REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY ASSEMBLY OF TRANS NZOIA

FOR THE YEAR ENDED 30 JUNE 2018

OFFICE OF THE AUDITOR GENERAL
WESTERN HUB
20 SEP 2018

COUNTY ASSEMBLY OF TRANS-NZOIA

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30TH, 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 COUNTY ASSEMBLY OF TRANS NZOIA INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Key Management

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

No.	Designation	Name
1.	County Assembly Speaker.....	Hon. Joshua Mutoto Werunga
2.	County Assembly Clerk.....	CPA/CPS Ainea Obare Indakwa
3.	Principal Finance Officer.....	CPA Moses Wanjala Lupao I.C.P.A.K NO. 8315

(c) Fiduciary Management

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

No.	Designation	Name
1.	Clerk of the assembly	CPA/CPS Ainea Obare Indakwa
2.	Principal Finance Officer	CPA Moses Wanjala Lupao I.C.P.A.K NO. 8315

(d) Fiduciary Oversight Arrangements

INTERNAL AUDIT

The internal audit office is generally to safeguard the assets and liabilities of the county Assembly by making the regulatory execution of the daily financial transactions visa vis Policy (budget/plan) of the county assembly.

FINANCE DEPARTMENT

The finance office ensures proper planning and financial management for the county Assembly.

BUDGET OFFICE

This office assists in budget preparation and analysis and ensures proper implementation of the county assembly budget.

(e) Trans Nzoia County Assembly
County Assembly Building/House/Plaza
County Assembly Road/Highway
P.O. Box 4221-30200
KITALE, KENYA

(f) Trans Nzoia County Assembly Contacts

Telephone: **054-31380/31617**
E-mail: transnzoiacountyassembly@gmail.com
Website: www.transnzoiaassembly.go.ke

(g) Trans Nzoia County Assembly Bankers

1. Central Bank of Kenya-County Revenue Fund
   Account No. 1000171596
   Haile Selassie Avenue
   P.O. Box 60000
   City Square 00200
   Nairobi, Kenya

2. Central Bank of Kenya-Recurrent
   Account No. **1000240695**
   Nairobi-Kenya

3. Central Bank of Kenya-Recurrent
   Account No. **1000297255**
   Nairobi-Kenya

4. Family Bank-Imprest Account
   Account No. 093000034860
   Kitale-Kenya

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

II. FORWARD BY THE CLERK OF THE ASSEMBLY

The County assembly of Trans Nzoia had a total budget of **Ksh. 604,438,969** for the financial year 2017/2018, which consisted of recurrent budget of **Ksh.530, 452,425** and development budget of **Ksh. 73,986,544**

The total exchequer release for the recurrent budget was **Ksh 530,452,425** representing 100 % of the approved recurrent budget estimates. However, the assembly development budget of **Ksh. 73,986,544** was not utilized by end of financial year because of the technical challenges occasioned by Integrated Financial Management and Information System (IFMIS). To ensure that there is value for money, the county assembly had to re-budget the same projects in the current budget of FY2018/2019.

Sign

CLERK
COUNTY ASSEMBLY OF TRANS-NZOIA

Clerk of the County Assembly

REPUBLIC OF KENYA

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

P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the County Assembly of Trans Nzoia set out on pages 1 to 16, which comprise the statement of financial assets and liabilities as at 30 June 2018 , and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts 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 effect 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 Trans Nzoia 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. Use of Goods and Services

1.1 Routine Maintenance of Motor Vehicles

Included in the use of goods and services expenditure figure of Kshs.201,925,132 is an amount of Kshs.729,950 paid to two local motor vehicle garages in respect of purchase of spares and repair of motor vehicles. However, the payments were not supported by pre-service and post service inspection reports from the Chief Mechanical Engineer of the State Department of Roads and Public Works as required. The payments were also not supported by the minutes of tender evaluation and tender award and invoices.

1.2 Irregular Charge of Expenditure - Rentals of Produced Assets

Use of goods and services figure of Kshs.201,925,132 for the year ended 30 June 2018 includes rental of produced assets figure of Kshs.17,976,000 which in turn includes an amount of Kshs.2,646,000 paid to twenty one (21) Members of the County Assembly (MCAs) as per diem allowances to enable them attend KICOSCA/CASA games in Machakos County. However, the expenditure was correctly chargeable to domestic

travel and subsistence but authority authorizing re-allocation of funds was not availed for audit review.

1.3 Foreign Travel and Subsistence

Included in the use of goods and services figure of Kshs.201,925,132 reflected under Note 5 is foreign travel and subsistence expenditure of Kshs.6,438,792 out of which Kshs.5,395,192 in respect of foreign travel by the officials of the County Assembly were not properly supported by copies of authority to travel outside the country as well as boarding passes as required.

In the circumstances, it was not possible to ascertain propriety and accuracy of the use of goods and services incurred during the year under review.

2. Accounts Receivables

The staff advances balance of Kshs.996,926 was due from ten (10) members of staff as at 30 June 2018. However, the advances register was not availed for audit review to indicate when such advances were applied for and the due accounting date.

Consequently, the accuracy of the staff advances balance of Kshs.996,928 as at 30 June 2018 could not be confirmed.

3. Variances Between the Financial Statements Figures and the IFMIS Report

Audit review of the financial statements submitted for audit revealed variances with the IFMIS report in both receipts and payments. The financial statements reflected total exchequer releases amounting to Kshs.530,452,425 while the IFMIS report reflected nil balance. The financial statements further reflected total payments amount of Kshs.533,890,996 as compared to IFMIS report figure of Kshs.437,724,300 resulting to a variance of Kshs.96,166,696 as detailed below:

Item	IFMIS Report Actual Kshs.	Financial Statements Kshs.	Variance Kshs.
Receipts			
Exchequer releases	-	530,452,425.00	(530,452,425.00)
Payments			
Compensation of Employees	247,120,556.45	285,295,376.00	(38,174,819.55)
Use of goods and Services	172,345,995.10	201,925,132.00	(29,579,136.90)
Social Security Benefits	18,417,573.00	30,223,779.00	(11,806,206.00)
Acquisition of Assets	(159,825.00)	11,897,550.00	(12,057,375.00)
Other payments	-	4,549,159.00	(4,549,159.00)
Total	**437,724,299.55**	**533,890,996.00**	**(96,166,696.45)**

Although the two records are supposed to be in agreement, no reason or reconciliation has been provided for the variances arising between the two sets of record.

Consequently, the accuracy of the financial statements for the year ended 30 June 2018 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of County Assembly of Trans Nzoia 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 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

Budget Control and Performance

During the year under review, the County Assembly had an approved budget of Kshs.604,438,969 as compared to the actual expenditure of Kshs.533,890,996 resulting to an under expenditure of Kshs.70,547,973 or 12% of the budget as below:

Item	Approved Budget 2017/2018 (Kshs)	Actual Expenditure 2017/2018 (Kshs)	Variance (Kshs)	% of Utilization Difference to Final Budget
Compensation of Employees	285,303,353	285,295,376	7,977	100%
Use of goods and services	202,979,479	201,925,132	1,054,347	99%
Social Security Benefits	30,269,593	30,223,779	45,814	100%
Acquisition of Assets	85,886,544	11,897,550	73,988,994	14%
Other Payments	-	4,549,159	- 4,549,159	
Total	**604,438,969**	**533,890,996**	**70,547,973**	**88%**

The under-expenditure was recorded mainly on acquisition of assets on which an expenditure of Kshs.11,897,550 representing 14% of the budget of Kshs.85,886,544 was recorded, resulting to an under expenditure of Kshs.70,547,973 representing 86%.

Further, the County Assembly recorded an expenditure of Kshs.4,549,159 on other payments although the same was not provided for in the approved budget.

The under-absorption of the approved budget is an indication that some activities and projects in the annual plan were not implemented by the County Assembly. This is likely to have negative effects on delivery of goods and services to the residents of Trans Nzoia County. There is therefore need for the management to re-look at its budget implementation mechanisms with a view to focus on priority areas that will enhance service delivery to the residents.

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 matter 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

Public Participation

The County Assembly of Trans Nzoia incurred an expenditure of Kshs.1,048,000 to organize public participation on budget estimates for 2017/2018 on 25 April, 2017 held in various places within Kitale town. The event was organized and attended by the Members of the County Assembly and secretariat staff where they engaged the citizens in discussing the budget estimates for the year under review. However, the same exercise had earlier been done by the County Executive and submitted to the Assembly for approvals. Consequently, the expenditure of Kshs.1,048,000 incurred by the Assembly on public participation amounts to nugatory payment.

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 matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Failure to Establish an Audit Committee

By the time of audit, the County Assembly had not established an audit committee contrary to Section 167(1) of the Public Finance Management (County Government) Regulations, 2015 which require each county government entity to establish an audit committee. The County Assembly was therefore in breach of the law.

2. Lack of Independent Internal Audit Function

Although, the Assembly has established an internal audit unit, the audit function reports both administratively and functionally to the Clerk of the County Assembly instead of an audit committee contrary to Regulation 155(1) of the Public Finance Management (County Government) Regulations 2015. In addition, the internal audit function operated without an approved internal audit charter detailing the scope, responsibilities and purpose of internal audit function as required.
Consequently, the unit lacks the operational independence to execute its mandate of overseeing governance mechanisms and promoting transparency and accountability in management of the County Assembly.

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 effective 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 Assembly's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the basis of accounting unless the management either intends to liquidate the Assembly or to cease operations, or have no realistic alternative but to do so.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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 way.

Those charged with governance are responsible for overseeing the 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 noncompliance. 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 policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 Assembly's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the 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 Assembly to cease to continue as a going concern or to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the 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

18 February 2019

III. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017-2018 Kshs	2016-2017 Kshs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	530,452,425	534,270,936
Proceeds from Sale of Assets	2	-	-
Other Receipts (Personnel Emoluments-advances & Imprest)	3	-	-
TOTAL RECEIPTS		**530,452,425**	**534,270,936**
PAYMENTS			
Compensation of Employees	4	285,295,376	315,013,013
Use of goods and services	5	201,925,132	172,367,620
Subsidies	6	-	-
Transfers to Other Government Entities	7	-	-
Other grants and transfers	8	-	-
Social Security Benefits-Gratuity	9	30,223,779	51,281,787
Acquisition of Assets	10	11,897,550	1,204,780
Finance Costs	11	-	-
Other Payments	12	4,549,159	-
TOTAL PAYMENTS		**533,890,996**	**539,867,200**
SURPLUS/DEFICIT		**(3,438,571)**	**(5,596,264)**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 17th September 2018 and signed by:

AINEA OBARE INDAKWA
Clerk of the County Assembly

CLERK
COUNTY ASSEMBLY OF TRANS-NZOIA

CPA LUPAO MOSES WANJALA 8315
Principal Finance Officer – County Assembly

IV. STATEMENT OF FINANCIAL ASSETS

FINANCIAL ASSETS	Note	2017/18 Kshs	2016/17 Kshs
Cash and Cash Equivalents			
Bank Balances	13A	51,943	486,392
Cash Balances	13B	-	-
Total Cash and cash equivalents		**51,943**	**486,392**
Accounts receivables – Outstanding Imprests	14A		3,180,000
-Staff Advances	14 B	996,928	821,050
TOTAL FINANCIAL ASSETS		**1,048,871**	**4,487,442**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	15	-	-
NET FINANCIAL ASSETS		**1,048,871**	**4,487,442**
REPRESENTED BY			
Fund balance b/fwd	16	4,487,442	10,083,706
Surplus/Deficit for the year		(3,438,571)	(5,596,264)
NET FINANCIAL POSITION		**1,048,871**	**4,487,442**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 17th September 2018 and signed by:

AINEA OBARE INDAKWA
Clerk of the County Assembly

CLERK
COUNTY ASSEMBLY OF TRANS-NZOIA

CPA LUPAO MOSES WANJALA 8315
Principal Finance Officer – County Assembly

V. STATEMENT OF CASHFLOW

	NOTE	2017/18 Kshs	2016/17 Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from operating income			
Transfers from the County Treasury/Exchequer Releases	1	530,452,425	534,270,936
Other Receipts	3	-	-
Payments for operating expenses			
Compensation of Employees	4	285,295,376	315,013,013
Use of goods and services	5	201,925,132	172,367,620
Subsidies	6	-	-
Transfers to Other Government Entities	7	-	-
Other grants and transfers	8	-	-
Social Security Benefits-Gratuity	9	30,223,779	51,281,787
Finance Costs	11	-	-
Other Payments	12	4,549,159	-
Adjusted for:			
Adjustments during the year		-	-
Net cash flows from operating activities		**8,458,979**	**(4,391,484)**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	11,897,550	1,204,780
Net cash flows from investing activities		**11,897,550**	**1,204,780**
NET INCREASE IN CASH AND CASH EQUIVALENT		**(3,438,571)**	**(5,596,264)**
Cash and cash equivalent at BEGINNING of the Year		**4,487,422**	**10,083,706**
Cash and cash equivalent at END of the Year		**1,048,871**	**4,487,442**
As per statement of assets		**1,048,871**	**4,487,442**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 17th September 2018 and signed by:

AINEA OBARE INDAKWA
Clerk of the County Assembly

CPA LUPAO MOSES WANJALA 8315
Principal Finance Officer – County Assembly

CLERK
COUNTY ASSEMBLY OF TRANS-NZOIA

VI. SUMMARY STATEMENTOF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Difference in Budget utilization	% of Utilisation difference to final budget
	Kshs	Kshs	c=a+b	e=d-c		Kshs
RECEIPTS						
Transfers from the County Treasury/Exchequer Releases	579,438,969	**25,000,000**	604,438,969	530,452,425	73,986,544	87.76%
Proceeds from Sale of Assets	-	-	-	-		-
Other Receipts	-	-	-	-		-
TOTAL	579,438,969	**25,000,000**	**604,438,969**	**530,452,425**	**73,986,544**	**87.76%**
PAYMENTS						
Compensation of Employees	289,083,053	(3,779,700)	285,303,353	285,295,376	7,977	100%
Use of goods and services	205,662,019	(2,682,540)	202,979,479	201,925,132	1,054,347	99%
Subsidies						
Transfers to Other Government Entities	-	-	-	-		-
Other grants and transfers	-	-	-	-		-
Social Security Benefits	31,507,353	(1,237,760)	30,269,593	30,223,779	45,814	100%
Acquisition of Assets	53,186,544	32,700,000	85,886,544	11,897,550	73,988,994	145%
Finance Costs	-	-	-	-	-	-
Other Payments				4,549,159	(4,549,159)	
TOTAL	**579,438,969**	**25,000,000**	**604,438,969**	**533,890,996**	**70,547,973**	**88%**

The County assembly of Trans Nzoia financial statements was approved on 17th September, 2018 and signed by:

AINEA OBARE INDAKWA
Clerk of the County Assembly

CLERK
COUNTY ASSEMBLY OF TRANS-NZOIA

CPA MOSES WANJALA LUPAO 8315
Principal Finance Officer – County Assembly

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Difference in Budget utilization	% of Utilisation difference to final budget
	Kshs	Kshs	c=a+b	e=d-c		Kshs
RECEIPTS						
Transfers from the County Treasury/Exchequer Releases	530,452,425	-	530,452,425	530,452,425	-	100%
Proceeds from Sale of Assets	-	-	-	-	-	-
Other Receipts	-	-	-		-	-
TOTAL	**530,452,425**	-	**530,452,425**	**530,452,425**	-	**100%**
PAYMENTS						
Compensation of Employees	289,083,053	(3,779,700)	285,303,353	285,295,376	7,977	100%
Use of goods and services	205,662,019	(2,682,540)	202,979,479	201,925,132	1,054,347	99%
Subsidies	-	-	-	-		-
Transfers to Other Government Entities	-	-	-	-	-	-
Other grants and transfers	-	-	-	-	-	
Social Security Benefits	31,507,353	(1,237,760)	30,269,593	30,223,779	45,814	100%
Acquisition of Assets	4,200,000	7,700,000	11,900,000	11,897,550	2,450	100%
Finance Costs	-	-	-			-
Other Payments		-	-	4,549,159	(4,549,159)	-
TOTAL	**530,452,425**	-	**530,452,425**	**533,890,996**	**(3,438,571)**	**101%**

The County assemblies of Trans Nzoia financial statements were approved on 17th September, 2018 and signed by:

AINEA OBARE INDAKWA
Clerk of the County Assembly

CLERK
COUNTY ASSEMBLY OF TRANS-NZOIA

CPA LUPAO MOSES WANJALA 8315
Principal Finance Officer – County Assembly

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Difference in Budget utilization	% of Utilisation difference to final budget
	Kshs	Kshs	c=a+b	e=d-c		Kshs
RECEIPTS						
Exchequer Releases	48,986,544	25,000,000	73,986,544	-	73,986,544	-
Proceeds from Sale of Assets	-	-	-	-		-
Other Receipts	-	-	-	-		-
TOTAL	**48,986,544**	**25,000,000**	**73,986,544**		**73,986,544**	-
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	48,986,544	25,000,000	73,986,544	-	73,986,544	-
Finance Costs	-	-	-	-		-
Other Payments	-	-	-	-		-
TOTAL	**48,986,544**	**25,000,000**	**73,986,544**	-	**73,986,544**	-

The County assemblies of Trans Nzoia financial statements were approved on 17th September, 2018 and signed by:

AINEA OBARE INDAKWA
Clerk of the County Assembly

CLERK
COUNTY ASSEMBLY OF TRANS-NZOIA

CPA LUPAO MOSES WANJALA 8315
Principal Finance Officer– County Assembly

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 *County assembly* recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the *county assembly*. In addition, the *county assembly* recognises all payments when the event occurs and the related cash has actually been paid out by the *county assembly*.

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

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

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

6. Accounts Payable

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

7. Non-current assets

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

8. Pending bills

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

9. Budget

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

10. Comparative figures

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

11. Subsequent events

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

X. NOTES TO THE FINANCIAL STATEMENTS

1 Transfers from the County Treasury/Exchequer Releases

	2017/18	2016/17
	Kshs	Kshs
Total Exchequer Releases for quarter 1	58,330,508	89,045,156
Total Exchequer Releases for quarter 2	135,613,089	178,090,312
Total Exchequer Releases for quarter 3	135,613,089	133,567,734
Total Exchequer Releases for quarter 4	200,895,739	133,567,734
Cumulative Amount	**530,452,425**	**534,270,936**

2 PROCEEDS FROM SALE OF ASSETS

	2017/18	2016/17
	Kshs	Kshs
Receipts from the Sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Receipts from Sale of Certified Seeds and Breeding Stock	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
Receipts from the Sale of Inventories, Stocks and Commodities	-	-
Disposal and Sales of Non-Produced Assets	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
Total	-	-

3 OTHER RECEIPTS

	2017/18	2016/17
	Kshs	Kshs
Other Receipts I-sale of tender documents		
Other Receipts II		
Other Receipts III	-	-
Other Receipts IV	-	-
Other Receipts	-	-
Total		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 COMPENSATION OF EMPLOYEES

	2017/18	2016/17
	Kshs	Kshs
Basic salaries of permanent employees	247,779,402	183,908,649
Basic wages of temporary employees	-	-
Personal allowances paid as part of salary	12,503,800	123,685,714
Personal allowances paid as reimbursements		2,461,600
Personal allowances provided in kind	-	-
Pension and other social security contributions	25,012,174	-
Compulsory national social security schemes	-	-
Compulsory national health insurance schemes	-	-
Social benefit schemes outside government	-	-
Other personnel payments	-	4,957,050
Total	**285,295,376**	**315,013,013**

5 USE OF GOODS AND SERVICES

	2016/17	2016/17
	Kshs	Kshs
Utilities, supplies and services	684,758	725,893
Communication, supplies and services	265,465	51,840
Domestic travel and subsistence	82,608,370	88,859,533
Foreign travel and subsistence	6,438,792	2,894,620
Printing, advertising and information supplies & services	14,461,648	10,354,920
Rentals of produced assets	17,976,000	13,042,950
Training expenses	12,025,597	8,500,000
Hospitality supplies and services	11,876,000	11,000,000
Insurance costs	17,275,000	16,000,000
Specialized materials and services	711,400	650,000
Office and general supplies and services	3,767,676	2,450,000
Other operating expenses	28,723,746	15,800,000
Routine maintenance – vehicles and other transport equipment	1,800,000	462,112
Routine maintenance – other assets	1,810,778	918,752
Fuel and Lubricants	1,499,902	657,000
Total	**201,925,132**	**172,367,620**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. SUBSIDIES

Description	2017/18	2016/17
	Kshs	Kshs
	-	-
	-	-

7. TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2017/18	2016/17
	Kshs	Kshs
Transfers to National Government entities		
See attached list	-	-
Transfers to Counties		
(insert name of budget agency)	-	-
(insert name of budget agency)	-	-
TOTAL	-	-

8 OTHER GRANTS AND TRANSFERS

	2017/18	2016/17
	Kshs	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

	2017/18	2016/17
	Kshs	Kshs
Government pension and retirement benefits-Gratuity	30,223,779	51,281,787
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	-	-
Total	**30,223,779**	**51,281,787**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 ACQUISITION OF ASSETS

Non-Financial Assets	**2017/18**	**2016/17**
	Kshs	**Kshs**
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Construction of Roads	-	-
Construction and Civil Works	-	-
Overhaul and Refurbishment of Construction and Civil Works	-	-
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	11,897,550	1,204,780
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Purchase of Certified Seeds, Breeding Stock and Live Animals	-	-
Research, Studies, Project Preparation, Design & Supervision	-	-
Rehabilitation of Civil Works	-	-
Acquisition of Strategic Stocks and commodities	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Financial Assets	-	-
Domestic Public Non-Financial Enterprises	-	-
Domestic Public Financial Institutions	-	-
Foreign financial Institutions operating Abroad	-	-
Other Foreign Enterprises	-	-
Foreign Payables - From Previous Years	-	-
Total	**11,897,550**	**1,204,780**

11 FINANCE COST

	2017/18	2016/17
	Kshs	Kshs
Bank Charges		
Exchange Rate Losses	-	-
Other Finance Cost	-	-
Total		

12 Other Payments

	2017/18	2016/17
	Kshs	Kshs
		-
	-	-
Other Expenses	4,549,159	-
Total	**4,549,159**	**-**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13A BANK ACCOUNTS

Name of Bank, Account No. & Currency	Indicated whether recurrent or development	2017/18	2016/17
		Kshs	Kshs
Family Bank, A/c no. 093000034860,Kes	Recurrent Account	279	173,287
Kenya Commercial Bank, A/c no. 1179096592,Kes	Recurrent Account	NIL	163,105
Central Bank of Kenya, A/c no. 1000240695,Kes	Recurrent Account	51,664	150,000
Central Bank of Kenya, A/c no. 1000297255,Kes	Development Account	NIL	
Total		**51,943**	**486,392**

13B CASH IN HAND

	2017/18	2016/17
	Kshs	Kshs
Cash in Hand – Held in domestic currency	-	
Cash in Hand – Held in foreign currency	-	
Total	-	

Cash in hand should be analysed as follows:

	2017/18	2016/17
	Kshs	Kshs
Location 1		
Location 2		
Location 3		
Total	-	-

14 ACCOUNTS RECEIVABLE
14A: GOVERNMENT IMPRESTS

	2017/18	2016/17
	Kshs	Kshs
Government Imprests		3,180,000
Total		**3,180,000**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14B: STAFF ADVANCES	**2017/18**	**2016/17**
Staff Advances	996,928	821,050
Total	**996,928**	**4,001,050**

15 ACCOUNTS PAYABLE

	2017/18	**2016/17**
	Kshs	**Kshs**
Deposits and Retentions	-	-
Total	-	-

16 FUND BALANCE BROUGHT FORWARD

	2017/18	**2016/17**
	Kshs	**Kshs**
Bank accounts	486,392	35,393
Cash in hand	-	-
Accounts Receivables	4,001,050	10,048,313
Accounts Payables	-	-
Total	**4,487,442**	**10,083,706**

ANNEX 1 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Q1	Q2	Q3	Q4
Land				
Buildings and structures				
Transport equipment				
Office equipment, furniture and fittings				**10,235,550**
ICT Equipment, Software and Other ICT Assets				**1,662,000**
Other Machinery and Equipment				
Heritage and cultural assets				
Intangible assets				
Total				**11,897,550**