REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY ASSEMBLY OF KIRINYAGA

FOR THE YEAR ENDED 30 JUNE 2018

OFFICE OF THE AUDITOR GENERAL
CENTRAL HUB

03 DEC 2018

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KIRINYAGA COUNTY ASSEMBLY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2018

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, who is responsible for the general policy and strategic direction of the County Assembly.

(b) Key Management

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

- County Assembly Service Board
- House Business
- Office of the Speaker
- Office of the Clerk

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2018 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Clerk	**Mr. Kamau Aidi**
2.	Director-finance and accounting	**CPA Michael Munene njogu M.NO.8031**

(d) Fiduciary Oversight Arrangements

Assembly's operations are oversighted by Internal Audit Department, Office of the Auditor General, and PAC/PIC of both the County Assembly and Senate.

(e) Entity Headquarters

P.O. Box 55-10300
Kirinyaga County Assembly
Along Kutus-Karatina road
Kerugoya, KENYA

(f) Entity Contacts

Telephone: (254) 06021800
E-mail: kirinyagacountyassembly@gmail.com
Website: www.go.ke

(g) Entity Bankers

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

2. Co-operative Bank of kenya
   Kerugoya Branch
   P.O. Box 635-10300
   Kerugoya

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

II. FORWARD BY THE CLERK OF THE ASSEMBLY

Forward note by the Assembly Clerk include the following:-

Include the following:

Budget performance
The assembly has been able to utilize 100% of the budget
Performance of key development projects
The assembly played only one role –procurement of renovation of chambers, offices and purchase motor vehicle.
Comment on value-for-money achievements
There was value for money on fulfilment of assembly roles oversight,legistrative and representations :the members participated in representation on public participation, outreach programme and other activities, on oversight members were facilitated on checking and scrutinizing various projects and activities done by the county and members through the county assembly have passed bills ,motions and ACTS for the county.
Challenges and Recommended Way Forward
The only major challenges is the release of the fund through exchequer by the treasury in time, this can be solved by national treasury improving on procure of disbursements, through fastening the budget making process and clearances by controller of budget.

Sign

Clerk of the County Assembly

CLERK
COUNTY ASSEMBLY OF KIRINYAGA
01 NOV 2018
P.O. Box 55 - 10300
KERUGOYA

STATEMENT OF MANAGEMENT RESPONSIBILITIES

The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Assembly; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Assembly; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Clerk accepts responsibility for the County Assembly's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Clerk is of the opinion that the County Assembly's financial statements give a true and fair view of the state of the County Assembly's transactions for the year ended June 30, 2018 and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the County Assembly which have been relied upon in the preparation of the its financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Assembly's financial statements were approved and signed by the Clerk of the County Assembly on **September 1st, 2018**

Clerk of the County Assembly

CLERK
COUNTY ASSEMBLY OF KIRINYAGA
01 NOV 2018
P. O. Box 55 - 10300
KERUGOYA

REPUBLIC OF KENYA

Telephone: +254-20-342330
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E-Mail: oag@oagkenya.go.ke
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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF KIRINYAGA FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Kirinyaga set out on pages 1 to 20, which comprise the statement financial assets as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and statements of comparison of budget and actual amounts – recurrent and development 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, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of County Assembly of Kirinyaga as at 30 June, 2018, 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 comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unreconciled Differences - Compensation of Employees

The compensation of employees' expenditure figure of Kshs.236,238,664 for the year ended 30 June 2018 is at variance with IFMIS payments details of Kshs.227,732,107, resulting in a difference of Kshs.8,506,557. Further, included under compensation of employees as disclosed in Note 4 to the financial statements is an expenditure of Kshs.111,010,894 relating to basic salaries of permanent employees. However, this expenditure figure is at variance with an amount Kshs.111,062,894 shown in the supporting schedules. No explanations or reconciliations have been provided for these variances.

As a result, the accuracy of the expenditure figure of Kshs.236,238,664 on compensation of employees during the year under review cannot be confirmed.

2. Pending Bills

The financial statements of the County Assembly indicate that bills amounting to Kshs.19,644,640 that were incurred during the year under review were not settled but carried forward to 2018/2019. Had the bills been paid and the expenditure charged to the accounts for the year under review, the deficit of Kshs.20,453 reflected in the statement of receipts

and payments would have increased to Kshs.19,665,093, an indication that the management entered into financial commitments for which no resources were available.

Further, failure to settle bills during the year to which they relate distorts the financial statements for that year and adversely affects the provisions for the subsequent year to which they have to be charged.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of County Assembly of Kirinyaga 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 qualified 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 Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

1. Overall Budget Performance

The statement of comparison of budget and actual amounts; recurrent and development combined reflects an overall budget under absorption of Kshs.68,296,990 or 12% as tabulated below:

Vote	Approved Budget 2017/2018 Kshs.	Actual Expenditure 2017/2018 Kshs.	Over/(Under) Absorption Kshs.	Over/(Under) Absorption %
Recurrent	490,547,175	490,567,627	20,452	0.0
Development	93,000,000	24,682,558	(68,317,442)	73
Total	**583,547,175**	**515,250,185**	**(68,296,990)**	12

The above analysis shows that the under absorption of approved budget relates to development vote which impacted negatively on the implementation of approved development projects. However, the management has not provided explanation for the failure to utilize fully budgetary provisions as appropriated by the County Assembly.

1. Variances Between Financial Statements and IFMIS Records

The figures reflected in the financial statements for the year ended 30 June 2018 vary with IFMIS records as summarized below:

Item	Actual Receipts/ Expenditure as Per IFMIS Extracts Kshs.	Actual Receipts/ Expenditure as per Financial Statements Kshs.	Difference Kshs.
Tax Receipts	202,399.00	0.00	202,399.00
Compensation of Employees	227,732,107.10	236,238,664.00	-8,506,556.90
Use of Goods and Services	185,789,763.75	239,164,221.00	-53,374,457.25
Other Grants and Transfers	3,200,000.00	0.00	3,200,000.00
Social Security Benefits	47,240,860.00	0.00	47,240,860.00
Acquisition of Assets	177,165,403.30	39,847,301.00	137,318,102.30
Other Payments	6,188,700.00	0.00	6,188,700.00

No reconciliations or satisfactory explanations have been provided for the above variances

2. Variances Between Statement of Comparison of Budget & Actual Amounts and IFMIS Budget Report

Further analysis of budget figures reflected in the statement of comparison of budget and actual amounts presented for audit and IFMIS budget report revealed variances as shown below:

	IFMIS Budget Report Figures			Budget Figures As Per the Financial Statements		
Item Category	Printed Estimate Kshs	Supple-mentary Estimates-Kshs	Final Approved Estimate (Net) Kshs	Statement of Compa-rison of Budget & Actual Amounts-Kshs	Supple-mentary Estimates Kshs	Differences-Kshs.
Exchequer Releases	0	0	0	583,547,175	0	-583,547,175
Payments					0	
Compensation Of Employees	171,634,751	57,211,584	228,846,335	228,846,335	0	1,114,228
Use Of Goods And Services	143,444,985	52,314,995	195,759,980	199,459,980	0	9,970,216
Other Grants And Transfers	2,400,000	800,000	3,200,000	0	0	0
Social Security Benefits	38,805,645	8,435,215	47,240,860	47,240,860	0	0
Acquisition Of Assets	115,806,250	129,268,750	245,075,000	108,000,000	0	67,909,597
Other Payments	0	0	0	6,188,700	0	-6,188,700
TOTAL	**472,091,631**	**248,030,544**	**720,122,175**	**583,547,175**	**0**	**-510,741,834**

No reconciliations or satisfactory explanations have been provided for the above variances.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on lawfulness and effectiveness in use of public resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Staff Establishment

1.1. Unauthorized Administrative Officer Positions

A review of County Assembly Human Resource records revealed that the County Assembly did not have an approved staff establishment in 2017/2018 financial year. Further, a review of proposed staff establishment for administrative officers indicates that two positions are provided for in the establishment against ten administrative officers currently in that position which is an indication of existence of unauthorized positions.

Further, although the Commission on Revenue Allocation in a Circular Reference CRA/FA/01 VOL.11(22) dated 28 June 2018 capped the maximum number of staff in County Assembly of Kirinyaga, the County Assembly Service Board has not identified the number of different cadres of staff to be employed. In the circumstances, the actual number of staff approved to be in employment of the Assembly can not be established.

1.2. Appointment of Unqualified Staff – Hansard Reporter II

Examination of recruitment records for the County Assembly revealed that on 24 July 2017 the management appointed two officers to the position of Hansard Reporter II who never met the required minimum qualifications. The advertisement notice of vacant position provided that the candidate should have a Bachelor's Degree in Journalism/Mass Communication/Linguistics majoring in English and Kiswahili, and Typing II. However, a review of personal files showed that one of those employed had a Bachelor of Environmental Studies while the other had Bachelor of Technology in Science Laboratory. The management did not explain why the two were considered yet they did not meet the selection criteria.

Further, records indicate that on 10 August 2017 after the two officers were appointed, one of the officers was re-deployed as Second Clerk Assistant/Clerk Assistant II. The re-deployment made those in that position to be five against a total of four vacant posts advertised and therefore excess appointments. In addition, before the re-deployment of the officer, three Hansard Reporter II officers had been appointed to the posts on 24 July 2017 against the advertised two vacant posts. The management has however not provided satisfactory explanation for the irregularities noted.

In the circumstances, the County Assembly is in breach of the County Governments Act, 2012, and the County Public Service Human Resource Manual.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance/Qualified Opinion sections of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

County Ward Staff

An audit review of records relating to recruitment of new ward staff revealed that the positions were not competitively filled or advertised and the Assembly does not have a salary structure or job descriptions for the ward staff. Further, the officers with same designations were paid different salaries. No explanation has been provided for these anomalies.

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Those Charged with Governance

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 maintaining effective 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 and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, management is responsible for assessing the County Assembly of Kirinyaga ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to 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.

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective manner.

Those charged with governance are responsible for overseeing the County Assembly of Kirinyaga financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected

within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the County Assembly of Kirinyaga policies and procedures may deteriorate.

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.

- 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 of Kirinyaga's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the 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 of Kirinyaga to cease sustaining its services.

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

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

18 February 2019

COUNTY ASSEMBLY OF KIRINYAGA
Reports and Financial Statements
For the year ended June 30, 2018

III. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017/2018 Kshs	2016/2017 Kshs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	515,229,733	482,465,015
Proceeds from Sale of Assets	2		
Other Receipts	3		
TOTAL RECEIPTS		515,229,733	482,465,015
PAYMENTS			
Compensation of Employees	4	236,238,664	224,708,595.82
Use of goods and services	5	239,164,221	252,174,041.31
Subsidies	6	-	-
Transfers to Other Government Entities	7	-	-
Other grants and transfers	8		-
Social Security Benefits	9	-	-
Acquisition of Assets	10	39,847,301	5,069,784.96
Finance Costs	11	-	-
Other Payments	12	-	-
TOTAL PAYMENTS		515,250,186	481,952,422.09
SURPLUS/DEFICIT		(20,453)	512,592.91

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on **September 1st, 2018** and signed by:

Clerk of the Assembly

COUNTY ASSEMBLY OF KIRINYAGA
01 NOV 2018
P. O. Box 55 - 10300
KERUGOYA

Director-finance and accounting

COUNTY ASSEMBLY OF KIRINYAGA
DIRECTOR - FINANCE & ACCOUNTING
01 NOV 2018
P. O. Box 55 - 10300,
KERUGOYA

IV. STATEMENT OF FINANCIAL ASSETS

	Note	2017/2018 Kshs	2016/2017 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	13A	2,057,418	21,053
Cash Balances	13B	16,046	15,768
Total Cash and cash equivalents		-	-
Accounts receivables – amounts with county Treasury(unutilized)	14	488,765	488,765.00
TOTAL FINANCIAL ASSETS		**2,562,228**	**525,587**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	15	(2,057,095)-	-
NET FINANCIAL ASSETS		**505,134**	**525,587**
REPRESENTED BY			
Fund balance b/fwd	16	525,587	12,994
Surplus/Defict for the year		(20,453)	512,592.91
NET FINANCIAL POSITION		**505,134**	**525,587**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on September **1st, 2018** and signed by:

Clerk of the Assembly

COUNTY ASSEMBLY OF KIRINYAGA
01 NOV 2018
P. O. Box 55 - 10300
KERUGOYA

Director-finance and accounting

COUNTY ASSEMBLY OF KIRINYAGA
DIRECTOR - FINANCE & ACCOUNTING
01 NOV 2018
P. O. Box 55 - 10300,
KERUGOYA

V. STATEMENT OF CASHFLOW

	Note	2017/2018 Kshs	2016/2017 Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from operating income			
Transfers from the County Treasury/Exchequer Releases	1	515,229,733	482,465,015
Other Receipts	3		-
Payments for operating expenses			
Compensation of Employees	4	(236,238,664)	(224,708,596)
Use of goods and services	5	(239,164,221)	(252,174,041)
Subsidies	6	-	-
Transfers to Other Government Entities	7	-	-
Other grants and transfers	8		-
Social Security Benefits	9	-	-
Finance Costs	10	-	-
Other Payments	11	-	-
Adjusted for:			
Adjustments during the year-		-	-
Net cash flows from operating activities		**39,826,848**	**5,582,376**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	39,847,301	-5,069,784
Retentions		(2,057,095)	
Net cash flows from investing activities		**37,790,206**	**-5,069,784**
NET INCREASE IN CASH AND CASH EQUIVALENT		**2,036,642**	**512,592**
Cash and cash equivalent at BEGINNING of the year		**525,586**	**12,994**
Cash and cash equivalent at END of the year		**2,562,228**	**525,586**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on **September 1st, 2018 and** signed by:

Clerk of the Assembly

CLERK
COUNTY ASSEMBLY OF KIRINYAGA
01 NOV 2018
P. O. Box 55 - 10300
KERUGOYA

Director-finance and accounting

COUNTY ASSEMBLY OF KIRINYAGA
DIRECTOR - FINANCE & ACCOUNTING
01 NOV 2018
P. O. Box 55 - 10300,
KERUGOYA

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 utilization difference to final budget
	Kshs	Kshs	Kshs	Kshs	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	583,547,175	0	583,547,175	515,229,733	88%
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	**583,547,175**		**583,547,175**	**515,229,733**	
PAYMENTS					
Compensation of Employees	228,846,335		228,846,335	191,962,633	84%
Use of goods and services	199,459,980		199,459,980	239,164,221	120%
Subsidies					
Transfers to Other Government Entities					
Other grants and transfers					
Social Security Benefits-GRATUTIES	47,240,860		47,240,860	44,276,031	94%
Acquisition of Assets	108,000,000		108,000,000	39,847,301	37%
Finance Costs					
Other Payments					
TOTAL	**583,547,175**		**583,547,175**	**515,250,186**	**88%**

The entity financial statements were approved on **September 1st, 2018** and signed by:

Clerk of the Assembly

CLERK
COUNTY ASSEMBLY OF KIRINYAGA
01 NOV 2018
P. O. Box 55 - 10300
KERUGOYA

Director-finance and accounting

COUNTY ASSEMBLY OF KIRINYAGA
DIRECTOR - FINANCE & ACCOUNTING
01 NOV 2018
P. O. Box 55 - 10300,
KERUGOYA

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of utilization difference to final budget
	Kshs	Kshs	Kshs	Kshs	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	490,547,175	-	490,547,175	490,567,627	100%
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	**490,547,175**		**490,547,175**	**490,567,627**	
PAYMENTS					
Compensation of Employees	228,846,335	-	228,846,335	191,962,633	84%
Use of goods and services	199,459,980	-	199,459,980	239,164,221	120%
Subsidies					
Other grants and transfers					
Social Security Benefits-GRATUTIES	47,240,860		47,240,860	44,276,031	94%
Acquisition of Assets	15,000,000		15,000,000	15,164,743	100%
Finance Costs					
Other Payments					
TOTAL	**490,547,175**		**490,547,175**	**490,567.627**	**100%**

(a) The assembly received 100% of total allocations on the year 2017/2018 kshs.490,547,175.00
(b) However there was overutilization on use of goods and services ,this is because increase in prices of supplies due to inflations

The entity financial statements were approved on **September 1st, 2018** and signed by:

Clerk of the Assembly

CLERK
COUNTY ASSEMBLY OF KIRINYAGA
01 NOV 2018
P. O. Box 55 - 10300
KERUGOYA

Director-finance and accounting

COUNTY ASSEMBLY OF KIRINYAGA
DIRECTOR - FINANCE & ACCOUNTING
01 NOV 2018
P. O. Box 55 - 10300,
KERUGOYA

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of utilization difference to final budget
	Kshs	Kshs	Kshs	Kshs	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	93,000,000-		93,000,000	24,682,558	27%-
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	-	-
TOTAL	**93,000,000-**		**93,000,000-**	**24.682,558**	27%--
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	93,000,000-		93,000,000-	24,682,558-	27%--
Finance Costs	-	-	-	-	-
Other Payments	-	-	-	-	-
TOTAL	**93,000,0000-**	-	**93,000,000-**	**24,682,558-**	27%--

(a) There underutilization of development money for renovation of chambers house which was supposed to utilize kshs93, 000,000. Due to procurement process.

The entity financial statements were approved on **September 1st, 2018** and signed by:

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01 NOV 2018
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01 NOV 2018
P. O. Box 55 - 10300,
KERUGOYA

IX. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

5. **Accounts Receivable**

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

6. **Accounts Payable**

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

7. **Non-current assets**

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

8. **Pending bills**

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

9. **Budget**

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

10. **Subsequent events**

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

X. NOTES TO THE FINANCIAL STATEMENTS

1 Transfers from the County Treasury/Exchequer Releases

Description	2017/2018	2016/2017
	Kshs	Kshs
Total Exchequer Releases for quarter 1	101,340,000	119,000,000
Total Exchequer Releases for quarter 2	130,500,000	123,000,000
Total Exchequer Releases for quarter 3	159,682,558	123,000,000
Total Exchequer Releases for quarter 4	123,707,175	117,465,015
Total	**515,229,733**	**482,465,015**

2 PROCEEDS FROM SALE OF ASSETS

Description	2017/2018	2016/2017
	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	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 OTHER RECEIPTS

Description	2017/2018 Kshs	2016/2017 Kshs
Interest from Bank-Car Loan/Mortgage Account		
Other Receipts II		
Other Receipts III		
Other Receipts IV		
Other Receipts XXXX		
Total		-

4 COMPENSATION OF EMPLOYEES

Description	2017/2018 Kshs	2016/2017 Kshs
Basic salaries of permanent employees	111,010,894	132,714,162.52
Basic wages of temporary employees		-
Personal allowances paid as part of salary	80,951,739	76,742,259.80
Personal allowances paid as reimbursements		-
Personal allowances provided in kind	-	-
Pension and other social security contributions	44,276,031	15,252,173.50
Compulsory national social security schemes		-
Compulsory national health insurance schemes		-
Social benefit schemes outside government		-
Other personnel payments		-
Total	**236,238,664**	**224,708,595.82**

5 USE OF GOODS AND SERVICES

Description	2017/2018 Kshs	2016/2017 Kshs
Utilities, supplies and services	603,893	1,198,260
Communication, supplies and services	3,096,084	2,662,856
Domestic travel and subsistence	128,199,479	112,366,413
Foreign travel and subsistence	15,783,224	8,225,928
Printing, advertising and information supplies & services	27,583,170	31,664,247
Rentals of produced assets	1,528,300	2,320,000
Training expenses	5,220,748	28,393,723
Hospitality supplies and services	11,094,824	15,386,153
Insurance costs	16,218,767	11,592,035
Specialized materials and services	2,783,590	2,824,232
Fuel Oil and Lubricant	2,855,083	2,291,676

Description	2017/2018 Kshs	2016/2017 Kshs
Office and general supplies and services	17,792,909	19,222,085
Other operating expenses	1,780,550	8,394,060
Membership subscriptions	2,344,000	3,869,257
Routine maintenance – other assets	2,279,600	1,763,116
Total	**239,164,221**	**252,174,041**

6 SUBSIDIES

Description	2017/2018 Kshs	2016/2017 Kshs
Subsidies to Public Corporations		
See list attached		
	-	-
	-	-
Subsidies to Private Enterprises		
See list attached	-	-
	-	-
TOTAL	-	-

7 TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2017/2018 Kshs	2016/2017 Kshs
Transfers to National Government entities		
See attached list	-	-
Transfers to Counties		
County Assembly Car Loan Fund Account	-	-
(insert name of budget agency)	-	-
TOTAL	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 OTHER GRANTS AND TRANSFERS

Description	2017/2018 Kshs	2016/2017 Kshs
Scholarships and other educational benefits	-	-
Emergency relief and refugee assistance	-	-
Subsidies to small businesses, cooperatives, and self employed	-	-
Other current transfers, grants		-
Other capital grants and transfers	-	-
Total		-

9 SOCIAL SECURITY BENEFITS

Description	2017/2018 Kshs	2016/2017 Kshs
Government pension and retirement benefits	-	-
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	-	-
Total	-	-

10 ACQUISITION OF ASSETS

Description	2017/2018 Kshs	2016/2017 Kshs
Non financial assets		
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	24,682,558	341,270-
Construction of Roads	-	-
Construction and Civil Works	-	-
Overhaul and Refurbishment of Construction and Civil Works		753,135-
Purchase of Vehicles and Other Transport Equipment	11,996,600	1,878,800
Overhaul of Vehicles and Other Transport Equipment	-	758,100-
Purchase of Household Furniture and Institutional Equipment		-
Purchase of Office Furniture and General Equipment	2,042,814	1,338,480-
Purchase of ICT Equipment, Software and Other ICT Assets	1,125,329-	-
Purchase of Specialised Plant, Equipment and Machinery	-	-
TOTALS	**39,847,301**	**5,069,785**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13A BANK ACCOUNTS

Name of Bank, Account No. & Currency	**Indicated whether recurrent or development**	**2017/2018**	**2016/2017**
		Kshs	**Kshs**
Central Bank of Kenya,Account No.1000195614 Kshs recurrent acc	Recurrent	0	20,453-
Co-operative Bank, Account No.01141567001400 Kshs Imprest acc	Recurrent	323.01	600-
Central Bank of Kenya, Account No.100195622 Kshs county Assembly Development acc	Developments	2,057,095.05	0-
S.Total		**2,057,418.06**	**21,053-**
Cash in hand		1,426	15,768
TOTALS		**2,058,844**	**36,821**

COUNTY ASSEMBLY OF KIRINYAGA					
LIST OF CREDITORS					
S/NO.	SUPPLIER'S NAME	LSO/LPO NO.	INVOICE NO.	AMOUNT	TOTAL
1	KASARANI SPORTSVIEW		26478	518,645.00	
		1569314	26976	67,200.00	
			26975	56,000.00	
			26977	126,000.00	
		1569017	26398	56,000.00	
		1569026	26621	89,600.00	
		1569024	26622	25,200.00	
		1569015	26396	56,000.00	
		1569037	26909	84,410.00	
		1569037	26910	92,400.00	
		1569011	26399	127,390.00	
		1569026	26620	92,400.00	
		1569026	26619	100,800.00	
		1569033	26781	103,600.00	
		1569033	26779	112,055.00	
		1569033	26780	123,200.00	
		1569016	26400	106,400.00	
		1566321	26993	179,200.00	
		1569319	27000	252,000.00	
		1569320	26999	145,750.00	
		1569319	27000	252,000.00	

		1569331	27038	39,200.00	
		1569327	27035	271,865.00	
		1569321	26993	179,200.00	**3,256,515.00**
2	THE LUKE HOTEL	1569301	1800	76,000.00	**76,000.00**
4	SUNSTAR HOTEL				
		156910		82,500.00	
		1569007		50,000.00	
		1569045		125,000.00	
				25,000.00	
		1569328		170,000.00	
		1569045		90,000.00	**542,500.00**
5	SAI ROCK HOTEL AND BEACH RESORTS		SH2482	191,500	
			SH2338	261,750	
			SH2379	562,100	
			SH2381	202,000	
			SH2384	19,400	**1,236,750**
6	AMACO		AML/070/1/036986/2016/03	230,849.00	
		1569023	AML/080/1/027369/2017	38,572.00	**269,421.00**
7	DENLOY INVESTMENT	2773332		39,999.97	
		2773337		50,000.00	
		2773341		50,000.00	
		2773342		31,650.00	
		2773343		244,800.00	
		2773345		3,720.00	

		2773349		50,000.00	
		3128553		163,800.00	
		3128555		20,125.00	
		3128554		82,194.00	
		3128559		23,150.00	
		3128560		126,075.00	
		3128561		25,000.00	
		3128562		163,800.00	**1,074,313.97**
8	ASSEST SECURITY SYSTEMS LTD		583	48,000.00	
			530	48,000.00	
			485	48,000.00	
			461	48,000.00	**192,000.00**
9	MOUNTAIN BREEZE HOTEL			187,000.00	**187,000.00**
	FLAMINGO BEACH RESORT			411,000.00	**411,000.00**
10	CMC MOTORS GROUP LTD			682,363.00	**682,363.00**
11	JOSTEL ENTERPRISES LTD	2773338	26	855,000.00	**855,000.00**
12	JIMOR CREATIONS	3128556		135,000.00	**135,000.00**
13	GAEL BIZNA INVESTMENT	3128571		48,000.00	**48,000.00**
14	GAEL BIZNA INVESTMENT	3128575		144,000.00	**144,000.00**
15	TURINJIRU ENTERPRISES	2773339	11	588,000.00	**588,000.00**
16	CIC GROUP		20		

				288,626.61	**288,626.61**
17	THE STAR		TSIO25399	220,155.00	
			TSI026404	152,424.00	
			TSI026930	76,953.24	
			TSI027213	85,503.60	
			TSI027624	85,503.60	
			TSI027772	150,800.00	
			TSI028039	85,503.60	
			TSI028040	85,503.60	
			TSI028375	85,503.60	
			TSI028408	85,503.60	
			TSI028725	85,503.60	
			TSI028781	85,503.60	
			TSI028787	169,360.00	
			TSI028936	85,503.60	**1,539,224.64**
18	THE STANDARD GROUP LTD	80020490		239,076.00	
		80021558		160,872.28	
		80026244		170,025.84	
		80044714		177,480.00	**747,454.12**
19	MEDIAX		INV16834	229,680.00	
			INV17662	120,060.00	
			INV19307	1,200.00	
			INV34200	6,900.00	
			INV36381	13,200.00	

			INV36482	6,900.00	
			INV37435	6,900.00	
			INV42429	162,400.00	
			INV42942	81,200.00	
			INV43809	81,200.00	
			INV43816	81,200.00	
			INV43833	81,200.00	
			INV44920	81,200.00	
			INV45006	162,400.00	
			INV45042	81,200.00	
			INV45043	162,400.00	**1,359,240.00**
20	NATION MEDIA GROUP LIMITED		2465164	313,780.00	
			2527795	183,280.00	
			2529680	135,720.00	
			2530127	135,720.00	
			2531285	260,130.00	
			2532380	183,280.00	
			2532897	307,353.60	
			2540747	135,720.00	
			2547737	91,640.00	
			2547738	91,640.00	**1,838,263.60**
21	KENYATTA UNIVERSITY CONFERENCE	919970	715	956,960.00	**956,960.00**

22	SMART AND SURE ENTERPRISES	001/003	3128551/3128552 & 2773350	54,680.00	**54,680.00**
23	TEVNY OAK KENYA LTD	2773256	60	64,000.00	**64,000.00**
24	RHENIUM SOLUTIONS LTD	1569332		504,600.00	**504,600.00**
25	TETRAD ENTERPRISES	2773254	63	105,000.00	**105,000.00**
27	KENYA INSTITUTE OF SUPPLIES MGT	2371802		203,928.00	**203,928.00**
28	GLOBAL DESTINATION		592	74,470.00	
			609	84,215.00	
			610	32,500.00	
			683	33,280.00	
			614	100,125.00	
			637	139,050.00	
			643	138,250.00	
			644	304,200.00	
			684	153,600.00	
			655	128,280.00	
			666	65,000.00	
			672	105,000.00	
			674	201,830.00	
			680	193,800.00	
			681	362,700.00	**2,116,300.00**
29	SLOPES VILLA HOTEL	1569333	310	22,750.00	**22,750.00**

					19,498,889.94

NB/ Amount indicated above was caused by delay in the release of funds from national treasury and which has been recurring every end of financial year.

FOR THE MONTH OF JUNE 2018

COOPERATIVE BANK -KERUGOYA BRANCH - ACCOUNT NO.01141567001400			
	DETAILS	**AMT-KSHS**	**TOTALS-KSHS**
BALANCE AS PER CASH BOOK			**1,426.06**
ADD			
Unpresented cheques		-	-
direct deposit			
cheques paid in bank but ommitted in cashbook			
Credits in bank not in cashbook			
LESS			
Dishonoured Cheques			
Standing Charges			
Bank Charges		1,103.05	(1,103.05)
issued cheques Unrecorded in cashbook			
Balance as per bank statement			**323.01**
			323.01
PREPARED BY,		**CHECKED BY,**	
NAME		**NAME**	
DESIGNATION-DIRECTOR ACC & FIN.		**DESIGNATION-AIE HOLDER CERTIFICATE**	
SIGNATURE		**SIGNATURE**	
DATE		**DATE**	

CLERK
COUNTY ASSEMBLY OF KIRINYAGA
01 NOV 2018
P. O. Box 55 - 10300
KERUGOYA