REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY ASSEMBLY OF KIAMBU

FOR THE YEAR ENDED 30 JUNE 2017

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 – 00100, NAIROBI
29 SEP 2017
RECEIVED

KIAMBU COUNTY ASSEMBLY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2017

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

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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The County is constituted as per the constitution of Kenya is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The County Assembly constitutes 87 Members of County Assembly (MCA's) who represent members of the public from their respective wards. The MCA's are responsible for making any laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

(b) Key Management

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

1. General Administration Planning and Support Services
2. Legislation and Oversight Services

(c) Fiduciary Management

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

	Designation	Name
1.	Accounting Officer	**JOHN MWIVITHI MUTIE**
2.	Deputy Clerk and Director Of Legislative services	**DAVID K NGURE**
3.	Director Finance and Administration	**JOHN MUNGAI NGUGI**
4.	Director committee services	**FRANCIS NDIRANGU**
5.	Director of Procurement	**JAMES KAMAU**

(d) Fiduciary Oversight Arrangements

Kiambu County Assembly is a legislative arm of the Kiambu County Government created by the Constitution of Kenya, 2010.In the Financial Year ended 30th June 2017 the assembly comprised 87 members, 60 members who are elected and 27 members who are nominated to represent various interests and constitutional provisions on gender equity. The assembly functions through 17 house committees, a speaker's panel with the administrative issues being handled by the County Assembly Service Board. The functions of the assembly are representation of county residents, law-making and oversight. The key Strategic goals and objectives include; Review of Kiambu County Assembly Standing Orders; Carrying out continuous mandate workshops for house committees; Periodic training of members to inculcate a parliamentary culture in the conduct of their mandate. The Various Committees undertake various oversight activities which include;

i. Investigating, inquiring into and reporting on all matters related to coordination, control and monitoring of the county budget;
ii. Examine and consider all matters related to public finance, monetary policies and public debt;

iii. The examination of the annual reports of the Auditor General on the accounts relating to the appropriations of the sum voted by the Assembly to meet the public expenditure for the County Government, including the Assembly; and,
iv. The examination of any other reports of the Auditor General on public funds relating to the County, including specialized reports and special reports submitted by the Auditor General.

(e) Entity Headquarters

P.O. Box 1492-00900
Kiambu County Assembly Building
Kiambu, KENYA

(f) Entity Contacts

Telephone: (254) 0675860000
E-mail: info@kiambucountyassembly.go.ke
Website: www.kiambucountyassembly.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
   P.O. Box 170
   Kiambu, Kenya

(h) Independent Auditors

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

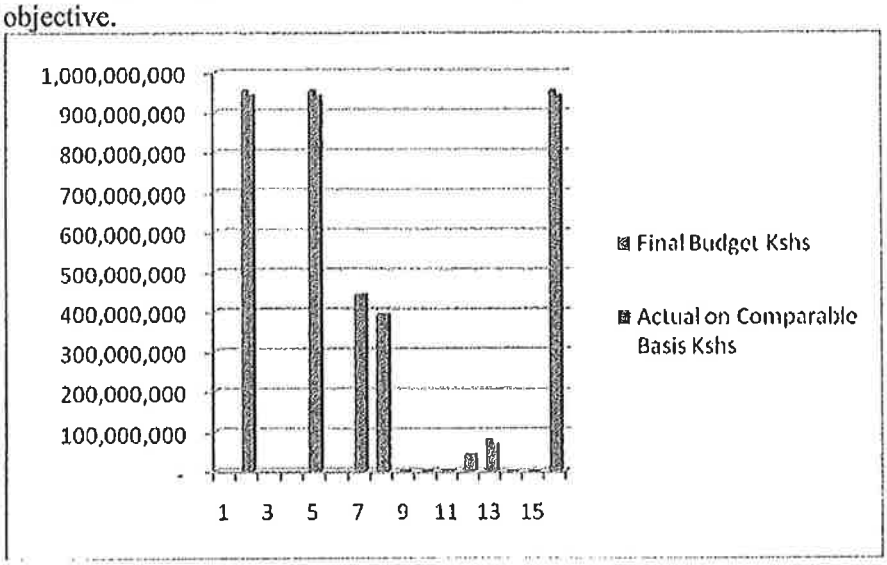
(i) Principal Legal Adviser

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

I. FORWARD BY THE CLERK OF THE ASSEMBLY

Budget performance

Going by the allocations in the Budget the Kiambu County Assembly has utilized 98.69% of the budget considering the limited resources in the County Assembly and the competing programs for funding. Priority for funding in the FY 2016/17 was given to efficient and productive projects/programs that seek to improve the general welfare of Kiambu residents as well as improving the environment for doing business. This is in line with the County's objective.



Operational Performance

1. Laws passed by the Members of County Assembly and their impact on improvement of efficiency of operations and benefits to the citizens

During the period under review, the Assembly passed the following legislations;

No.	Legislation	Intended benefit
1.	Trade License Act, 2016	Streamlines collection of trade license in the County
2.	Kiambu County Education Bursary Fund (amendment) Bill, 2016	To provide for separation of powers between the County Assembly and the Executive in the implementation of the Act with a view of facilitating release of money by the Controller of Budget to the needy and deserving students.
3.	Kiambu County Citizen Petition and Participation Bill, 2016	Gives a legal framework for Public Participation Provides framework for Civic education on Public Participation

		Provides legal framework for Petitioning the County Government Creates avenues for better service delivery through petitioning.
4.	Kiambu County Valuation and Rating Bill, 2016	Provides a roadmap for valuation role in the County thereby availing correct information to the citizens on what the County Government should charge on rates Helps in boosting locally generated revenues to the County Government thus improvement on service delivery
5.	Kiambu County Finance Bill, 2016	Gives the County Authority over collection of fees
6.	Kiambu County Supplementary Appropriations Bill I, 2016	Confers authority on the County Government to spend public funds towards provision of services to the citizens
7.	Kiambu County Access to Information Bill,2016	Providing of access to information by creating a legal framework for practice and procedure. It aligns itself with the national legislation on access to information to standardize access to information on both national and county level as per the County Government Act, 2012. Provides an opportunity for citizens to engage in self-governance through access to information as provided for in the Constitution Section 35. Creates avenues for better service delivery by providing information.
8.	Kiambu County Supplementary Appropriations Bill II, 2016	Authorizes expenditure over public fund resulting into provision of services to the citizens
9.	Kiambu County Community Neighborhood Association, Promotion of Participation and Engagement Bill, 2016	Improve on self governance of the people at community level by improving their participation in Community Affairs. Attempts to Bring services closer to the people (sanitation, security and utilities) It promotes development at community level. The legislation seeks to improve the manner in which communities can participate in county activities with regards to provision of services such as basic security, garbage collection,

		neighbourhood affairs and so forth.
10.	Kiambu County Supplementary Appropriations Bill III, 2016	Gives the County Government Powers over Public Expenditure
11.	Kiambu County Budget Appropriations Bill, 2016	Allows the County Government authority to spend public funds

2. Mandate of Assembly Committees

Committee on Selection

The Committee nominates Members to serve in Committees, save for the membership of the Assembly Business Committee, Committee on Appointments and the Speaker's Committee.

Committee on Appointments

(1) There shall be a committee to be designated the Committee on Appointments to be appointed by the Assembly, consisting of the Speaker as a Chairperson, the Leader of the Majority Party, the Leader of the Minority party and not more than three other Members nominated by the Assembly Business Committee, on the basis of proportional Party Membership in the Assembly taking into consideration the numerical strength of the Parties and interests of Independent Members.

(2) The Committee on Appointments shall be appointed within seven days on assembly of a new Assembly and shall serve for period of three years and that appointed thereafter shall serve for the remainder of the term of the Assembly.

3) In the absence of the Speaker, the Committee shall elect a member, from amongst its members to chair the meeting.

(4) The Committee on Appointments shall consider, for approval by the Assembly, appointments under Articles 179(2) of the Constitution *(Members of County Executive Committees)*.

(5) The quorum of the Committee on Appointments shall be one half of the Members of the Committee, but the Speaker shall not be counted for the purposes of quorum and shall not vote.

County Public Investment and Accounts Committee

The Committee is responsible for-

(a) in respect of the accounts of the County Government-

(i) the examination of the annual reports of the Auditor General on the accounts relating to the appropriations of the sum voted by the Assembly to meet the public expenditure for the County Government, including the Assembly; and,

(ii) the examination of any other reports of the Auditor General on public funds relating to the County, including specialized reports and special reports submitted by the Auditor General on his own motion or following a request of the Assembly in accordance with the law relating to Public Audit.

(b) In respect of County Government Entities-

(i) The examination of the annual reports of the Auditor General on the accounts of county government entities, including county corporations;
(ii) The examining of any recommendation from the Auditor General relating to withholding of funds to a county government entity or a county corporation;
(iii) The examination of proposals from the county executive to declare a county corporation to be a county government entity; and,
(iv) Where a report is not available, the examination, in the context of the autonomy and efficiency of the county public investments, whether the affairs of the county public investments, are being managed in accordance with sound financial or business principles and prudent commercial practices.
(3) The Committee may, in respect of a County Government-Linked Entity, inquire into the commercial affairs of the entity with a view to examining the prudence and commercial effectiveness of the continued investment of the County in the entity.
4) The Public Investments and Accounts Committee may examine the commercial effectiveness of the County Government's investment in a county government entity or a county corporation, including proposals for divestiture.

County Finance, Budget and Appropriations Committee
The functions of the Committee include; –
(a) Investigate, inquire into and report on all matters related to coordination, control and monitoring of the county budget;
(b) Discuss and review the estimates and make recommendations to the Assembly;
(c) Examine the County Fiscal Strategy Paper presented to the Assembly;
(d) Examine Bills related to the County budget, including Appropriation Bills and the Finance Bill;
(e) Examine and consider all matters related to public finance, monetary policies and public debt;
(f) Evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays;
(g) Consider the reports of the Controller of Budget on the implementation of the annual county budget; and,
(h) In accordance with the Public Finance Management Act, examine the levels of county public debt and proposals for limitation of expenditure on the wages of public officers serving in the county.
County Innovation, Communications and Technology Committee
The Committee is mandated to;-
(a) provide opportunities for systematic and progressive consultations with the County Executive to facilitate the development of policies and conducive environment to attract and retain innovation and investment in the County including the use of appropriate technology;
(b) examine and inquire into matters related to development, retention and advancement of policies, programmes, skills and expertise aimed at attracting and retaining innovation and investments in the County;

(c) inquire into mechanisms availed by the County Government to facilitate public communication and access to information as required under sections 95 and 96 of the County Governments Act;
(d) advise the Assembly on any matters relating to the broadcast rules contained in the Third Schedule including the review of the broadcasting rules and development of procedures for the enforcement of the broadcasting rules; and,
(e) Consider, on its own motion, or following direction of the Speaker or the Assembly, any matter relating to the breach of broadcasting rules, including proposing sanctions.
The County Innovation, Communications and Technology Committee may make reports and recommendations to the Assembly on any matter falling within its mandate as prescribed under paragraph (1), including proposing legislation on innovation, communications or technology but shall not deal with matters related to procurement of items or services of the broadcast, or any matter falling within a function of the Assembly Service Board.

The process dates when County Budget was passed including the Supplementary Budgets
The budget related documents for the period under review include;
i. Annual Development Plan passed on 1st November, 2016
ii. The Finance Bill, 2016 approved on 9th November, 2016
iii. The Supplementary Estimates I passed on 17th November, 2016
iv. County Fiscal Strategy Paper passed on 15th March, 2016
v. The Supplementary Estimates II, passed on 18th April, 2017
vi. The Budget Estimates passed on 16th June, 2016
vii. The Supplementary Estimates III approved on 22nd June, 2017

County Assembly Committees and their mandates
The County Assembly has the following Committees;
Committee on Implementation and Law Affairs
The functions of the Committee are:
(1) to scrutinize the resolutions of the Assembly (including adopted committee reports), petitions and the undertakings given by the County Executive Committee and examine –
(i) whether or not such decisions and undertakings have been implemented and where implemented, the extent to which they have been implemented; and whether such implementation has taken place within the minimum time necessary; and
(ii) Whether or not legislation passed by the Assembly has been operationalized and where operationalized, the extent to which such operationalization has taken place within the minimum time necessary.
(2) to oversee matters concerning intergovernmental and inter-county relations;

(3) to oversee the county sector/department responsible for legal affairs;

(4) To provide a forum for the consideration of proposed amendments to National laws

affecting County Governments for which a formal request for views has been received, but whose subject does not fall under the mandate of any other Committee of the Assembly; and,

(5) to consider any matter concerning the amendment of the Constitution for which the action of the County Government is required.

3) The Committee may follow up on assurances made by the Executive by way of response to statements under Standing Order 55 *(Time for statements requests and response statements)* but such follow-up shall be limited to assurances contained in the response as signed by the responsible County Executive Committee Member.

(4) The Committee may propose to the Assembly, sanctions against any member of the County Executive Committee who fails to report to the relevant committee on implementation status without justifiable reasons.

Sectoral Committees

The functions of the Sectoral Committees include;

(a) investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned departments;

(b) study the programme and policy objectives of departments and the effectiveness of the implementation;

(c) study and review all county legislation referred to it;

(d) Consideration of statutory instruments as provided under the Statutory Instruments Act, any other law relating to statutory instruments and Part XXV *(Statutory Instruments)* of these Standing Orders.

(e) study, assess and analyze the relative success of the departments as measured by the results obtained as compared with their stated objectives;

(f) investigate and inquire into all matters relating to the assigned departments as they may deem necessary, and as may be referred to them by the Assembly;

(g) to vet and report on all appointments where the Constitution or any law requires the Assembly to approve, except those under Standing Order 218 (*Committee on Appointments*)

(h) Make reports and recommendations to the Assembly as often as possible, including recommendation of proposed legislation.

The County Assembly Sectoral Committees include;

a) Agriculture, Livestock and Fisheries
b) County Public Service and Administration
c) Education, Science and Technology
d) Health Services
e) Planning and Urbanization
f) Trade, Tourism and Cooperatives
g) Transport, Public Works and Infrastructure
h) Water, Environment and Natural Resources
i) Youth, Sports and Social Services

Liaison Committee

The Liaison Committee shall;

(a) guide and co-ordinate the operations, policies and mandates of all Committees;

(b) deliberate on and apportion the annual operating budget among the Committees;

(c) consider the programmes of all Committees,;

(d) ensure that Committees submit reports as required by these Standing Orders;

(e) subject to paragraph (3) of Standing Order 15 (*Speaker may refer a matter to any committee),* determine, whenever necessary, the committee or committees to deliberate on any matter; and,

(f) give such advice relating to the work and mandate of committees as it may consider necessary;

(3) The Liaison Committee shall consider reports of Committees that have been referred to them by the Speaker or those that have not been deliberated by the Assembly and may submit a consolidated report containing the summaries of such reports for noting by the Assembly.

Adhoc Committees

(1) The Assembly may, by a resolution establish an *adhoc* Committee for purposes of enquiring into a matter or matters specified in the resolution.

3. Success of the Committees during the period under review

The County Assembly Committees achieved the following during FY 2016/17;

a) Enactment of the Finance Bill, 2016
b) Enactment of the Supplementary Appropriations Act I, 2016
c) Enactment of the Supplementary Appropriations Act II, 2017
d) Enactment of the Supplementary Appropriations Act III, 2017
e) Enactment of the Budget Appropriations Act, 2017
f) Enactment of Kiambu County Finance Act, 2016
g) Enactment of the Trade License Act, 2016
h) Enactment of Kiambu County Education Bursary Fund (amendment) Act, 2016
i) Enactment of Kiambu County Citizen Petition and Participation Act, 2016
j) Enactment County Valuation and Rating Act, 2016
k) Enactment of Kiambu County Access to Information Bill, 2016
l) Enactment of Kiambu County Community Neighbourhood Association, Promotion of Participation and Engagement Act, 2016.
m) Consideration of a petition by residents of Kahawa Sukari Ward concerning controlled development in Kahawa Sukari Ward.
n) Consideration of a public petition on prohibition of Anmer and Kabaazi coffee estate roads in Mboi – Kamiti estate by Hon. Mwaura Lawrence, MCA tabled in the House in September, 2016.
o) Consideration of Public petition regarding massive corruption at Karuri Water and Sanitation Company.
p) Consideration of Public petition regarding the suspension of employees from Githunguri

Water and Sanitation Company.

q) Consideration and adoption of Report on the implementation status of the resolution of the Assembly regarding partnership with KMTC.

r) Consideration and adoption of report on the implementation status of the resolution of the Assembly regarding establishment of a cancer center.

4. Highlights on the oversight role of the Committees

During the period under review, the Committees undertook the following oversight visit with a view of ascertaining the implementation status of the budgeted programmes;

a) Inspection Visit to Limuru dumpsite in Bibirioni ward.

b) Inspection visit to the semi aerobic landfill project at Kang'oki dumpsite in Kamenu ward

c) Inspection visit to Kang'oki dumpsite in Kamenu ward.

d) Inspection visit to Kangoya dumpsite in Kiambu town ward.

e) Inspection of street lighting and high masts in Salama, Kisii and Gatundu Phase 2 estates; poor drainage works in Makongeni estate and the dilapidated state of Kakuzi road in Kiganjo and Makongeni Estates in Kamenu Ward, Thika Sub County.

f) Inspection the following rural access roads in Karai ward in Kikuyu Sub- County: Muthemba, Barnabus, Mathini, Nyakumu and Remi.

g) Inspection of 14 Falls tourist attraction site.

h) Inspection of Githunguri Open Market to ascertain implementation status of the project following a formal complaint lodged by the traders on delay in completion of the market.

Performance of key development projects

The County Assembly has been able to build capacity to assist the members in their legislative work and oversight responsibilities. In a nutshell, the Assembly has been able to enact key legislation that has helped the County Government achieve its objectives. The Assembly has also been able to effectively oversight the County Executive.

The Assembly earmarked on renovating the Assembly building to create more committee rooms and offices and refurbishing the chamber. This project is now 80% complete. Once it is completed, it aims at creating good working environment in the Assembly to guarantee effective execution of its mandate.

The Assembly has deliberately build capacity amongst the Members of the County Assembly to equip them with necessary skills of legislating and oversight.

Comment on value-for-money achievements

Some of the projects undertaken have positively improved the lives of the citizens of the County by ensuring there is proper planning and guiding of county on various programmes thus ensuring that there is improvement of social infrastructure facilities and also developing citizen engagement framework.

By building capacity among the Members of the County Assembly, the Assembly has equipped them with skills and capacity to adequately interrogate policy proposed and legislature agenda emanating from the county executive.

In this regard, therefore quality legislation to govern citizen of the county is enacted and well thought policies that positively impact on the citizens of the county are implemented.

Challenges and Recommended Way Forward

The Assembly has experienced some challenges while implementing its strategic objectives. These challenges include:

i. Inadequate financial resources
ii. Capacity gaps within its staff establishment
iii. Unexploited opportunities for Partnerships and collaborations

The Assembly has put in place robust interventions which includes but not limited to lobbying the county executive for allocation of more development funds, putting in place a staff training committee to address capacity gaps, cultivating mutual and cordial relationship with the county executive and benchmarking with other model county Assembly among other deliberate efforts.

Sign
Clerk of the County Assembly

STATEMENT OF MANAGEMENT RESPONSIBILITIES

Sections 164 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer of a County Government Entity to prepare financial statements in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board

The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended on 30th June 2017. This responsibility includes:

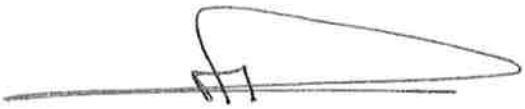
i. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period
ii. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Assembly
iii. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud
iv. Safeguarding the assets of the County Assembly
v. Selecting and applying appropriate accounting policies
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 on 30th June 2017, and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained by the County Assembly which have been relied upon in the preparation of the 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 that the County Assembly's funds received 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 financial statements were approved and signed by the Clerk of the County Assembly on 30th September 2017.



Clerk of the County Assembly

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OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Kiambu set out on pages 15 to 34, which comprise the statement of financial assets and liabilities as at 30 June 2017, and the statement of receipts and payments, statement of cash flows 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 Kiambu as at 30 June, 2017, and (of) its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

in addition, as required by Article 229(6) of the Constitution, except for the matters described in the Qualified Opinion and Other Matter section of my report, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

1. Compensation of Employees

1.1 Accuracy of Compensation of Employees' Figure

The statement of receipts and payments for the year ended 30 June 2017 reflects compensation of employees of Kshs.440,105,393. However records maintained by the County Assembly indicate a figure of Kshs.453,316,866, resulting in an unreconciled variance of Kshs.13,211,473. As a result, the accuracy of compensation of employees' figure totaling Kshs.440,105,393 could not be confirmed.

1.2 Overpayment of House Allowance

Note 4 to the financial statements reflects personal allowances paid as part of salary of Kshs.103,112,000. Included in this figure is Kshs.714,000 being house allowance overpaid to seven staff owing to wrong placements in higher job groups. House allowances of Kshs.20,000 which are above the recommended amounts of Kshs.13,000 were paid. This is contrary to salaries and remuneration commission's recommendations vide circular No.SRC Ref.No.SRC/ADM/CIR/1/13 Vol.III (126) dated 10 Dec 2014.

Consequently, the propriety of the total house allowance of Kshs.714,000 paid could not be confirmed.

1.3 Unjustified Payment of Sitting Allowances

The personal allowances paid as part of salary of Kshs.103,112,000 as disclosed in Note 4 to the financial statements includes an amount of Kshs.280,383 paid to members of the County Assembly(MCAs) as sitting allowances for various meetings, seminars and conferences held during the year. However, a review of schedules and other supporting documents revealed that some members did not attend meetings held according to minutes presented for audit and they did not sign attendance registers. Further, some members were found to have signed attendance registers of different meetings held concurrently in the assembly and away from the precincts of the County Assembly and paid sitting allowances for both meetings.

In view of the observations, ineligible sitting allowances of Kshs.280,383 paid to MCAs during the year under review for concurrent meetings is an irregular charge to public funds.

2.0 Use of Goods and Services

The statement of receipts and payments for the year ended 30 June 2017 reflects Use of Goods and Services expenditure totaling Kshs.392,044,066 as detailed in Note 5 to the financial statements. The following observations were made in respect of the expenditure:

2.1 Domestic Travel and Subsistence

Included in the use of goods and services figure of Kshs.227,817,422 as further disclosed in Note 5 to the financial statements is domestic travel and subsistence expenditure of Kshs.17,245,900.

The expenditure is in respect of various activities such as consultative meetings and report writing. However, notices of meetings, agenda, reports and minutes for the said meetings were not produced for audit verification. Further the meetings were held in locations away from the premises of the County Assembly in contravention of Treasury

circular No.17/2013 Reference ES/1/03 H(12) of 17 December 2013 which states that such meetings that would ordinarily be done outside the office should be discouraged .

The County Assembly management was therefore in breach of the law. Additionally, the propriety of the expenditure of Kshs.17,245,900 could not be confirmed.

2.2 Foreign Travel

Note 5 to the financial statements reflects foreign travel and subsistence expenditure of Kshs.15,006,680 which includes an amount of Kshs.6,428,478 incurred by three (3) County Assembly delegations that visited Kampala, Uganda for training on women empowerment between 18 and 28 September 2016 and other two visits on Legislative and Parliamentary practices from 30 October to 8 November 2016 and from 4 to 13 December 2016. However, the expenditure was not supported by evidence of travel such as copies of passports, boarding passes and reports of the meetings attended.

Consequently, the propriety and validity of foreign travel and subsistence expenditure of Kshs.6,428,478 could not be confirmed.

2.3 Training Expenses

Included in the Use of Goods and Services and as further disclosed in Note 5 to the financial statements is training expenditure totaling Kshs.26,824,024. However, records maintained by the County Assembly reflect total expenditure of Kshs.27,268,024 resulting in unexplained and unreconciled difference of Kshs.443,591.

Consequently, the accuracy and completeness of training expenses of Kshs.26,824,024 could not be confirmed.

2.4 Hospitality Supplies and Services

Note 5 to the financial statements reflects hospitality, supplies and services expenditure of Kshs.20,096,810 paid in respect of hire of conferences facilities for holding various workshops, seminars and training of officers and members of the County Assembly. However, the payments were not supported by attendance lists or reports emanating from such meetings.

Consequently, the propriety of hospitality, suppliers and services figure of Kshs.20,096,810 could not be confirmed.

2.5 Rentals of Produced Assets

Note 5 to the financial statements further reflects rentals of produced assets expenditure of Kshs.14,058,079 out of which Kshs.11,155,641 was in respect rent for ward offices that have been leased for members of the County Assembly. The rent was paid at a uniform rate of Kshs.15,000 per month for each ward office. However, as

previously reported in 2015/2016, no valuation was done to establish the reasonableness of the rent charged. The management has not explained how rent for offices located in different towns were charged and paid for uniformly.

Consequently, it has not been possible to confirm the propriety and value for money on ward office rent expenditure of Kshs.11,155,641.

2.6 Other Operating Expenses

Note 5 to the financial statements reflects other operating expenses of Kshs.21,673,118 which include an amount of Kshs.15,254,580 being imprests issued to County Assembly wards for office running expenses.

However, there was no documentary evidence to show how the imprest issued was accounted for. Consequently, the propriety of operating expenses totaling Kshs.15,254,580 could not be confirmed.

3.0 Acquisition of Assets

3.1 Construction of Buildings

Included in acquisition of assets' balance of Kshs.64,902,873 and as disclosed in Note 10 to the financial statements is construction of buildings expenditure of Kshs.13,000,000. However, supporting schedules maintained by the County Assembly reflect a total of Kshs.26,344,885 resulting in an unexplained variance of Kshs.13,344,885.

As a result, the accuracy and completeness of construction of buildings' figure of Kshs.13,000,000 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 Kiambu 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 and Other Matter sections, I have determined that there are no Key Audit Matters to communicate in my report.

Other Matter

1. Failure to Observe One Third Rule on Staff Establishment

A review of human resource records maintained by the County Assembly of Kiambu revealed that the assembly had a total of seventy two (72) employees in its payroll from six (6) ethnic communities.

However, the dominant community in the county took 57 (or 79%) of the staff composition while the remaining balance of 15 (or 21%) of positions were shared among the other five communities contrary to section 65(1)(e) of the County Governments Act, 2012 which requires that at least thirty percent (30%) of the positions should be filled by candidates who are not from the dominant community in the county.

2. Failure to Prepare a Summary of Fixed Assets Register

The statement of receipts and payments shows that an amount of Kshs.64,902,873 was incurred during the year for acquisition of assets. However, the County Assembly did not prepare a summary of fixed assets register as an annex to these financial statements as required by the reporting framework recommended by the Public Sector Accounting Standards Board (PSASB) through circular reference AG4/16/1/Vol.IV/76 dated 13 July 2017. The financial statements therefore do not conform with IPSAS and as prescribed by the Board.

3. Failure to Advertise Positions in Recruitment of Staff

During the year under review, the County Assembly of Kiambu recruited sixteen (16) employees on contract terms. However, management did not present evidence that the positions were advertised and candidates picked in a competitive process contrary to section 66 of the County Governments Act, 2012. The County Assembly was therefore in breach of the law.

4. Overall Budget Performance

During the financial year 2016/2017, the County Assembly of Kiambu had a final budget of Kshs.953,889,139 comprising of recurrent vote of Kshs.906,245,126 and development allocation of Kshs.47,644,013. The County Assembly had an, overall under absorption of budget of Kshs.12,536,807 or 1% as tabulated below;

Vote	Approved Budget 2016/2017 Kshs.	Actual Expenditure 2016/2017 Kshs.	Under Absorption Kshs.	Under Absorption %
Recurrent	906,245,126	894,027,576	12,217,550	1
Development	47,644,013	47,324,756	319,257	1
Total	**953,889,139**	**941,352,332**	**12,536,807**	**1**

4.1 Recurrent Budget Absorption

During the year under review, the County Assembly of Kiambu allocated Kshs.906,245,126 for recurrent expenditure but spent Kshs.894,027,576 thus resulting in an overall under expenditure of Kshs.12,217,550 as detailed below;

Expenditure Item	2016/2017 Budgeted Amount-Kshs.	2016/2017 Actual Expenditure-Kshs.	Under Absorption Kshs.	Under Absorption %
Compensation of Employees	440,105,393	440,105,393	-	0
Use of Goods & Services	392,261,616	392,044,066	217,550	0.1
Other Grants & Transfers	3,300,000	3,300,000	-	0
Social Security Benefits	41,000,000	41,000,000	-	0
Acquisition of Assets	29,578,117	17,578,117	12,000,000	59
Total	**906,245,126**	**894,027,576**	**12,217,550**	**59.1**

The above analysis indicates that the under absorption of Kshs.12,217,550 is largely in respect of acquisition of assets, which had an annual budget of Kshs.29,578,117 against actual expenditure of Kshs.17,578,117. The under absorption means that the County Assembly did not implement or complete some projects as planned. The management has not provided any explanation for the under expenditure.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the County Assembly's ability to continue sustaining services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting.

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

Those charged with governance are responsible for overseeing the County Assembly's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the County Assembly's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County Assembly's ability to continue 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 to cease to continue 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 County Assembly to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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

Nairobi

16 July 2018

II. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016/2017	2015/2016
		Kshs	Kshs
RECEIPTS			
Transfers from the County Treasury/Exchequer Releases	1	941,889,139	872,000,000
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		**941,889,139**	**872,000,000**
PAYMENTS			
Compensation of Employees	4	440,105,393	430,000,000
Use of goods and services	5	392,044,066	287,952,117
Subsidies	6	-	-
Transfers to Other Government Entities	7	-	-
Other grants and transfers	8	3,300,000	1,300,000
Social Security Benefits	9	41,000,000	74,000,000
Acquisition of Assets	10	64,902,873	24,853,599
Finance Costs	11	-	-
Other Payments	12	-	-
TOTAL PAYMENTS		**941,352,332**	**818,105,716**
SURPLUS/DEFICIT		**536,807**	**53,894,284**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on30th September 2017 and signed by:

Clerk of the Assembly
Name: John Mwivithi Mutie

Chief Finance Officer – County Assembly
Name: John Mungai Ngugi
ICPAK Member Number: 2613

III. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

	Note	2016/2017	2015/2016
FINANCIAL ASSETS		**Kshs**	**Kshs**
Cash and Cash Equivalents			
Bank Balances	13A	536,807	53,894,284
Cash Balances	13B	-	-
Total Cash and cash equivalents		**536,807**	**53,894,284**
Accounts receivables	14	-	-
TOTAL FINANCIAL ASSETS		**536,807**	**53,894,284**
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	15	-	-
NET FINANCIAL ASSETS		**536,807**	**53,894,284**
REPRESENTED BY			
Fund balance b/fwd	16	-	-
Surplus/Deficit for the year		536,807	53,894,284
NET FINANCIAL POSITION		**536,807**	**53,894,284**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on30th September 2017 and signed by:

Clerk of the Assembly
Name: John Mwivithi Mutie

Chief Finance Officer – County Assembly
Name: John Mungai Ngugi
ICPAK Member Number: 2613

I. STATEMENT OF CASH FLOWS

	Note	2016/17 Kshs	2015/16 Kshs
CASH FLOWS FROM OPERATING ACTIVITIES			
Transfers from the County Treasury/Exchequer Releases	1	941,889,139	872,000,000
Other Receipts	3		
Payments from Operating Expenses			
Compensation of Employees	4	440,105,393	430,000,000
Use of goods and services	5	392,044,066	287,952,117
Subsidies	6	-	-
Transfers to Other Government Entities	7	-	-
Other grants and transfers	8	3,300,000	1,700,000
Social Security Benefits	9	41,000,000	74,000,000
Finance Costs	11	-	-
Other Payments	12	-	-
Adjusted for:			
Adjustments during the year		-	-
Net cash flows from operating activities		**65,439,680**	**78,747,883**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	64,902,873	24,853,599
Net cash flows from investing activities		**64,902,873**	**24,853,599**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**536,807**	**53,894,284**
Cash and cash equivalent at BEGINNING of the year		-	-
Cash and cash equivalent at END of the year		**536,807**	**53,894,284**

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on30th September 2017 and signed by:

Clerk of the Assembly
Name: John Mwivithi Mutie

Chief Finance Officer – County Assembly
Name: John Mungai Ngugi
ICPAK Member Number: 2613

II. 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	914,889,139	39,000,000	953,889,139	941,352,332	98.69
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	-	-
TOTAL	914,889,139	39,000,000	953,889,139	941,352,332	98.69
PAYMENTS					
Compensation of Employees	440,105,393		440,105,393	440,105,393	100
Use of goods and services	392,261,616		392,261,616	392,044,066	99.94
Subsidies					
Transfers to Other Government Entities					
Other grants and transfers	3,300,000		3,300,000	3,300,000	100
Social Security Benefits	41,000,000		41,000,000	41,000,000	100
Acquisition of Assets	38,222,130	39,000,000	77,222,130	64,902,873	84.05
Finance Costs					
Other Payments					
TOTAL	914,889,139	39,000,000	953,889,139	941,352,332	98.69
SURPLUS/ DEFICIT	Nil	Nil	Nil	Nil	

(The original budget was Kshs. 914,889,139 and the Final budget was Kshs. 953,889,139 which has a surplus of Ksh. 39,000,000. This amount was as a result of funds been transferred to the Exchequer account for ongoing works that the Assembly had in FY 2015/2016 and hence the Assembly had a supplementary to cater for this funds to be included in the FY 2016/2017.)

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

Clerk of the Assembly
Name: John Mwivithi Mutie

Chief Finance Officer – County Assembly
Name: John Mungai Ngugi
ICPAK Member Number: 2613

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of Utilizatio difference to final budget
	Kshs	Kshs	Kshs	Kshs	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	906,245,126	-	906,245,126	894,027,576	98.65
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	**906,245,126**	-	**906,245,126**	**894,027,576**	**98.65**
PAYMENTS					
Compensation of Employees	440,105,393		440,105,393	440,105,393	100
Use of goods and services	392,261,616		392,261,616	392,044,066	99.94
Subsidies					
Transfers to Other Government Entities					
Other grants and transfers	3,300,000		3,300,000	3,300,000	100
Social Security Benefits	41,000,000		41,000,000	41,000,000	100
Acquisition of Assets	29,578,117		29,578,117	17,578,117	59
Finance Costs					
Other Payments					
TOTAL	**906,245,126**		**906,245,126**	**894,027,576**	**98.65**
Surplus/ Deficit	**Nil**	-	**Nil**	**Nil**	

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

Clerk of the Assembly
Name: John Mwivithi Mutie

Chief Finance Officer – County Assembly
Name: John Mungai Ngugi
ICPAK Member Number: 2613

IV. 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	8,644,013	39,000,000	47,644,013	47,324,756	99.33
Proceeds from Sale of Assets					
Other Receipts					
TOTAL	**8,644,013**	**39,000,000**	**47,644,013**	**47,324,756**	**99.33**
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	8,644,013	39,000,000	47,644,013	47,324,756	99.33
Finance Costs					
Other Payments					
TOTAL	8,644,013	39,000,000	47,644,013	47,324,756	99.33
SURPLUS/ DEFICIT	**Nil**	**Nil**	**Nil**	**Nil**	**99.33**

The entity financial statements were approved on30th September 2017 and signed by:

Clerk of the Assembly
Name: John Mwivithi Mutie

Chief Finance Office – County Assembly
Name: John Mungai Ngugi
ICPAK Member Number: 2613

V. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2016/2017		2016/2017	30th June 2017	
	Kshs	Kshs	Kshs	Kshs	Kshs
Programme 1: Legislation and Oversight of County Government	914,889,139	39,000,000	953,889,139	941,352,332	98.69
Sub-programme 1: General Administration and support services	818,724,839	39,000,000	857,724,839	845,188,032.10	98.54
Sub-programme 2: Legislation oversight and representation Services	96,164,300	-	96,164,300	96,164,300	100
Totals	**914,889,139**	**39,000,000**	**953,889,139**	**941,352,332**	**98.69**

VI. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

2. Reporting entity

The financial statements are for the Kiambu County Assembly. The financial statements encompass the reporting entity as specified in section 164 of PFM Act 2012.

3. Recognition of receipts and payments

a) Recognition of receipts

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

Tax receipts

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

Transfers from the Exchequer/ County Treasury

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

Other Receipts

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Recognition of payments

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

Compensation of employees

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

Use of goods and services

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

Acquisition of fixed assets

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

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

4. In-kind contributions

In-kind contributions are donations that are made to the 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 receipts and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

5. Cash and cash equivalents

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

Restriction on cash

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

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Accounts Receivable

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

7. Accounts Payable

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

8. Non current assets

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

9. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the 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.

10. Budget

The budget is prepared on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The entity's budget was approved as required by Law .The original budget was approved by the County Assembly on 16th June 2016 for the period 1st July 2016 to 30 June 2017 as required by law. There were 3 number of supplementary budgets passed in the year. A high-level assessment of the entity's actual performance against the comparable budget for the financial year under review has been included in the Statement of Comparison between actual and budgeted amounts included in these financial statements.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Comparative figures

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

12. Subsequent events

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

13. Errors

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

14. Related party transactions

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

VII. NOTES TO THE FINANCIAL STATEMENTS

1 Transfers from the County Treasury/Exchequer Releases

	2016/17	2015/16
	Kshs	Kshs
Transfers from the County Treasury for Q1	150,520,427	160,597,707
Transfers from the County Treasury for Q2	229,000,000	196,130,383
Transfers from the County Treasury for Q3	235,000,000	199,493,948
Transfers from the County Treasury for Q4	327,368,712	315,777,962
Cumulative Amount	**941,889,139**	**872,000,000**

2 PROCEEDS FROM SALE OF ASSETS

	2016/17	2015/16
	Kshs	Kshs
Receipts from the Sale of Buildings		
Receipts from the Sale of Vehicles and Transport Equipment		
Receipts from the Sale Plant Machinery and Equipment		
Receipts from Sale of Certified Seeds and Breeding Stock		
Receipts from the Sale of Strategic Reserves Stocks		
Receipts from the Sale of Inventories, Stocks and Commodities		
Disposal and Sales of Non-Produced Assets		
Receipts from the Sale of Strategic Reserves Stocks		
Total		

3 OTHER RECEIPTS

	2016/17	2015/16
	Kshs	Kshs
Tender fees received		
Other Receipts II		
Other Receipts III		
Other Receipts IV		
Other Receipts		
Total		

4 COMPENSATION OF EMPLOYEES

	2016/17	2015/16
	Kshs	Kshs
Basic salaries of permanent employees	289,535,284	260,000,000
Basic wages of temporary employees	42,500,000	42,000,000
Personal allowances paid as part of salary	103,112,000	123,000,000
Personal allowances paid as reimbursements		
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	4,958,109	5,000,000
Other personnel payments		
Total	**440,105,393**	**430,000,000**

5 USE OF GOODS AND SERVICES

	2016/17	2015/16
	Kshs	Kshs
Utilities, supplies and services	1,850	478,130
Communication, supplies and services	9,796,588	8,000,000
Domestic travel and subsistence	227,817,422	159,270,310
Foreign travel and subsistence	15,006,680	11,626,529
Printing, advertising and information supplies & services	4,490,377	5,150,280
Rentals of produced assets	14,058,079	12,040,000
Training expenses	26,824,433	8,800,000
Hospitality supplies and services	20,096,810	16,992,180
Insurance costs	32,267,311	27,195,082
Specialized materials and services	5,942,214	54,636
Office and general supplies and services	6,073,710	7,000,000
Fuel Oil and Lubricants	2,997,030	3,127,072
Other operating expenses	21,673,118	24,881,898
Routine maintenance – vehicles and other transport equipment	1,948,548	2,500,000
Routine maintenance – other assets	3,049,896	836,000
Total	**392,044,066**	**287,952,117**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 SUBSIDIES

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

7 TRANSFERS TO OTHER GOVERNMENT ENTITIES

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

8 OTHER GRANTS AND TRANSFERS

	2016/17	2015/16
	Kshs	Kshs
Scholarships and other educational benefits		
Membership fees and dues and subscriptions to int. organizations	3,300,000	1,300,000
Emergency relief and refugee assistance		
Subsidies to small businesses, cooperatives, and self employed		
Other current transfers, grants		
Other capital grants and transfers		
Total	**3,300,000**	**1,300,000**

9 SOCIAL SECURITY BENEFITS

	2016/17	2015/16
	Kshs	Kshs
Government pension and retirement benefits	41,000,000	74,000,000
Social security benefits in cash and in kind		
Employer Social Benefits in cash and in kind		
Total	**41,000,000**	**74,000,000**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 ACQUISITION OF ASSETS

Non Financial Assets	**2016/17**	**2015/16**
	Kshs	**Kshs**
Purchase of Buildings		
Construction of Buildings	13,000,000.	244,866.25
Refurbishment of Buildings	34,324,756	3,019,370
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	6,512,374	7,059,363
Purchase of ICT Equipment, Software and Other ICT Assets		
Purchase of Specialized Plant, Equipment and Machinery	3,065,743	4,530,000
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 lending and on-lending	8,000,000	10,000,000
Domestic Public Non-Financial Enterprises		
Domestic Public Financial Institutions		
Foreign financial Institutions operating Abroad		
Other Foreign Enterprises		
Foreign Payables - From Previous Years		
Total	**64,902,873**	**24,853,599**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 FINANCE COSTS

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

12 OTHER PAYMENTS

	2016/17	2015/16
	Kshs	Kshs
Budget Reserves		
Civil Contingency Reserves		
Capital Transfers to Non-Financial Public Enterprises		
Capital Transfer to Public Financial Institutions and Enterprises		
Capital Transfer to Private Non-Financial Enterprises		
Other expenses		
Domestic Accounts		
Total		

13 A BANK ACCOUNTS

Name of Bank, Account No. & Currency	Indicated whether recurrent or development	2016/17	2015/16
		Kshs	Kshs
Kiambu County Assembly Recurrent A/C No 1000216603. Kenya shilling	Recurrent	217,549.95	13,158,520
Kiambu County Assembly Development A/C No 1000291087. Kenya shilling	Development	319,257	40,735,764
Co-operative Bank, Kiambu K 011413712200. Kenya shilling	Recurrent	-	-
Total		**536,806.95**	**53,894,284**

13 B CASH IN HAND

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

13 C Cash in hand should be analysed as follows:

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

14 ACCOUNTS RECEIVABLE

	2016/17	2016/17
	Kshs	Kshs
Government Imprests		
Clearance Accounts		
Staff Advances		
Other Advances		
Total		

15 ACCOUNTS PAYABLE

	2016/17	2015/16
	Kshs	Kshs
Deposits and Retentions	813,063	-
Total	**813,063**	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 FUND BALANCE BROUGHT FORWARD

	2016/17	2015/16
	Kshs	Kshs
Bank accounts		
Cash in hand		
Accounts Receivables		
Accounts Payables		
Total		

17 FUND BALANCE BROUGHT FORWARD

	2016/17	2015/16
	Kshs	Kshs
Bank accounts		
Cash in hand		
Accounts Receivables		
Accounts Payables		
Total		

18 PRIOR YEAR ADJUSTMENT

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

DISCLOSURE NOTES

18.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2016/17	2015/16
	Kshs	Kshs
Construction of buildings		
Construction of civil works		
Supply of goods		
Supply of services		
Total		

18.2: PENDING STAFF PAYABLES (See Annex 2)

	2016/17	2015/16
Name of Staff	Kshs	Kshs
Total		

18.3: OTHER PENDING PAYABLES (See Annex 3)

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

19 RELATED PARTY DISCLOSURES

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

The following comprise of related parties to the County Assembly.

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

Related party transactions:

	2016/2017	2015/2016
	Kshs	Kshs
Compensation to the MCAs	116,963,473.80	-
Key Management compensation	-	-
	=======	=======
Transfers from the County Treasury	941,889,139	872,000,000
Transfers to/ from other County Government entities	-	-
Transfers to/ from County Ministries and Departments	-	-

Payments made in favour of other related parties	-	-
Payments made by related parties on behalf of Assembly	-	-
	======	======

VIII. 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)*

NOTE: The Assembly has not received the audited reports and financial statements for the financial year June 30, 2016.

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.

Director General/C.E.O/M.D (enter title of head of entity)

Chairman of the Board

Date.....

Date.....

IX. ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

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

X. ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2016	Comments
		a	b	c	d=a-c		
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							
11.							
12.							
Sub-Total							
Grand Total							

XI. ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2016	Comments
		a	b	c	d=a-c		
Amounts due to National Govt Entities							
1.							
2.							
3.							
Sub-Total							
Amounts due to County Govt Entities							
4.							
5.							
6.							
Sub-Total							
Amounts due to Third Parties							
7.							
8.							
9.							
Sub-Total							
Others (*specify*)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

XII. ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2015/2016	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 2016/2017
Land				
Buildings and structures				
Transport equipment				
Office equipment, furniture and fittings				
ICT Equipment, Software and Other ICT Assets				
Other Machinery and Equipment				
Heritage and cultural assets				
Intangible assets				
Total				

XIII. ANNEX 5 – ANALYSIS OF OUTSTANDING IMPREST

Government Imprest Holders

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

XIV. ANNEX 6 – BANK RECONCILIATION/FO 30 REPORT