REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY ASSEMBLY OF GARISSA

FOR THE YEAR ENDED 30 JUNE 2016

B2

COUNTY ASSEMBLY OF GARISSA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2016

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

Table of Content

Page

I. KEY ENTITY INFORMATION AND MANAGEMENT 1

II. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES 3

III. REPORT OF THE INDEPENDENT AUDITORS ON THE *ENTITY* (*specify entity name*) ... Error! Bookmark not defined.

IV. STATEMENT OF RECEIPTS AND PAYMENTS 5

V. STATEMENT OF ASSETS AND LIABILITIES 6

VI. STATEMENT OF CASHFLOW 7

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED 8

VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT 9

IX. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT 10

X. SIGNIFICANT ACCOUNTING POLICIES 11

XI. NOTES TO THE FINANCIAL STATEMENTS 13

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

- County Assembly Service Board(CASB)
- Clerk

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Mohamud A. Santur
2.	Principal Finance Officer	Mohamed A. Idhifle
3.	Principal Accountant	Mohamed A. Birik

(d) Fiduciary Oversight Arrangements

1. Kenya National Audit Office
2. Public Accounts Committee of the assembly

(e) Entity Headquarters

County Assembly Building
P.O. Box 57-70100
Posta Road
Garissa, Kenya

(f) Entity Contacts

Telephone: (254) 702650013
E-mail: clerk@garissaassembly.go.ke
Website: www.garissaassembly.go.ke

(g) Entity Bankers

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

2. Equity Bank
   Kenyatta Avenue
   P.O Box 700-70100
   Garissa

3. First Community Bank
   Kenyatta Avenue
   P.O Box 642-70100
   Garissa

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

II. FORWARD BY THE CLERK OF THE ASSEMBLY

Budget performance

The county assembly recurrent budget for the year was Ksh. 684,020,851 out of which we received Ksh. 643,932,873 representing 94.14%. The actual utilization was Ksh. 630,344,895.15 which represents 84.08% against the budget.
There was no budget for development for the same period.

Performance of key development projects

The county assembly has done the following projects since inception;

- One storey prefab complete with offices & conference rooms.
- Renovations of old buildings inherited from county council of Garissa
- One storey Procurement offices & stores
- Security wall extension complete with razor wire and electric line
- Installation of security systems i.e CCTV cameras
- Cabro works & land scapping
- Fire equipments & alarms
- VIP latrines for ladies & gents
- Prayer room
- Office cafeteria
- Gencet generator

The assembly was able to initiate and successfully finish the above projects. The projects provided extra space and better working environment for MCAs & staffs'.
The impacts created, include but not limited to increased members & employees performance, and improved staff morale.

Comment on value-for-money achievements

The assembly was able to initiate and successfully finish the above projects. The projects provided extra space and better working environment for MCAs and staffs'
The impacts created, include but not limited to increased members and employees performance. It also boosted staff morale.

Challenges and Recommended Way Forward

Lack of Audit of audit committee- The board has discussed the matter and will soon advertise positions to recruit members of the committee.
Delay of funds- The assembly is in discussions with COB & CEC Finance to resolve the matter amicably.

Sign

Clerk of the County Assembly

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 30th June 2016. 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 30th June 2016, 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 quarter under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Clerk confirms that the County Assembly's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The County Assembly's financial statements were approved and signed by the Clerk of the County Assembly on 30/9 2016.

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 GARISSA FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of County Assembly of Garissa set out on pages 5 to 31, which comprise the statement of financial assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows and the 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.

Management's Responsibility 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.

The 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.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report 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. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of

the County Assembly's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my adverse audit opinion.

Basis for Adverse Opinion

1.0 Unsupported Payments

The statement of receipts and payments reflects payments totalling Kshs.630,344,895 recorded against various accounts. However, as shown below, the payments were not supported with detailed ledgers and other records:

Item	Amount (Kshs.)
Compensation to Employees	349,881,916
Use of Goods and Services	222,046,543
Acquisition of Assets	58,416,436
TOTAL	**630,344,895**

In the absence of supporting ledgers, the completeness, accuracy and propriety of the balances cannot be confirmed.

2.0 Fixed Asset Register

The management presented an incomplete fixed asset register for audit review. As a result, complete audit verification of the make-up of the assets acquired and valued at Kshs.58,416,436 was not possible. Further, assets acquired in previous years and those inherited from the defunct local authority have not been disclosed.

Consequently, it has not been possible to confirm the completeness, disclosure and accuracy of the fixed assets held by the County Assembly as at 30 June 2016.

3.0 Pending Bills

Note 28.1 and 28.2 to the financial statements disclose pending bills amounting to Kshs.40,087,978 as at 30 June 2016. Included in the balance were pending account payables of Kshs.32,92,217 and Kshs.7,295,761 which were not supported with payment vouchers, invoices, delivery notes or evidence of services delivered. The only evidence adduced was a detailed schedule.

In the circumstance, the validity of the pending bills balance of Kshs.40,087,978 as at 30 June 2016 could not be confirmed.

4.0 Cash and Cash Equivalents

The statement of assets reflects cash and cash equivalents balance of Kshs.13,587,978 comprised of Kshs.11,500,000 and Kshs.2,087,978 being bank balances held at Central Bank of Kenya and Equity Bank respectively as at 30 June 2016. Although the balances were supported with certificates, no bank reconciliation statements were prepared and submitted for audit review to support the balances.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.13,587,978 as at 30 June 2016 cannot be confirmed.

5.0 Unsupported Mileage Allowances

During the year under review, examination of payment vouchers and supporting documents disclosed that Kshs.61,580,261 was paid to Members of the Garissa County Assembly in respect of mileage claims. However, some of the payments were not budgeted for and were charged to various accounts but without approval for reallocation. Further, claims totalling Kshs.35,812,133.40 were paid against budget of Kshs.25,768,128.00 allocated for mileage. In addition, some of the payment vouchers lacked signatures of the Authority to Incur Expenditure (AIE) holders and dates confirming that the expenditures were incurred for the intended purposes. The payments were not supported with vital documents such as transport claim forms, work tickets, log books of motor vehicles used and distance charts issued by the Ministry of Roads and Public works. In some instances, there was no evidence to show that the MCA's were facilitated to undertake their representation functions in their respective wards. Also payments to some of the MCA's were doubled in the months of March, April and May 2016. Payments were made without bank payment schedules and the few that were supported with bank schedules were not signed by the MCA's to confirm receipt of the monies.

In view of the forgoing, it has not been possible to confirm the propriety of the total expenditure of Kshs.61,580,261.40 paid as mileage allowances during the year under review.

6.0 Irregular Payment of Ward Employees' Salaries

During the financial year under review, the County Assembly paid Kshs.22,481,151 as salaries to ward employees. However, recruitment records and the payment schedules provided for audit review did not indicate how the staff were recruited and some national identification card numbers for some of the staff remitted were not shown in the records submitted for audit. Further, the payment schedule did not show gross pay of each officer but only the net pay hence it was not possible to ascertain whether statutory deductions were made and remitted to the relevant bodies.

In the circumstance, it has not been possible to confirm the propriety of the ward employees compensation expenditure of Kshs.22,481,151 incurred during the year under review.

7.0 Unsupported Expenditure

7.1 Procurement of Goods

The County Assembly of Garissa procured goods worth Kshs.3,976,260 during the year under review. However, some goods procured and received vide counter receipt vouchers (S13), were not recorded in the stores ledgers and no issue notes were raised and hence their points of allocation and use were not known. Further, the inspection and acceptance certificates were signed by one officer instead of the required minimum of three as stipulated in government stores management regulations. No explanation has been provided for the anomalies. As a result, it has not been possible to confirm that the stores were received and used for the intended purposes.

7.2 Payments for Training/Conference Expenses

During the financial year under review, the Garissa County Assembly incurred Kshs.3,245,512 on training and conference expenses. However, the expenditure was not supported by a training program, invitation letters, duly signed list of participants for the youth meeting held at Shaam Hotel. Consequently, it has not been possible to confirm the propriety of the expenditure of Kshs.3, 245,512 reported to have been incurred on the meeting.

Adverse Opinion

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 the County Assembly of Garissa as at 30 June 2016, 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.

Other Matter

1.0 Budget and Budgetary Control

The approved budget of the Assembly was Kshs.684,020,851 for the year ended 30 June 2016. However, the County Assembly spent Kshs.630,344,895 or 92% of the budget on recurrent expenditure resulting in under-expenditure of Kshs.53,675,956 or 8% of the budget as detailed below:-

ITEM	2015 -2016 (Kshs.) Budget	2015 -2016 (Kshs.) Actuals	(Kshs.) Under
Compensation of Employees	351,427,851	349,881,916	1,545,935
Use of Goods and Services	241,384,347	222,046,543	19,337,804
Acquisition of Assets	91,208,653	58,416,436	32,791,217
TOTAL	**684,020,851**	**630,344,895**	**53,675,956**

The management underspent on compensation of employees, use of goods and services and on acquisition of assets. Further, the Assembly did not provide for a development vote budget for the year. Management has not explained the reasons for the under-expenditure and lack of a development vote budget.

2.0 Internal Control Weakness

The County Assembly of Garissa has not established risk assessment and management policies and procedures to enhance internal control systems and assure integrity of the data that it generates.

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

Nairobi

15 August 2017

III. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015-2016 Kshs	2014-2015 Kshs
RECEIPTS			
Tax Receipts	1	-	-
Social Security Contributions	2	-	-
Proceeds from Domestic and Foreign Grants	3	-	-
Exchequer releases	4	643,932,873	-
Transfers from Other Government Entities	5	-	-
Proceeds from Domestic Borrowings	6	-	-
Proceeds from Foreign Borrowings	7	-	-
Proceeds from Sale of Assets	8	-	-
Reimbursements and Refunds	9	-	-
Returns of Equity Holdings	10	-	-
Other Receipts	11	-	-
TOTAL RECEIPTS		**643,932,873**	-
PAYMENTS			
Compensation of Employees	12	349,881,916	-
Use of goods and services	13	222,046,543	-
Interest payments	14	-	-
Subsidies	15	-	-
Transfers to Other Government Units	16	-	-
Other grants and transfers	17	-	-
Social Security Benefits	18	-	-
Acquisition of Assets	19	58,416,436	-
Finance Costs, including Loan Interest	20	-	-
Repayment of principal on Domestic and Foreign borrowing	21	-	-
Other Payments	22	-	-
TOTAL PAYMENTS		**630,344,895**	-
SURPLUS/DEFICIT		**13,587,978**	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30/9 2016 and signed by:

Clerk of the Assembly

Principal Finance Office – County Assembly

IV. STATEMENT OF ASSETS

	Note	2015-2016 Kshs	2014-2015 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	23A	13,587,978	-
Cash Balances	23B	-	-
Cash Equivalents	23C	-	-
Outstanding Imprests	23D	-	-
Total cash & cash equivalents		13,587,978	
Receivables	24	-	-
TOTAL FINANCIAL ASSETS		13,587,978	-
FINANCIAL LIABILITIES		-	-
TOTAL FINANCIAL LIABILITIES		-	-
NET FINANCIAL ASSETS		-	-
REPRESENTED BY			
Fund balance b/fwd		-	-
Surplus/Defict for the year		13,587,978	-
Prior year adjustments		-	-
NET FINANCIAL POSITION		**13,587,978**	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30/9 2016 and signed by:

Clerk of the Assembly

Principal Finance Officer – County Assembly

V. STATEMENT OF CASHFLOW

Receipts for operating income			
Tax Revenues	1	-	-
Social Security Contributions	2	-	-
Proceeds from Domestic and Foreign Grants	3	-	-
Exchequer Releases	4	643,932,873	-
Transfers from Other Government Entities	5	-	-
Reimbursements and Refunds	9	-	-
Returns of Equity Holdings	10	-	-
Other Revenues	11	-	-
Payments for operating expenses			
Compensation of Employees	12	349,881,916	-
Use of goods and services	13	222,046,543	-
Interest payments	14	-	-
Subsidies	15	-	-
Transfers to Other Government Units	16	-	-
Other grants and transfers	17	-	-
Social Security Benefits	18	-	-
Finance Costs, including Loan Interest	20	-	-
Other Expenses	22	-	-
Adjusted for:			
Changes in receivables		-	-
Changes in payables		-	-
Adjustments during the year		-	-
Net cashflow from operating activities		-	-
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	8	-	-
Acquisition of Assets	19	58,416,436	-
Net cash flows from Investing Activities		**58,416,436**	-
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Domestic Borrowings	6	-	-
Proceeds from Foreign Borrowings	7	-	-
Repayment of principal on Domestic and Foreign borrowing	21	-	-
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		-	-
Cash and cash equivalent at BEGINNING of the year		-	-
Cash and cash equivalent at END of the year		**13,587,978**	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30/9 2016 and signed by:

Clerk of the Assembly

Principal Finance Officer – County Assembly

VI. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation Difference to Final Budget
	a	b	c=a+b	d	e=d-c	f=d/c %
Compensation of Employees	351,427,851.00	-	351,427,851.00	349,881,916.00	1,545,935.00	99.56%
Use of goods and services	241,384,347.00	-	241,384,347.00	222,046,543.00	19,337,804.00	91.99%
Interest payments	-	-	-	-	-	-
Subsidies	-	-	-	-	-	-
Transfers to Other Government Units	-	-	-	-	-	-
Other grants and transfers	-	-	-	-	-	-
Social Security Benefits	-	-	-	-	-	-
Acquisition of Assets	91,208,653.00	-	91,208,653.00	58,416,436.00	32,792,217.00	64.05%
Finance Costs, including Loan Interest	-	-	-	-	-	-
Repayment of principal on Domestic and Foreign borrowing	-	-	-	-	-	-
Other Payments	-	-	-	-	-	-
TOTALS	**684,020,851.00**		**684,020,851.00**	**630,344,895.00**	**53,675,956.00**	85.20%

The entity financial statements were approved on 30/9/ 2016 and signed by:

Clerk of the Assembly

Principal Finance Officer – County Assembly

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation Difference to Final Budget
	a	b	c=a+b	d	e=d-c	f=d/c %
Compensation of Employees	351,427,851.00	-	351,427,851.00	349,881,916.00	1,545,935.00	99.56%
Use of goods and services	241,384,347.00	-	241,384,347.00	222,046,543.00	19,337,804.00	91.99%
Interest payments	-	-	-	-	-	-
Subsidies	-	-	-	-	-	-
Transfers to Other Government Units	-	-	-	-	-	-
Other grants and transfers	-	-	-	-	-	-
Social Security Benefits	-	-	-	-	-	-
Acquisition of Assets	91,208,653.00	-	91,208,653.00	58,416,436.00	32,792,217.00	64.05%
Finance Costs, including Loan Interest	-	-	-	-	-	-
Repayment of principal on Domestic and Foreign borrowing	-	-	-	-	-	-
Other Payments	-	-	-	-	-	-
TOTALS	**684,020,851.00**		**684,020,851.00**	**630,344,895.00**	**53,675,956.00**	**85.20%**

The entity financial statements were approved on 30/9/ 2016 and signed by:

Clerk of the Assembly

Principal Finance Officer – County Assembly

III. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation Difference to Final Budget
	a	b	c=a+b	d	e=d-c	f=d/c %
Compensation of Employees	-	-	-	-	-	-
Use of goods and services	-	-	-	-	-	-
Interest payments	-	-	-	-	-	-
Subsidies	-	-	-	-	-	-
Transfers to Other Government Units	-	-	-	-	-	-
Other grants and transfers	-	-	-	-	-	-
Social Security Benefits	-	-	-	-	-	-
Acquisition of Assets	-	-	-	-	-	-
Finance Costs, including Loan Interest	-	-	-	-	-	-
Repayment of principal on Domestic and Foreign borrowing	-	-	-	-	-	-
Other Payments	-	-	-	-	-	-
TOTALS	-	-	-	-	-	-

The entity financial statements were approved on 30/9/ 2016 and signed by:

Clerk of the Assembly

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 relevant legal framework of the Government of Kenya. 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 Garissa County Assembly and all values are rounded to the nearest thousand (Kshs'000). 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. The cash basis of accounting recognises transactions and events only when cash is received or paid by the Garissa County Assembly.

2. Recognition of revenue and expenses

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

3. In-kind contributions

In-kind contributions are donations that are made to the Garissa 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 Garissa 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

5. 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 recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Garissa County Assembly at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

6. Receivables and payables

These relate to provisioning balances for the GAV and Exchequer accounts as required by the current Government Financial Regulations and Procedures. These provisioning balances do not have an impact on the receipts and payments and therefore do not contravene the principles on the cash based IPSAS.

7. 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 Garissa County Assembly'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 Garissa County Assembly's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

8. Comparative figures

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

9. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2016.

X. NOTES TO THE FINANCIAL STATEMENTS

1 TAX REVENUES

	2015 - 2016 Kshs	2014 - 2015 Kshs
Taxes on Income, Profits and Capital Gains	-	-
Taxes on Property	-	-
Taxes on Goods and Services	-	-
Taxes on International Trade and Transactions	-	-
Other Taxes (not elsewhere classified)	-	-
	-	-
Total	-	-

2 SOCIAL SECURITY CONTRIBUTIONS

	2015 – 2016 Kshs	2014 – 2015 Kshs
Receipts for Health Insurance Contribution	-	-
Receipts to NHIF for Health Insurance Contributions	-	-
Receipts from Govt Employees to Social & Welfare Schemes in Govt	-	-
	-	-
Total	-	-

3 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	Date received	Amount in foreign currency	2015 - 2016	2014 - 2015
			Kshs	Kshs
Grants Received from Bilateral Donors (Foreign Governments)				
(Insert name of donor)	-	-	-	-
(Insert name of donor)	-	-	-	-
Grants Received from Multilateral Donors (International Organisations)				
(Insert name of donor)	-	-	-	-
(Insert name of donor)	-	-	-	-
Grants Received from other levels of government				
(Insert name of donor)	-	-	-	-
(Insert name of donor)	-	-	-	-
Total				-

4 EXCHQUER RELEASES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Total Exchequer Releases for quarter 1	89,728,093	-
Total Exchequer Releases for quarter 2	136,704,780	-
Total Exchequer Releases for quarter 3	174,000,000	-
Total Exchequer Releases for quarter 4	243,500,000	-
Total	**643,932,873**	-

5 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
Transfers from Central government entities		
(ICPAK)	-	-
(insert name of budget agency)	-	-
Transfers from Counties		
(insert name of budget agency)	-	-
(insert name of budget agency)	-	-
TOTAL	-	-

6 PROCEEDS FROM DOMESTIC BORROWINGS

	2015 – 2016 Kshs	2014 - 2015 Kshs
Borrowing within General Government	-	-
Borrowing from Monetary Authorities (Central Bank)	-	-
Other Domestic Depository Corporations (Commercial Banks)	-	-
Borrowing from Other Domestic Financial Institutions	-	-
Borrowing from Other Domestic Creditors	-	-
Domestic Currency and Domestic Deposits	-	-
Domestic Accounts Payable	-	-
Total	-	-

7 PROCEEDS FROM FOREIGN BORROWINGS

	2015 - 2016 Kshs	2014 - 2015 Kshs
Foreign Borrowing – Draw-downs Through Exchequer	-	-
Foreign Borrowing - Direct Payments	-	-
Foreign Currency and Foreign Deposits	-	-
Total	-	-

8 PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS

	2015 - 2016 Kshs	2014 – 2015 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	-	-

9 REIMBURSEMENTS AND REFUNDS

	2015 - 2016 Kshs	2014 – 2015 Kshs
Refund from World Food Programme (WFP)	-	-
Reimbursement of Audit Fees	-	-
Reimbursement on Messing Charges (UNICEF)	-	-
Reimbursement from World Bank – ECD	-	-
Reimbursement from Individuals and Private Organisations	-	-
Reimbursement from Local Government Authorities	-	-
Reimbursement from Statutory Organisations	-	-
Reimbursement within Central Government	-	-
Reimbursement Using Bonds	-	-
Total	-	-

10 RETURNS OF EQUITY HOLDINGS

	2015 - 2016 Kshs	2014 - 2016 Kshs
Returns of Equity Holdings in Domestic Organisations	-	-
Returns of Equity Holdings in International Organisations	-	-
	-	-
Total	-	-

11 OTHER REVENUES

	2015 - 2016 Kshs	2014 – 2015 Kshs
Interest Received	-	-
Profits and Dividends	-	-
Rents	-	-
Other Property Income	-	-
Sales of Market Establishments	-	-
Receipts from Administrative Fees and Charges	-	-
Receipts from Administrative Fees and Charges - Collected as AIA	-	-
Receipts from Incidental Sales by Non-Market Establishments	-	-
Receipts from Sales by Non-Market Establishments	-	-
Receipts from Sale of Incidental Goods	-	-
Fines Penalties and Forfeitures	-	-
Receipts from Voluntary transfers other than grants	-	-
Other Receipts Not Classified Elsewhere	-	-
Total	-	-

12 COMPENSATION OF EMPLOYEES

	2015 - 2016 Kshs	2014 - 2015 Kshs
Basic salaries of permanent employees	155,092,528	-
Basic wages of temporary employees	25,200,000	-
Personal allowances paid as part of salary	122,089,388	-
Personal allowances paid as reimbursements	47,500,000	-
Personal allowances provided in kind	-	-
Pension and other social security contributions	-	-
Compulsory national social security schemes	-	-
Compulsory national health insurance schemes	-	-
Social benefit schemes outside government	-	-
Other personnel payments	-	-
Total	**349,881,916**	-

13 USE OF GOODS AND SERVICES

	2015 - 2016 Kshs	2014 - 2015 Kshs
Utilities, supplies and services	3,160,000	-
Communication, supplies and services	1,000,000	-
Domestic travel and subsistence	57,846,384.60	-
Foreign travel and subsistence	-	-
Printing, advertising and information supplies & services	18,952,000	-
Rentals of produced assets	10,665,000	-
Training expenses	31,560,000	-
Hospitality supplies and services	17,121,000	-
Insurance costs	18,000,000	-
Specialised materials and services	6,000,000	-
Office and general supplies and services	8,469,340	-
Other operating expenses	43,764,260	-
Routine maintenance – vehicles and other transport equipment	2,608,558.40	-
Routine maintenance – other assets	2,900,000	-
Total	**222,046,543**	**-**

14 INTEREST PAYMENTS

	2015 – 2016 Kshs	2014 – 2015 Kshs
Interest Payments on Foreign Borrowing	-	-
Interest on Domestic Borrowing	-	-
Interest on Borrowing From Other Government Units	-	-
Total	-	-

15 SUBSIDIES

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
Subsidies to Public Corporations		
See list attached	-	-
(insert name)	-	-
Subsidies to Private Enterprises		
See list attached	-	-
(insert name)	-	-
TOTAL	-	-

16 TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
Transfers to Central government entities		
See attached list	-	-
Transfers to Counties		
(insert name of budget agency)	-	-
(insert name of budget agency)	-	-
TOTAL	-	-

17 OTHER GRANTS AND OTHER PAYMENTS

	2015 - 2016 Kshs	2014 - 2015 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	-	-

18 SOCIAL SECURITY BENEFITS

	2015 - 2016 Kshs	2014 - 2015 Kshs
Government pension and retirement benefits	-	-
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	-	-
Total	-	-

19 ACQUISITION OF ASSETS

Non Financial Assets	2015 - 2016 Kshs	2014 - 2015 Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	10,169,992	-
Construction of Roads	-	-
Construction and Civil Works	-	-
Overhaul and Refurbishment of Construction and Civil Works	-	-
Purchase of computers, printers & other IT equipment	13,000,000	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	8,757,000	-
Purchase of educational aids & related equipments	15,000,000	-
Purchase of Specialsed Plant, Machinery and Equip.	11,489,444	-
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	**58,416,436**	-

20 FINANCE COSTS, INCLUDING LOAN INTEREST

	2015 - 2016 Kshs	2014 - 2015 Kshs
Exchange Rate Losses	-	-
Interest Payments on Foreign Borrowings	-	-
Interest Payments on Guaranteed Debt Taken over by Govt	-	-
Interest on Domestic Borrowings (Non-Govt)	-	-
Interest on Borrowings from Other Government Units	-	-
Total	-	-

21 REPAYMENT OF PRINCIPAL ON DOMESTIC LENDING AND ON-LENDING

	2015 - 2016 Kshs	2014 - 2015 Kshs
Repayments on Borrowings from Domestic	-	-
Principal Repayments on Guaranteed Debt Taken over by Government	-	-
Repayments on Borrowings from Other Domestic Creditors	-	-
Repayment of Principal from Foreign Lending & On – Lending	-	-
Total	-	-

22 OTHER PAYMENTS

	2015 - 2016 Kshs	2014- 2015 Kshs
Budget Reserves	-	-
Civil Contingency Reserves	-	-
Capital Transfers to Non-Financial Public Enterprises	-	-
Capital Transfer to Public Financial Institutions and Enterprises	-	-
Capital Transfer to Private Non-Financial Enterprises	-	-
Other expenses		
Domestic Accounts	-	-
	-	-

23A Bank Accounts

Name of Bank, Account No. & currency	Indicate whether recurrent or development	Exc rate	2015 - 2016	2014 - 2015
			Kshs	Kshs
Central Bank, Account No. 1000238992 Kenya Shilling	recurrent	-	11,500,000	-
First Community Bank, Account No.2977778701 Kenya Shilling	recurrent	-	-	-
Equity Bank, Account No.0580266155162 Kenya Shilling	recurrent	-	2,087,978	-
Total			**13,587,978**	-

23B CASH IN HAND

	2015 - 2016	2014 – 2015
	Kshs	Kshs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (*specify*)	-	-
Total	-	-

[Provide cash count certificates for each]

23C Cash equivalents (short-term deposits)

Name of Bank, Account No. & currency	Amount in foreign currency	Exchange rate	2015 - 2016	2014 – 2015
			Kshs	Kshs
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
Total			-	-

23D OUTSTANDING IMPRESTS

Name of Officer or Institution	*Amount Taken*	*Amount Surrendered*	*Balance*
	Kshs	*Kshs*	*Kshs*
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
Total			-

24 RECEIVABLES

	2015 - 2016 Kshs	2014 – 2015 Kshs
Exchequer Provisioning account balance	-	-
Others (*specify*)	-	-
Total	-	-

25 PAYABLES

	2015 - 2016 Kshs	2014 - 2015 Kshs
GAV Provisioning account balance	-	-
Excess A.I.A	-	-
Others (*specify*)	-	-
Total	-	-

26 BALANCES BROUGHT FORWARD

	2015 - 2016 Kshs	2014 - 2015 Kshs
Bank accounts	-	-
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Imprest	-	-
Receivables	-	-
Payables	-	-
Total	-	-

[Provide short appropriate explanations as necessary]

27 PRIOR YEAR ADJUSTMENTS

	2015- 2016 Kshs	2014 - 2015 Kshs
Bank accounts	-	-
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Imprest	-	-
Receivables	-	-
Payables	-	-
Total	-	-

28 OTHER IMPORTANT DISCLOSURES

28.1 PENDING ACCOUNTS PAYABLE (See Annex 1)

	Kshs	Kshs
Construction of buildings	2,903,004	-
Construction of civil works	14,137,654	-
Supply of goods	8,951,559	-
Supply of services	6,800,000	-
	32,792,217	-

28.2 PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
MCAs Mileage	3,799,958	-
Middle management	-	-
Unionisable employees	-	-
Others (ward operations)	3,495,803	-
	7,295,761	-

28.3 OTHER PENDING PAYABLES (See Annex 3)

	Kshs	Kshs
Amounts due to National Government entities	-	-
Amounts due to County Government entities	-	-
Amounts due to third parties	-	-
Others (*specify*)	-	-
	-	-

29 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)*
1.0	Quarterly Report	Failure to prepare quarterly report	Mohamed A.-PA	Resolved	
2.1	Unvouched expenditure	Adequate Supporting for the expenditure	Mohamed A.-PA	Resolved	
2.2	Unsupported mileage claims	Lack of proper supporting documents	Mohamed A.-PA	Resolved	
2.3	Transfer of funds to ward offices	The transfer to ward offices accounts is now fully supported	Mohamed A.-PA	Resolved	
2.4	Unaccounted for stores	The stores is now properly kept and recorded	Issak Ismail-Princ. Procurement Officer	Resolved	
2.5	Unsupported travel and accommodation allowances	Travel and accommodation allowances is fully supported	Mohamed A.-PA	Resolved	
2.6	Unsupported catering and meal allowances	The payments for catering & meal allowance is now fully supported	Mohamed A.-PA	Resolved	
2.7	Legal services	The recommendation is now effected & legal services for the assembly is now competitively procured	Ismail A. Dabar-Prin. Legal Officer	Resolved	
2.8	Payment of sitting allowance	The sitting allowance for the MCAs is fully supported	Mohamed A.-PA	Resolved	
3	Audit committee/internal audit	The audit committee has been advertised and will soon be filled	Mohamed A. Idhifle	Resolved	
4	Asset register	Asset register has been prepared	Ibrahim Abdow- Snr. Proc.	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 Assembly

Date 30/9/2016

Principal Finance Office – County Assembly

Date 30/9/16

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
	a	b	c	d=a-c		
Construction of buildings (Refurbishment)						
1. WARSAAN CONSTRUCTION CO. LTD	2,903,004	2/05/2016	-	-	2,903,004	The contractor has some pending work
2.						
3.						
Sub-Total						
Construction of civil works						
4. BURA CONTRACTORS	18,000,000	7/08/2015	13,900,000	4,100,000	4,100,000	The contractor has some pending work
5. MANSUR INVESTMENT COMPANY	10,037,654	16/5/2016	-	10,037,654	10,037,654	The contractor has some pending work
6.						
Sub-Total						
Supply of goods						
7. GALAYR CONSTRUCTION CO. LTD	9,951,559	31/11/2015	1,000,000	8,950,0000	8,951,559	The contractor has some pending work
8.						
9.						
Sub-Total						
Supply of services						
10. GARRED CONSTR. & GENERAL SUPPLIES	13,000,000	5/05/2015	6,200,000	6,800,000	6,800,000	The contractor has some pending work
11.						
12.						
Sub-Total						
Grand Total	**53,892,217.20**				**32,792,217**	

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
		A	b	C	d=a-c		
Senior Management							
1.Abdiwahab Suleiman		32,500.80				32,500.80	
2.Abdullahi Mohd Buthul		287,236.80				287,236.80	
3.Mahat Abdikadir		170,409.60				170,409.60	
4.Mustaf Abdirashid		139,665.60				139,665.60	
5.Mohamed Aden Dubow		254,736.00				254,736.00	
6.Abdirahman Abdullahi		69,393.60				69,393.60	
7.Mohamed Hassan Sahal		132,638.40				132,638.40	
8.Osman Abdi Ali		72,907.20				72,907.20	
9.Mohamud Osman Mohamed		149,328.00				149,328.00	
10.Abdi Dekow Osman		83,448.00				83,448.00	
11.Mahat Osman Ibrahim		129,124.80				129,124.80	
12.Abdi Ali Owsahal		70,272.00				70,272.00	
13.Mohamed Abdi Farah		57,096.00				57,096.00	
14.Mohamed Abdulahi Abdi		216,964.80				216,964.80	
15.Mohamed Adan Ali		364,536.00				364,536.00	
16.Hussein Ahmed Bashir		130,003.20				130,003.20	
17.Ahmed Nur mohamed		171,288.00				171,288.00	
18.Mohamed Siyat		180,072.00				180,072.00	
19.Abdirahman Mohamed Idriss		105,408.00				105,408.00	
20.Mohamedweli Guhat		79,056.00				79,056.00	
21.Siyat Abdikarim		114,192.00				114,192.00	
22.Shaffi Mohamed Odhowa		144,936.00				144,936.00	
23.Ahmed Hussein Maalim		145,814.40				145,814.40	
24.Idriss Abdi Bilal		74,664.00				74,664.00	
25.Nasir Mohamed		30,744.00				30,744.00	
26.Mohamed Issack Shurie		28,987.20				28,987.20	

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
27.Mohamed Adan Ali		364,536.00				364,536.00	
Sub-Total		**3,799,958**				**3,799,958**	
Middle Management							
1.							
2.							
3.							
Sub-Total							
Unionisable Employees							
4.							
5.							
6.							
Sub-Total							
Others (*Ward Operations*)							
1.JARAJARA		120,000				120,000	
2.DEKAHARJA		60,000				60,000	
3.LIBOI		180,000				180,000	
4.WABERI		60,000				60,000	
5.SAKA		120,000				120,000	
6.BALAMBALA		120,000				120,000	
7.NANIGHI		60,000				60,000	
8.DANYERE		120,000				120,000	
9.SANGAILU		180,000				180,000	
10.BURA		60,000				60,000	
11.DERTU		120,000				120,000	
12.JARAJILLA		180,000				180,000	
13.IJARA		60,000				60,000	
14.LABASIGALE		120,000				120,000	
15.GOREALE		180,000				180,000	
16.MADOGASHE		60,0000				60,0000	

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
17.SABENA		132,000				132,000	
18.ABAKAILE		180,000				180,000	
19.DADAAB		180,000				180,000	
20.IFTIN		63,803				63,803	
21.TOWNSHIP		180,000				180,000	
22.FAFI		120,000				120,000	
23.HULUGHO		120,000				120,000	
24.BARAKI		60,000				60,000	
25.GALBET		120,000				120,000	
26.BANANE		120,000				120,000	
27.DAMAJALE		120,000				120,000	
28.MAALIMIN		120,000				120,000	
29.MASALANI		120,000				120,000	
30.SANKURI		60,000				60,000	
Sub-Total		**3,495,803**				**3,495,803**	
Grand Total						**7,295,761**	

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
		a	b	C	d=a-c		
Amounts due to National Govt Entities							
1.							
2.							
3.							
Sub-Total							
Amounts due to County Govt Entities							
4.							
5.							
6.							
Sub-Total							
Amounts due to Third Parties							
7.							
8.							
9.							
Sub-Total							
Others (*specify*)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Q1	Q2	Q3	Q4
Land				
Buildings and structures				10,169,992
Transport equipment				
Office equipment, furniture and fittings				8,757,000
ICT Equipment, Software and Other ICT Assets				24,489,444
Educational Aids and related equipments				15,000,000
Heritage and cultural assets				
Intangible assets				
Total				**58,416,436**