amounts: recurrent, and development and budget execution by programmes and sub-programmes 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 paragraph, the financial statements do not present fairly, the financial position of County Assembly of Samburu 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 Inaccurate Statement of Cash flows

The statement of cash flows reflects comparative cash and cash equivalents balance at the end of the year of Kshs.2,090,353.00 instead of Kshs.10,573,405.00. Further, cash and cash equivalents at the beginning of the year have wrongly been stated at zero instead of the correct balance of Kshs.10,573,405.00. In addition, the decrease of Kshs.15,527,402.00 in accounts payables - deposits and retentions have not been included in the statement of cash flows. Consequently, the accuracy of the statement of cash flows could not be confirmed.

2.0 Cash and Cash Equivalents

2.1 Outstanding Imprests

The statement of financial assets and liabilities reflects outstanding imprest balance of Kshs.3,232,305 as at 30 June 2017 as detailed in annexure 5 to the financial statements. However, it has not been explained why the imprest holders failed to account or surrender the imprests by 30 June 2017. Further, no explanation has been given as to why no recoveries were made from defaulters' salaries as required by Regulation 93 (6) of the Public Finance Management (County Governments) Regulations 2015.

3.0 Statement of Receipts and Payments

3.1 Misclassification of Expenditure - Scholarship and Other Educational Benefits

Included in the statement of receipts and payments is scholarship and other educational benefits amounting to Kshs.998,697. However, the schedule presented in support of the expenditure indicated the nature of all the transactions was not related to this line item.

In the circumstances, the completeness of the expenditure could not be confirmed.

3.2 Misclassification of Expenditure - Government Pension and Retirement Benefits

The statement of receipts and payments reflects social security and benefit on government pension and retirement benefits figure of Kshs.30,213,446. However, schedules presented for audit in support of the expenditure included payments totaling Kshs.20,354,416.95 that were wrongly classified under this item.

No explanation has been given for the misclassification.

4.0 Unsupported Pending Bills

Note 11.A and annexure 1 to the financial statements reflects pending accounts payable balance of Kshs.8,186,290.36 as at 30 June 2017. However, no supporting documents in form of bills of quantities, invoices, local purchase orders were presented in support of the pending bills making it not possible to ascertain the propriety of the balance.

In the circumstances, the accuracy and the nature of the expenditure incurred 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 Samburu 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 matters described in the Basis for Adverse Opinion and Other sections of my report, I have determined that there are no Key Audit Matters to communicate in my report.

Other Matter

1.0 Budget Control

1.1 Over Expenditure on Use of Goods and Services

During the financial year, the County Assembly overspent on the following items as shown below:

Audit Components	Current year final budget	Current year actual Expenditure	Over Expenditure
	Kshs.	Kshs.	Kshs
Routine Maintenance - Other Assets	0.00	397,260.00	397,260.00
Specialized Materials and Supplies	0.00	1,111,419.00	1,111,419.00
Purchase of Office Furniture and General Equipment	0.00	461,700 .00	461,700 .00
Purchase of Specialized Plant, Equipment and Machinery	0.00	3,877,244 .00	3,877,244 .00
Utilities Supplies and Services	100,000.00	624,495.70	524,495.70
Communication, Supplies and Services	1,732,143.00	4,066,927.00	2,334,784
Domestic Travel and Subsistence, and Other Transportation Costs	25,304,000.00	56,641,785.00	31,337,785
Hospitality Supplies and Services	3,500,000.00	7,874,288.00	4,374,288
Office and General	6,300,000.00	7,693,039.00	1,393,039

Supplies and Services			
Fuel Oil and Lubricants	4,000,000.00	10,957,248.00	6,957,248
Other Operating Expenses	3,000,000.00	9,582,546.00	6,582,546
Routine Maintenance - Vehicles and Other Transport Equipment	2,000,000.00	6,061,253.00	4,061,253

The County Assembly did not prepare a supplementary budget to regularize the over expenditure and no explanation or documents were produced to justify the over expenditure.

In the circumstance, the County Assembly did not exercise financial discipline.

2. Irregular Expenditure

An expenditure of Kshs.1,023,000 was incurred to pay members of the public who attended various public participation forums within the County. It was observed that imprests were issued through warrants Nos.2517442, 2517402, 2521966 to facilitate the payments. However, it was not explained why members of the public were paid allowances for attending public forums which are voluntary and no law is in place authorizing such payments.

In the circumstances, the expenditure could not be confirmed as a proper charge to public funds.

3. Unsupported Expenditure -Travel and Accommodation Allowances

An expenditure of Kshs.56,641,785 was incurred on domestic travel and subsistence during the year under review. However, examination of records produced for audit, disclosed that an expenditure of Kshs.10,348,426 was not supported with relevant documents such as invitation letters, bus tickets, work tickets, signed payment schedules and reports made upon return to confirm that the officers and Members of the County Assembly (MCAs) were out on a duty tour or official duties.

In the circumstances, the propriety of the expenditure could not be ascertained.

4. Delayed Implementation of Project

M/s Green County Construction Company Ltd of P.O. Box 5089-80401 Diani Kenya, was awarded contract No.CAS/PROC/046/2014-15 for construction of the County Assembly chambers at a contract price of Kshs.262,098,210. The duration of the contract was seventy-eight (78) weeks with a commencement date of 9 February, 2017.

Physical verification of the project on 13 February 2018, revealed that the construction works had been done up to foundation level which was approximately 15% complete and the contractor was not on site. The project is thus behind schedule since it has taken 52 weeks since the project begun.

It was also noted that the contractor has been paid sum of Kshs.42,325,400 vide payment voucher No.900 as at 30 June, 2017 and yet he is not on site.

In the circumstance, the project may stall leading to retendering which will escalate the cost further. Loss of public funds appears likely unless the County Assembly endeavors to have resumption of the construction works.

5. Unsupported Expenditure on Foreign Travel

According to records produced for audit, the County Assembly incurred an expenditure of Kshs.4,085,736 on subsistence allowances through Imprest no.2517407 being foreign travel subsistence allowance to officers and MCAs attending a Women Caucus in Ethiopia between 29 January and2 February 2017. The payment/surrender was however not supported with relevant documents such as invitation letters/admission letters and evidence that the officers actually attended the training at the Institute of International Education.

In the circumstances, the propriety of the expenditure could not be confirmed.

6. Outstanding Car Loan and Mortgages

Former Members of the County Assembly had car loans and mortgages balances totaling Kshs.20,465,809.90 that remained outstanding at the expiry of their terms on 31 July 2017. However, no documentary evidence was produced for audit verification to confirm the loans were settled through other means after the expiry of the members terms of office. It is therefore, possible that the members had defaulted but the management has not instituted any measures to recover the funds; exposing the public funds to loss.

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.

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 sustaining 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 sustaining services.

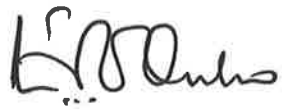
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the County Assembly 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

III. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016/17 Kshs	2015/16 Kshs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	473,352,126	471,689,907
Other Receipts		-	15,527,402
TOTAL RECEIPTS		**473,352,126**	**487,217,309**
PAYMENTS			
Compensation of Employees	2	233,356,910	220,507,465
Use of goods and services	3	142,017,272	134,041,261
Subsidies		-	841,374
Transfers to Other Government Entities			35,000,000
Other grants and transfers	4	998,967	-
Social Security Benefits	5	30,213,446	19,399,491
Acquisition of Assets	6	56,909,419	67,644,627
Other Payments		-	10,573,405
TOTAL PAYMENTS		**463,495,744**	**487,217,309**
SURPLUS/DEFICIT		**9,856,382**	-

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 23 - 03 - 2017 and signed by:

Clerk of the Assembly
Name: PATRICK KAMAIS LESHORE

PFAO– County Assembly
Name: DAVID LMASINTAE LERNO

IV. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

	Note	2016/2017 Kshs	2015/16 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	7A	6,624,177	990,353
Cash Balances	7B	-	1,100,000
Total Cash and cash equivalents		**6,624,177**	**2,090,353**
Accounts receivables – Outstanding Imprests	8	3,232,205	10,573,405
TOTAL FINANCIAL ASSETS		**9,856,382**	**12,663,758**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions		-	15,527,402
NET FINANCIAL ASSETS		**9,856,382**	**- 2,863,643**
REPRESENTED BY			
Fund balance b/fwd.		-	-
Surplus/Deficit for the year		9,856,382	-
NET FINANCIAL POSITION		**9,856,382**	-

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 25th Sep 2017 and signed by:

Clerk of the Assembly
Name: PATRICK KAMAIS LESHORE

PFAO– County Assembly
Name: DAVID LMASINTAE LERNO

COUNTY CLERK 28 MAR 2019 SAMBURU COUNTY ASSEMBLY

V. 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	473,352,126.00	471,689,907
Other Receipts			15,527,402
		473,352,126	487,217,309
Payments for operating expenses			
Compensation of Employees	2	(233,356,911)	(220,507,465)
Use of goods and services	3	(142,017,272)	(134,041,261)
Subsidies			(841,374)
Transfers to Other Government Entities			(35,000,000)
Other grants and transfers	4	(998,967)	-
Social Security Benefits	5	(30,213,446)	(18,609,177)
Totals		(406,586,325)	(408,999,277)
Adjusted for:			
Adjustments during the year	8	3,232,205	-
Net cash flows from operating activities		**63,533,596**	**78,218,032**
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	6	(56,909,419)	(67,644,627)
Net cash flows from investing activities		**(56,909,419)**	**(67,644,627)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	7	**6,624,177**	**10,573,405**
Cash and cash equivalent at BEGINNING of the year		-	-
Cash and cash equivalent at END of the year		**6,624,177**	**2,0990,353**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 25th Sep 2017 and signed by:

Clerk of the Assembly
Name: PATRICK KAMAIS LESHORE

PFAO- County Assembly
Name: DAVID LMASINTAE LERNO

THE CLERK 28 MAR 2019 SAMBURU COUNTY ASSEMBLY

VI. 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	527,808,782	22,000,000	549,808,782	473,352,126.00	85
TOTAL	**527,808,782**	**22,000,000**	**549,808,782**	**473,352,126**	**86.09**
PAYMENTS					
Compensation of Employees	230,299,201	15,050,511	245,349,712	233,356,910	95.11
Use of goods and services	135,809,581	7,753,597	159,865,241	142,017,272	88.84
Other grants and transfers	-	-	-	998,697.00	-
Social Security Benefits				30,213,446	
Acquisition of Assets	125,000,000	(19,339,344)	104,339,344	56,909,419	54.54
TOTAL PAYMENTS	**491,108,782**	**3,464,764**	**509,554,297**	**463,495,744**	90.96
SURPLUS/ DEFICIT	-			**9,856,382**	

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

The entity financial statements were approved on 25th Sep 2017 and signed by:

Clerk of the Assembly
Name: PATRICK KAMAIS LESHORE

28 MAR 2018
SAMBURU COUNTY ASSEMBLY

PFAO- County Assembly
Name: DAVID LMASINTAE LERNO

VII. 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	407,808,782	42,000,000	449,808,782	418,352,126.00	93
TOTAL	**407,808,782**	**42,000,000**	**449,808,782**	**418,352,126.00**	**93**
PAYMENTS					
Compensation of Employees	230,299,201	15,050,511	245,349,712	233,356,910	95
Use of goods and services	135,809,581	7,753,597	159,865,241	142,017,272	88.8
Other grants and transfers		-		998,967.00	-
Social Security Benefits	30,000,000	2,829,485	32,829,485	30,213,446	92
Acquisition of Assets	5,000,000	660,656	5,660,656	5,858,344	103.4
	407,808,782	**27,019,249**	**449,808,782**	**412,444,939**	**93**
Surplus/ Deficit	-	-	-	**(5,907,187)**	98

~~The entity financial statements were~~ approved on 25th Sep 2017 and signed by:

Clerk of the Assembly
Name: PATRICK KAMAIS LESHORE

PFAO– County Assembly
Name: DAVID LMASINTAE LERNO

28 MAR 2018 SAMBURU COUNTY ASSEMBLY

VIII. 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	120,000,000	(20,000,000)	100,000,000	51,051,084	51
TOTAL	**120,000,000**	**(20,000,000)**	**100,000,000**	**51,051,084**	**51**
PAYMENTS					
Acquisition of Assets	120,000,000	(20,000,000)	100,000,000	51,702,945	52
TOTAL	**120,000,000**	**(20,000,000)**	**100,000,000**	**51,702,945**	**52**
SURPLUS/ DEFICIT	-	-	-	**(651,861)**	

The entity financial statements were approved on 25th Sep 2017 and signed by:

Clerk of the Assembly
Name: PATRICK KAMAIS LESHORE

28 MAR 2018
COUNTY ASSEMBLY

PFAO – County Assembly
Name: DAVID LMASINTAE LERNO

IX. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	20xx		20xx	Date, 20xx	
	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 receivables that include imprests. 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 County Assembly of Samburu and it encompasses the reporting entity as specified in section 164 of PFM Act 2012.

3. Recognition of receipts and payments

a) Recognition of receipts

The County Assembly recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Assembly.

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.

b) Recognition of payments

The County Assembly 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.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 County Assembly and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

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.

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 0 compared to Kshs 0 in prior period as indicated on note 0. There were no other restrictions on cash during the year

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 are 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.

6. 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.

7. Non-current assets

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

8. Pending bills

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

9. Budget

The budget is prepared on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *entity's* budget was approved as required by Law .The original budget was approved by the County Assembly on 30th June, 2015 for the period 1st July 2016 to 30 June 2017 as required by law. There was a 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)

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 County Treasury and other stakeholders with a significant impact on the financial statements may be adjusted with the concurrence of the County Treasury.

12. 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.

13. 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	93,338,426.00	50,015,000
Transfers from the County Treasury for Q2	110,013,700.00	120,022,930.00
Transfers from the County Treasury for Q3	105,000,000.00	77,852,543.00
Transfers from the County Treasury for Q4	165,000,000.00	223,799,434.00
Cumulative Amount	**473,352,126.00**	**471,689,907.00**

2 COMPENSATION OF EMPLOYEES

	2016/17	2015/16
	Kshs	Kshs
Basic salaries of permanent employees	145,235,448	118,351,417
Basic wages of temporary employees	-	17,750,705
Personal allowances paid as part of salary	88,121,462.70	28,882,945
Personal allowances paid as reimbursements	–	55,522,398.10
Total	**233,356,910.70**	**220,507,465.35**

3 USE OF GOODS AND SERVICES

	2016/17	2015/16
	Kshs	Kshs
Utilities, supplies and services	624,495.70	422,722.00
Communication, supplies and services	5,979,446.00	4,585,201.40
Domestic travel and subsistence	47,569,656.00	34,132,352.00
Foreign travel and subsistence	12,178,128.00	13,940,171.05
Printing, advertising and information supplies & services	9,816,125.00	1,401,678.00
Rentals of produced assets	2,598,586.00	801,565.00
Training expenses	4,440,851.00	8,702,058.00
Hospitality supplies and services	8,090,288.00	10,571,013.50
Insurance costs	14,918,511.00	13,431,205.00
Specialized materials and services	1,111,419.00	2,892,831.10
Office and general supplies and services	5,329,039.90	7,528,555.00
Other operating expenses	9,582,546.00	12,585,264.00
Routine maintenance – vehicles and other transport equipment	8,608,172.00	20,975,584.10
Routine maintenance – other assets	212,760.00	2,071,061.05
Fuel Oil and Lubricants	10,957,248.00	
Total	**142,017,272**	**134,041,261**

4 OTHER GRANTS AND TRANSFERS

	2016/17	2015/16
	Kshs	Kshs
Scholarships and other educational benefits	998,967.00	xxx
Total	**998,967.00**	**xxx**

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

5 SOCIAL SECURITY BENEFITS

	2016/17	2015/16
	Kshs	Kshs
Government pension and retirement benefits	30,213,446.10	18,609,177
Total	**30,213,446.10**	**18,609,177**

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

6 ACQUISITION OF ASSETS

Non Financial Assets	2016/17	2015/16
	Kshs	Kshs
Purchase of Buildings	xxx	xxx
Construction of Buildings	51,051,084.50	39,348,139.25
Purchase of Vehicles and Other Transport Equipment	-	12,615,448
Purchase of Office Furniture and General Equipment	479,190.00	1,434,755
Purchase of ICT Equipment, Software and Other ICT Assets	-	14,246,284
Purchase of Specialized Plant, Equipment and Machinery	5,379,144.00	-
Total	**56,909,418.50**	**67,644,627**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7A 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. – **1000195517**-kes*	Recurrent Account	2,675,260.90	338,492.70
*Central Bank of Kenya, Acc. No. -**1000195525**-kes*	Development Account	3,948,916	651,860.75
Total		**6,624,176.90**	**990,353**

7B CASH IN HAND

	2016/17	2015/16
	Kshs	Kshs
Cash in Hand – Held in domestic currency	xxx	1,100,000.00
Total	xxx	**1,100,000.00**

8 ACCOUNTS RECEIVABLE

	2016/17	2015/16
	Kshs	Kshs
Government Imprests	3,232,205.00	**10,573,405.00**
Total	3,232,205.00	**10,573,405.00**

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

9 ACCOUNTS PAYABLE

	2016/17	2015/16
	Kshs	Kshs
Cash due to County Executive	-	15,527,401.90
Total	-	15,527,401.90

10 FUND BALANCE BROUGHT FORWARD

	2016/17	2015/16
	Kshs	Kshs
Bank accounts	**6,624,176.90**	**990,353.45**
Total	**6,624,176.90**	**990,353.45**

DISCLOSURE NOTES

11.A PENDING ACCOUNTS PAYABLE (See Annex 1)

	2016/17	2015/16
	Kshs	Kshs
Supply of goods	5,020,893.00	-
Supply of services	3,165,397.36	-
Total	8,186,290.00	-

11.B PENDING STAFF PAYABLES (See Annex 2)

	2016/17	2015/16
	Kshs	Kshs
Amount due to the Staff	419,392.08	-
Total	419,392.08	-

11.C OTHER PENDING PAYABLES (See Annex 3)

	2016/17	2015/16
	Kshs	Kshs
Amounts due to Mortgage and Loans Mcas and Staff	7,824,426	-
Total	7,824,426	-

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.....28 - 3 - 2018

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		
Supply of goods						
Salgan Company Ltd	984,000.00	30-JUN-17	984,000.00			cleared
Corporate Campus EA Ltd.	938,623.00	30-JUN-17	938,623.00			cleared
Fairdeal Superstores	841,000.00	30-JUN-17	841,000.00			cleared
Lekos Service Station	1,130,000.00	30-JUN-17	1,130,000.00			cleared
Lekos Service Station	113,000.00	30-JUN-17	113,000.00			cleared
Lekos Service Station	9,040.00	30-JUN-17	9,040.00			cleared
Lekos Service Station	39,550.00	30-JUN-17	39,550.00			cleared
Sub-Total	**5,020,893.00**		**5,020,893.00**			
Supply of services						cleared
Kahiga Garage	63,570.00	30-JUN-17				cleared
Red rock resort	94,500.00	30-JUN-17				cleared
Techbyte Technologies Ltd	91,947.00	30-JUN-17				Pending
Nation Media Group	359,600.00	30-JUN-17				cleared
Red Rock	59,200.00	30-JUN-17	-			cleared
Kahiga Garage	122,820.00	30-JUN-17	-			cleared
Top Touch Laundry	24,000.00	30-JUN-17	-			cleared
Ntumo Insurancy Agency	602,700.00	30-JUN-17	-			cleared
Toyota Maralal Ltd	21,048.00	30-JUN-17	-			cleared
Toyota Maralal Ltd	305,421.00	30-JUN-17	-			cleared
Toyota Maralal Ltd	126,093.00	30-JUN-17	-			cleared

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2016	Comments
Toyota Maralal Ltd	74,661.00	30-JUN-17	-			cleared
Toyota Maralal Ltd	40,881.00	30-JUN-17	-			cleared
Toyota Maralal Ltd	233,873.00	30-JUN-17	-			cleared
Toyota Maralal Ltd	90,120.00	30-JUN-17	-			cleared
Toyota Maralal Ltd	241,500.00	30-JUN-17	-			cleared
Toyota Maralal Ltd	38,960.00	30-JUN-17	-			cleared
Kahiga Garage Maralal	260,000.00	30-JUN-17	-			cleared
Kahiga Garage Maralal	29,480.00	30-JUN-17	-			cleared
Kahiga Garage Maralal	33,230.00	30-JUN-17	-			cleared
KRA	251,793.36	30-JUN-17	-			cleared
Sub-Total	**3,165,397.36**					

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		
Hon Benjamin Leitore		56,568.96	30-JUN-17	56,568.96	-		cleared
Hon Pius Lobuk		23,058.00	30-JUN-17	23,058.00	-		Cleared
Hon Jonathan Lemoosa		56,876.40	30-JUN-17	56,876.40	-		Cleared
Hon Raisy Letura		64,562.40	30-JUN-17	64,562.40	-		Cleared
Hon Adamson Lanyasunya		31,358.88	30-JUN-17	31,358.88	-		Cleared
Hon Romanos Leakono		30,744.00	30-JUN-17	30,744.00	-		Cleared
Hon Jerias Leshoomo		23,058.00	30-JUN-17	23,058.00	-		Cleared
Hon Christopher Lentukunye		67,944.24	30-JUN-17	67,944.24	-		Cleared
Hon John Lemulugo		48,312.00	30-JUN-17	48,312.00	-		Cleared
Hon Lazaro Letiktik		16,909.20	30-JUN-17	16,909.20			Cleared
Sub-Total		**419,392.08**		**419,392.08**			

XV. ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

	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 Mortgage and Car loan for MCAs and Staff-May 2017		3,912,213.00					cleared
Amounts due to Mortgage and Car loan for MCAs and Staff- June 2017		3,912,213.00					cleared
Total		**7,824,426.00**					

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(depreciation) (Kshs)	Historical Cost c/f (Kshs) 2016/2017
Land	**32,500,000**	-	-	32,500,000
Buildings and structures	52,639,755.31	51,051,084.50		103,690,839.81
Transport equipment	36,998,521.38		-9,249,630.35	27,748,891.03
Office equipment, furniture and fittings	13,787,060.81	479,190.00	-1,703,766.81	12,544,994.00
ICT Equipment, Software and Other ICT Assets	7,184,451.26	5,379,144.00	-2,624,061.49	8,437,633.77
Other Machinery and Equipment	1,205,859.38		-150,732.42	1,055,129.95
Total	**144,315,648.14**	**56,909,419**	**-13,728,191.07**	**187,496,875.57**

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*
DAVID LMASINTAE LERNO		40,981.00	-	40,981.00
DAVID LMASINTAE LERNO		42,000.00	-	42,000.00
JOHN LEPIL LOLKILE IMP		56,000.00	-	56,000.00
STEVE LTUMBESI LELEGWE		200,000.00	-	200,000.00
STEVE LTUMBESI LELEGWE		300,000.00	-	300,000.00
STEVE LTUMBESI LELEGWE		185,584.00	-	185,584.00
PAUL LESIEUR LENGURO		56,000.00	-	56,000.00
PAUL LESIEUR LENGURO		200,000.00	-	200,000.00
PAUL LESIEUR LENGURO		56,000.00	-	56,000.00
SIMON LOLONYOKIE		25,000.00	-	25,000.00
SOLOMON LTEPERUAN LEMPERE		188,000.00	-	188,000.00
AUGUSTINE LOTIT LENKUPAE		20.00	-	20.00
BEATRICE DORICA LOLKITEKUI		200,000.00	-	200,000.00
LEKIYANI LOLPIRDAI		63,900.00	-	63,900.00
SAMMY LTABAR LENGULISIAI		100,000.00	-	100,000.00
SAMMY LTABAR LENGULISIAI		50,000.00	-	50,000.00
JOHN TOILASI LETURUJU		50,000.00	-	50,000.00
BENARD NICKSON LELERUK		137,200.00		137,200.00
BENARD NICKSON LELERUK		181,200.00		181,200.00
BENARD NICKSON LELERUK		350,000.00		350,000.00
JOSEPH CHRISS LOLMINGANI		200.00		200.00
ANN ZADITU LEKIMAIN		20,000.00		20,000.00
JACOB LERUNDE LEADISE		104,000.00		104,000.00
JACOB LERUNDE LEADISE		39,200.00		39,200.00
EDWIN SARUNI LEMPUSHUNA		41,500.00		41,500.00
EDWIN SARUNI LEMPUSHUNA		59,400.00		59,400.00
EDWIN SARUNI LEMPUSHUNA		350,000.00		350,000.00
EDWIN SARUNI LEMPUSHUNA		136,020.00		136,020.00
TOTAL IMPRESTS				**3,232,205.00**

XVIII. ANNEX 6 – BANK RECONCILIATION/FO 30 REPORT

(Attach FO 30 Report from IFMIS)