REPUBLIC OF KENYA

FFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY EXECUTIVE OF ISIOLO

FOR THE YEAR ENDED 30 JUNE 2018

REPUBLIC OF KENYA

OFFICE OF THE AUDITOR - GENERAL
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ISIOLO COUNTY
EXECUTIVE

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2018

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

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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

County Government of Isiolo is constituted as per the Constitution of Kenya, 2010. It is charged with the responsibility of providing a variety of services to residents within its area of jurisdiction. These include the services that were hitherto provided by the County Council of Isiolo and the ones that have been transferred from the national government. The county is headed by the County Governor, who is responsible for the general policy and strategic direction of the County. The Governor is supported by an Executive Committee in carrying out the mandate as stipulated in the Constitution.

The County Executive Committee Member for Finance and Economic Planning is in charge of the County Treasury. One of the functions of the CEC – Finance is financial reporting at the County level.

Our Vision

A secure, just, integrated and prosperous county where all enjoy full potential and high quality of life

Our Mission

Facilitation of an inclusive participatory engagement in development; creation of vibrant and welcoming environment that allows optimal utilization of available resources

Our Core Values

Our core values define our culture that dictates everything we do and shared understanding of what we stand for, how we treat each other and those we serve; summarized as ISIOL:

- Inclusive Engagement - we are determined to practice equity and equality as we engage all stakeholders in establishing the development needs and priorities to inform the county programmes, projects and initiatives.
- Social Responsibility: we act in a responsible manner in showing care for the citizens and the natural environment.
- Integrity- we are committed to acting in an honest, accountable and transparent manner in all our undertakings.
- Ownership- we seek to have the citizens embrace a shared county development agenda and take centre-stage in the formulation, implementation, monitoring & evaluation of county policies and plans.
- Leadership- all county public officers shall act with a sense of urgency to address citizens' needs, make qualified decisions in a timely manner and in adherence to public expenditure management principles of fiscal discipline, allocative and operational efficiencies.

Theme: Making Isiolo Great!

(b) Key Management

The County Executive Members:

	Name	Designation	Date of Holding Office
1	Dr. Mohamed Kuti	Governor	23rd August 2017
2	Dr. Abdi Issa	Deputy Governor and CEC Health Services	23rd August 2017
3	Mr. Mwenda Thiribi	CEC Finance & Economic Planning	09th October 2017
4	Mr. Mohamud Hajji	CEC Agriculture, Livestock & Fisheries	09th October 2017
5	Mrs Josephine Eregai	CEC Education, Vacation Training, Youth and Sports and Culture	09th October 2017
6	Mr. Mohamud Sime	CEC Land, Road & Infrastructure and Public Works	09th October 2017
7	Mr. Yussuf Daud	CEC Water, Environment and Natural Resources	09th October 2017
8	Mrs. Tiya Mohamed	CEC Tourism, Trade, Co-operative and Industrialization	20th November 2017
9	Dr. Ahmed Galgalo	County Secretary	20th November 2017

(c) Fiduciary Management

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

No.	Name	Designation
1	CPA. Mwenda Thiribi	CEC Finance and Economic Planning
2	Mr. Yussuf Mohamed	Chief Officer Finance & Econ Planning
3	CPA Abdinasir Ali	Chief Finance Officer
4	CPA Qanchora Abduba Roba	Head of Treasury

NB: In November 2018, H.E. the Governor reshuffled his Cabinet where Mahamoud A. Haji was appointed as the CECM-Finance & Economic Planning and Peter Ngechu as his Chief Officer Finance and ICT

(d) Fiduciary oversight arrangements

The key fiduciary oversight bodies at the County for the year ended 30th June 2018 were:

- County Assembly of Isiolo County
- County Assembly Public Accounts Committee and Public Investment Committee
- County Assembly Budget and Appropriations Committee

(e) Entity Headquarters

P.O. Box 36-60300
County Government Offices Building
Hospital Road
Isiolo, Kenya

(f) Entity Contacts

Telephone: 0733 227530
E-mail: info@isiolo.go.ke
Website: www.isiolo.go.ke

(g) Entity Bankers

1. Central Bank of Kenya
   Haile Selassie Avenue
   P.O. Box 60000
   City Square 00200
   Nairobi, Kenya
2. Kenya Commercial Bank- Isiolo Branch
3. Consolidated Bank of Kenya – Isiolo Branch

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

2. KEY MANAGEMENT

H.E Dr. Mohamed Kuti – County Governor

Dr. Kuti was elected the office of the Governor during the last national election held in August 2017

He holds BSc Medicine and Surgery from Nairobi University

Previously held the position of Senator Isiolo County (2013-2017) and Minister of Livestock Fisheries Development (2008-2013), Minister Youth Affairs (2006-2007), Assistant Minister, Ministry of Health (2005-2006)

Mr. Mwenda Thiribi – CEC Finance and Economic Planning

Mr. Mwenda Thiribi was appointed to the office of CEC Finance and Economic Planning in October 2017

He holds degree in Bachelor of Commerce from University of Nairobi and CPA (K). He has also trained on Monitoring of Industrial Projects, Evaluation of Industrial and Agro – Industrial projects by the World Bank – fellow of the Economic Development Institute. Trained on Planning and Contracting Project imports for Industrial purpose at Helsinki School of Economics in Finland

Mr. Mwenda has held several position in the past among them, Director K – Rep Bank Ltd, Commissioner ECK, Director Agriculture Development Co-operative, Director Dairy Board of Kenya, Director HELB among other public office position

He specializes in private and public sector reform programmes and was among the team hired by World Bank to review trade facilitation needs of the East African community member countries

He has also worked as consultant for international organization such USAID, UNDP DFID in development of various policies, feasibility studies and plans. He led the team of consultant that prepared **Poverty Reduction Strategy Paper** the forerun of **Vision 2030.** He was also Involved in preparation of deregulation strategy for the Ministry of Planning in the year 2000

3. FORWARD BY THE CEC FINANCE AND ECONOMIC PLANNING

It is my pleasure to present the County Government of Isiolo financial statements for the year ended 30th June 2018. The financial statements present the financial performance of the County Government over the past year. The promulgation of the Constitution of Kenya, 2010 under Chapter 11 ushered Kenya into a new system of governance, replacing the centralized system with a devolved system of governance. The devolved system of governance consists of the National Government and 47 County Governments.

Financing of the County Governments

Article 202 of the Constitution of Kenya provides that revenue raised nationally shall be shared equitably among the National Government and the County Governments. Each County Government's equitable share of revenue raised nationally, is determined yearly through the County Allocation of Revenue Act (CARA). The revenue sharing formula is developed by the Commission on Revenue Allocation and approved by Parliament in accordance with Article 217 of the Constitution.

The County also finances its operations through own generated revenues. These are revenues collected within the County. They key local revenue sources for Isiolo County included business permits, land rates, business plan approval, advertising fees, cess and various other administrative charges.

The County continues to explore new and innovative ways of increasing its local revenue collections. Some of the steps that the County has taken towards improving its revenue collections include:

i. Automation of revenue collection system – the County is currently testing, as a pilot, the viability of cashless payment platform as the revenue collection system by engaging three commercial banks (KCB, Co-operative and National Bank) to carry out revenue collections from designated revenue streams
ii. The County Government carried out baseline survey to enable identify potential revenue sources and set targets for purpose of monitoring and evaluation.

Financial Performance

I. Revenue

The following is the summary of the County executive operation for the financial year 2017/2018.

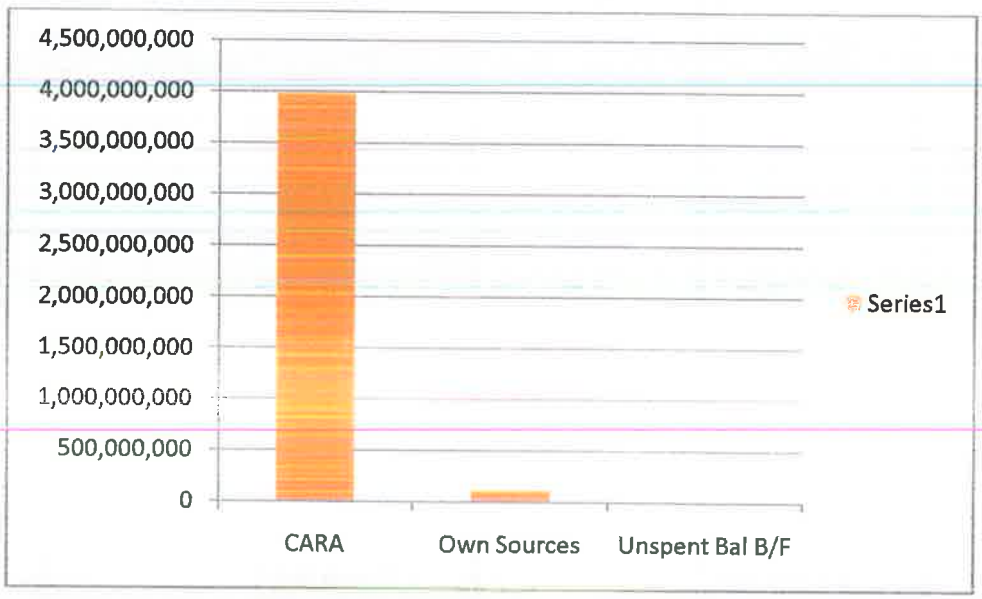
Table 1: Detailed Analysis of Revenue Realization

	Source of Revenue	Original Budget (Ksh)	Budget Supplementary Adjustment FY 2017/8 (Ksh)	Revised Approved Budget FY 2017/18 (Ksh)	Actual Cumulative Receipts (Ksh)	Level of Realization (%)
1	Equitable Share	3,775,000,000	-	3,775,000,000	3,775,000,000	100%
2	Fuel Levy Fund	130,230,858	-	130,230,858	107,066,100	82%
3	World Bank Loan to Supplement Financing of County Health Facilities	25,215,000	(7,897,554)	17,317,446	-	0%
4	Grant DANIDA	8,824,953	4,853,724	13,678,677	8,824,953	65%
5	User Forgone Fee	3,472,461	-	3,472,461	3,514,477	101%
6	Kenya Devolution Support Program – World Bank	36,113,321	-	36,113,321	36,113,321	100%
7	Grant Construction of County Hq	121,000,000	-	121,000,000	-	0%
8	Conditional Allocation For Development of Youth Polytechnic	-	26,166,698	26,166,698	26,166,698	100%
9	World Bank Loan for Transforming Health Systems for Universal Care Project	-	20,696,822	20,696,822	20,696,822	100%
10	Local Own Sources	182,861,337	-	182,861,337	114,130,920	62%
11	Unspent Balances 2016/17 B/f	-	13,744,854	13,744,854	10,234,563	100%
	Total	**4,282,717,930**	**57,564,544**	**4,340,282,474**	**4,101,747,854**	**95%**

Table 2: Summary Analysis of Revenue Realization

	Source of Revenue	Original Budget (Ksh)	Budget Supplementary Adjustment FY 2017/8 (Ksh)	Revised Approved Budget FY 2017/18 (Ksh)	Actual Cumulative Receipts (Ksh)	Level of Realization (%)
1	CARA	4,099,856,593	43,819,690	4,143,676,283	3,977,142,245	96%
2	Own Sources	182,861,337	-	182,861,337	114,130,920	62%
3	Unspent Bal B/F	-	13,744,854	13,744,854	10,234,563	74%
		4,282,717,930	**57,744,854**	**4,340,282,474**	**4,101,747,854**	**95%**

A graphical representation of the revenue budget is as shown below:



The County realized cumulative total revenue amounting to Ksh. 4.1 Billion against total budget estimated revenue of Ksh. 4.3 Billion representing 95% level of performance. Despite having being provided for in County Allocation of Revenue Act (CARA) 2017/18, amount allocated as grant for construction of county headquarter amounting to Ksh. 121 Million and grant from World Bank to supplement financing of county health facilities amounting to Ksh. 17 Million was not released by national exchequer while balance of Ksh. 23 Million from Fuel Levy Fund was not yet released by 30th June 2018.

The County experienced delay by National Exchequer in releasing the equitable share allocation and conditional grants with Ksh. 604 Million released on 30th June 2018. This hampered effective and timely delivery of services and implementation of key flagship project. This also led to lower fund absorption.

The local revenue fell short of the target with estimated approved budget during the year under review of Ksh. 182 Million, the actual revenue realised Ksh. 114 Million or 62% performance level. The County issued austerity measures to manage the expenditure by cutting on non essential expenses to compensate on deficit in revenue collection.

The county recorded improved revenue collection from local sources which may be attributed to successful pilot process of automated revenue collection with three commercial banks (Kenya Commercial Bank, National Bank and Co-operative Bank) engaged to collect revenue. This has helped to seal revenue leakages that saw revenue increase from Ksh. 89 Million realised in FY 2016/17 to Ksh. 114 Million, a 28% improvement.

II. Summary of Funds Utilization

The County reported overall funds absorption rates at 85% cumulatively for the year ending 30th June 2018 with 76% and 89% absorption rates for Development and Recurrent expenditure respectively. The failure to achieve full budget absorption was as a result of non disbursement of some grant monies, delays in disbursement of exchequer releases and deficit from revenue collection from own sources.

Table 3: Summary of Funds Utilization and Absorption Rate

	Budget Category	Original Budget FY 2017/18 (Ksh)	Budget Supplementary Adjustment FY 2017/8 (Ksh)	Revised Approved Budget FY 2017/18 (Ksh)	Actual Cumulative Expenditure (Ksh)	Level of Funds Absorption (%)
1	Development	1,574,590,390	(2,296,543)	1,572,293,847	945,512,262	60%
2	Recurrent	2,763,301,930	5,211,697	2,768,513,627	2,446,608,315	88%
Total Budget		**4,337,892,320**	**2,915,154**	**4,340,807,474**	**3,392,120,577**	**78%**

NB: The absorption report excludes Ksh. **27,381,268** outstanding imprest

The County lacks technical personnel capacity especially such as quantity surveyors, architectural engineers and work officers hampering implementation of construction works since the county relies on experts from other national government agencies such as KeNHA and Public Works department to prepare BQs and supervise county projects. This has contributed to delays in project implementation.

The year ended also marked first year of the new government and lessons learnt will help in continuous improvement and expect more efficient and effective service delivery in subsequent financial year.

III. Cash flows

In the FY 2017/2018, we experienced severe cash flow problem due to delayed disbursement of CARA revenue with funds disbursement due in May and June amounting to Ksh. 604 Million released on 30th June 2018, Road Maintenance Levy Fund Ksh. 23 Million and Conditional grant for construction of County Head quarter amounting to Ksh. 121 M was not released by close of the year.

IV. Accounts receivables

Imprests management is a critical area of focus in County Government of Isiolo. Our aim is to adhere to the PFM regulations on imprests management. We appreciate that there is still room for improvement in this area. The main challenge has been to get staff to account for their imprests on time. Going into FY 2018/2019, we will place more emphasis on complying with the PFM regulations with regards to imprests.

V. Pending bills

The government took over huge amount of bending bills totaling to Ksh. 1,022,112,277 constituting of Ksh. 108,047,308 form defunct County Council of Isiolo and Ksh. 914,064,969 form previous regime over year old debt. During the year under review Ksh. 71 M owed to contractor for Isiolo abattoir and Ksh. 13 M owed to Kenya Medical Supplies Authority (KEMSA) was settled. The current outstanding pending bills amount to Ksh. 1,201,944,525

The County formed a task force to verify and validate the reported pending bills with aim of establishing the authenticity of the payables. The county has factored some of the pending bills that ware verified by the Task Force to financial year 2018/19 budget.

The Task Force among its recommendations was to carry out further verification to claims without adequate support documents including inspection of work done. The County Government intends to advertise for anyone with claim to submit their documents for verification before any payments can be done.

Our focus as County is to settle the bills as soon as possible. In every budget cycle, we ensure that part of the allocations is towards settlement of old outstanding pending bills

VI. Non Current Assets

The County has made significant investments in Non Current assets since formation of Counties in 2013. Additionally, we inherited some assets from the defunct County Council of Isiolo. However, the process of transfer of non-current assets inherited from local authority as process of verification and validation process by the County Assets and Liabilities Committee (CALC) is nearing completion under the guidance of Inter Government Relation Technical Committee (IGRTC)

Operational performance

The County's operations are structured in terms of departments which are headed by a County Executive Committee member. For seamless service delivery, all departments have to work in unison and synergize. In the table below, we summarize the key activities carried out by each department during the year.

Table 4: Sectors Key Performance Report

	Sector	Key Achievements
1	Finance	✓ Initiated Construction of modern market at Isiolo town ✓ Initiated construction of County Head Quarter
2	Governor	✓ Co-ordination of emergency relief supplies
3	Road, Land and Urban Planning	✓ Improvement of 75 Km of road within Isiolo town
4	Agriculture, Livestock and Fisheries	✓ Livestock Vaccination to over 5,000 herds
5	Cohesion	✓ Civic education on public participation
6	Education	✓ Construction of 5 ECD classrooms
7	Tourism	✓ Improvement of 30 Km access road within the park
8	Water	✓ Lying of piped water for distribution ✓ installation of boreholes solar 3 panel
9	Environment & Natural Resources	✓ Planted 3,500 tree seedlings within Isiolo
10	Health Services	✓ Installed 2 oxygen plant at Gabatulla and Merti HC
11	Trade and Industrialization	✓ Perimeter fence of Ngeremara open market
12	Town Administration	✓ Procured unit fire engine

Table 5:

COMBINED BUDGET ABSORPTION LEVEL FY 2017/2018

Sector	Budget	Actual Expenditure	Absorption Level
Governor	612,632,800	548,934,727	89%
CPSB	82,000,000	59,616,297	73%
County Secretary	54,500,000	31,462,103	58%
Deputy Governor	7,510,000	2,772,800	37%
Finance	553,496,160	287,940,147	52%
Lands	41,474,000	25,403,850	61%
Road	212,878,900	122,213,112	57%
Public Works	2,800,000	-	0%
Agriculture	78,363,960	38,650,247	49%
Livestock	188,649,677	148,267,351	79%
Cohesion	93,152,500	79,133,266	85%
Education	169,606,698	108,666,495	64%
Sports	20,167,500	18,691,822	93%
Culture	5,000,000	1,200,000	24%
Tourism	162,961,424	143,055,014	88%
PSM & ICT	94,533,492	75,162,159	80%
Water	172,512,059	120,436,282	70%
Environment	56,427,246	47,446,100	84%
Medical Services	593,496,822	518,532,594	87%
Public Health	482,742,642	407,438,234	84%
Trade	26,355,896	13,480,940	51%
Town Admin	83,578,126	78,117,037	93%
Total	**3,794,839,902**	**2,876,620,577**	**76%**

Table 6:

RECURRENT BUDGET ABSORPTION LEVEL FY 2017/2018

Sector	Budget	Actual Expenditure	Absorption Level
Governor	302,631,942	270,857,508	89%
CPSB	82,000,000	59,616,297	73%
County Secretary	36,500,000	22,963,117	63%
Deputy Governor	7,510,000	2,772,800	37%
Finance	296,996,160	267,889,220	90%
Land	29,474,000	18,450,626	63%
Road	26,648,900	20,371,263	76%
Public Works	2,800,000	-	0%
Agriculture	55,349,800	31,468,562	57%
Livestock	93,257,300	62,206,021	67%
Cohesion	72,898,500	70,933,266	97%
Education	114,440,000	99,666,495	87%
Sports	20,167,500	18,691,822	93%
Culture	5,000,000	1,200,000	24%
Tourism	132,961,424	120,099,362	90%
PSM & ICT	74,533,492	64,662,235	87%
Water	63,312,059	49,932,572	79%
Environment	40,402,246	34,176,008	85%
Medical Services	459,750,000	440,197,718	96%
Public Health	431,492,642	389,415,031	90%
Trade	21,355,896	13,480,940	63%
Town Admin	10,478,126	7,557,452	72%
Total	**2,379,959,987**	**2,066,608,315**	**87%**

Table 7:

DEVELOPMENT BUDGET ABSORPTION LEVEL FY 2017/2018

Sector	Budget	Actual Expenditure	Absorption Level
Governor	310,000,000	278,077,219	89%
County Secretary	18,000,000	8,498,986	47%
Finance	256,500,000	20,050,837	8%
Lands	12,000,000	6,953,224	58%
Road	186,230,000	101,841,849	55%
Public Works	-	-	0%
Agriculture	23,014,160	7,181,685	31%
Livestock	95,392,377	86,061,330	90%
Cohesion	20,254,000	8,200,000	40%
Education	55,166,698	9,000,000	16%
Youth and Gender	-	-	0%
Culture	-	-	0%
Tourism	30,000,000	22,955,652	77%
PSM & ICT	20,000,000	10,499,924	52%
Water	109,200,000	70,503,710	6%
Environment	16,025,000	13,270,092	83%
Medical Services	133,746,822	78,334,876	59%
Public Health	51,250,000	18,023,203	35%
Trade	5,000,000	-	0%
Town Admin	73,100,000	70,559,585	97%
Total	**1,414,879,057**	**810,012,262**	**57%**

Site Images of Some of the Projects implemented during the year;

CONSTRUCTION OF PERIMETER FENCE AT COUNTY SECRETARY OFFICE

CABRO BLOCK PAVING OF PARKING SPACE AT JAMIA MOSQUE

SECTION OF THE ROAD REHABILATED

Challenges;

Despite the notable achievements, the County experienced some challenges during the year. These include:

i. Poor own revenue collection – the actual revenue collected during the year was 63% of the projected revenues. We are exploring ways of boosting revenue collection as mentioned earlier;
ii. Delayed disbursement of exchequer releases hampering timely implementation of projects
iii. We have also experienced challenges with IFMIS as a result of down times and poor internet connectivity. This has in some instance delayed payments to suppliers
iv. Political processes – the prolonged national election period slowed down the appointment of key office bearers which led to delayed rolling of development projects
v. The County also lacks technical personnel capacity especially such quantity surveyors, architectural engineers and work officers hampering implementation of construction works since the county relies with experts from other national government agencies such as KeNHA and Public Works to prepare BQs and supervise our projects.

Conclusion

Financial Year 2017/2018 was a good year in general. Good progress was made and the momentum has been created to enable the County continues on a trajectory into prosperity. We have identified gaps and areas to improve on in the subsequent years.

I take this opportunity to thank H.E. the Governor Dr. Mohamed Kuti and the Deputy Governor Dr. Abdi Issa for their support. I would also want to thank my colleagues, the County Executive Committee Members in charge of other departments who we have worked hand in hand to ensure that the County achieves its mission.

I thank all staff in the entire County for their continued commitment and dedication through hard work in delivering services to the people of Isiolo County.

The County in the overall has achieved in terms of infrastructure development as it has upgraded its road network in all the wards, has also sank wells for both human and livestock water consumption.

There were no major challenges encountered during the year apart from huge personnel budget that hinder recruitment of skilled personnel such as engineers resulting to hiring of consultancy services in implementing of big projects.

Sign.....10/12/18

CEC Finance
Isiolo County Government
P. O. Box 36
ISIOLO

Mohamoud A. Haji
CEC - FINANCE AND ECONOMIC PLANNING

4. STATEMENT OF CORPORATE GOVERNANCE

County Government of Isiolo is constituted as per the Constitution of Kenya, 2010. The County is headed by the Governor, who is responsible for the general policy and strategic direction of the County.

The County is made up of a County Assembly and County Executive. The County Assembly (CA) consists of the Members of County Assembly (MCAs) who are elected by the people to represent them in the Assembly. The CA is headed by the Speaker.

The County Executive is structured in terms of departments, headed by a County Executive Committee (CEC) Member. The CECs support the Governor and the Deputy Governor in executing the mandate of the County Government as stipulated in the Constitution.

The County Assembly

The County Assembly is made up of the MCAs. It is headed by the Speaker who is elected by the MCAs. The CA is the legislative authority in the county. It also plays an oversight role in ensuring that the county resources are well allocated and well spent. The CA is especially critical in the budgeting process. The MCAs meet every week in accordance with the Standing Orders of the County Assembly.

In executing its mandate, the Isiolo County Assembly has the following oversight committees:

1. Public Accounts Committee (PAC) and Public Investment Committee (PIC)
2. Budget and Appropriations Committee

- **Public Accounts Committee (PAC) and Public Investment Committee (PIC)**

The committee was formed to provide oversight on the County's finances. The committee held quarterly mandatory meetings during the year. Additionally, it also held three extra sittings to deal with arising matters. The table below shows members who served in the committee during the year were:

Table 8: Public Accounts Committee (PAC) and Public Investment Committee (PIC) Members

No	Name	Position	Period served
1	Hon. Ali Dima	Chairman	September 2017 to date
2	Hon. Mohamed Jirmo	Member	September 2017 to date
3	Hon. Abdi Sora	Member	September 2017 to date
4	Hon. Sumeiya Bishar	Member	September 2017 to date
5	Hon. Ann Stella	Member	September 2017 to date

- **Budget and Appropriations Committee**

The budget and appropriations committee provides guidance in the budgetary process. It is charged with the budget making process and ensuring that there is public participation in the budget process. The members who served in the committee during the period were:

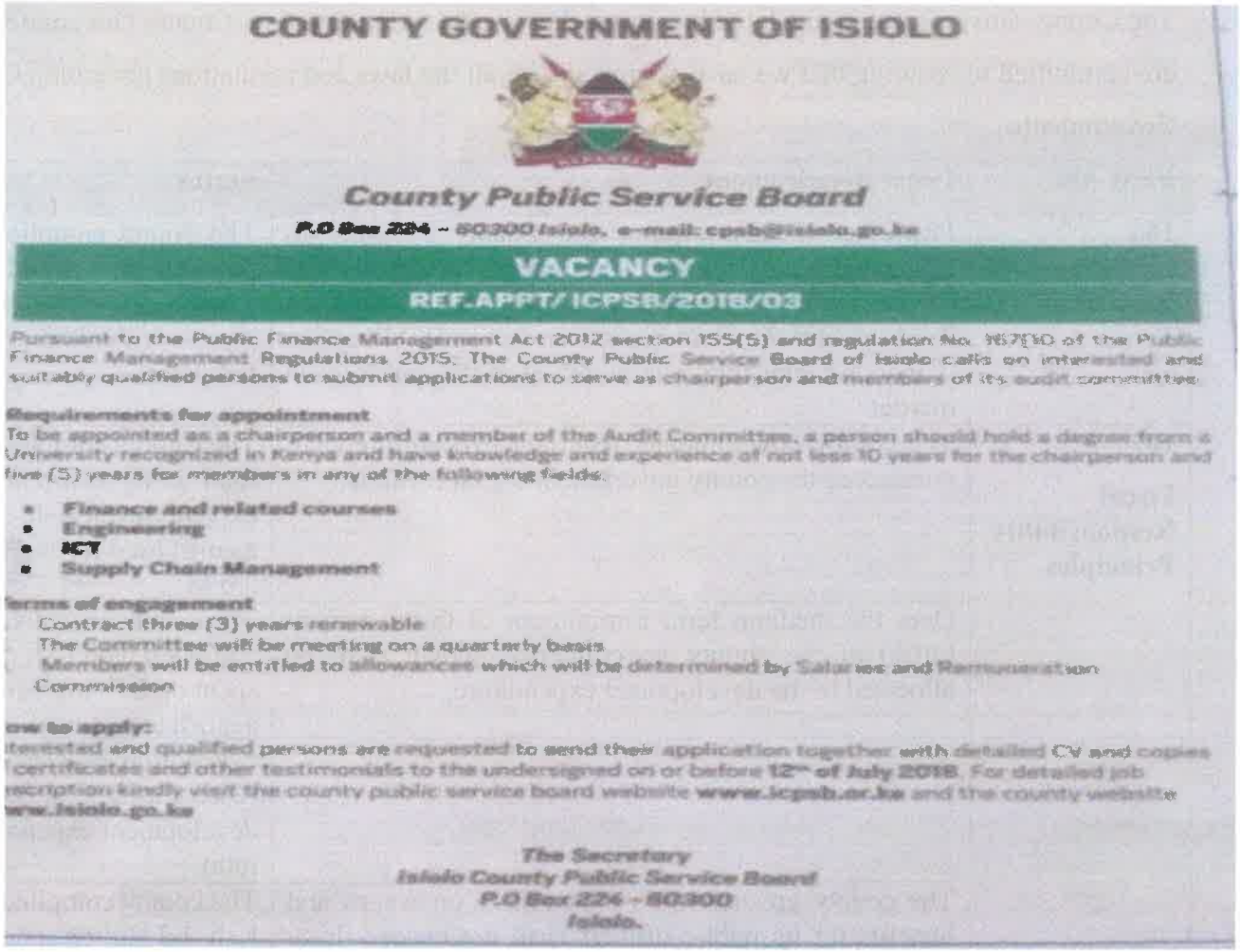
Table 9: Budget and Appropriations Committee Members

No	Name	Position	Period served
1	Hon. Nura Diba	Chairman	September 2017 to date
2	Hon. Sumeiya Bishar	Member	September 2017 to date
3	Hon. Dekha Bonja	Member	September 2017 to date
4	Hon. Yarrow Hassan	Member	September 2017 to date
5	Hon. Abdi Duba	Member	September 2017 to date
6	Hon. Abdi Sora	Member	September 2017 to date
7	Hon. Mohamed Jirmo	Member	September 2017 to date

- **Audit Committee**

The county government is in process of constituting audit committee whose mandate will be to advise the County Government on institutional risk management and compliance. The county placed an advert on local daily on 25th June 2017 and expects the recruitment process to be complete in early next financial year.

Excerpt of the advert for Audit Committee



COUNTY GOVERNMENT OF ISIOLO

County Public Service Board

P.O Box 224 - 60300 Isiolo, e-mail: cpsb@isiolo.go.ke

VACANCY

REF.APPT/ ICPSB/2018/03

Pursuant to the Public Finance Management Act 2012 section 155(5) and regulation No. 167(10 of the Public Finance Management Regulations 2015, The County Public Service Board of Isiolo calls on interested and suitably qualified persons to submit applications to serve as chairperson and members of its audit committee.

Requirements for appointment

To be appointed as a chairperson and a member of the Audit Committee, a person should hold a degree from a University recognized in Kenya and have knowledge and experience of not less 10 years for the chairperson and five (5) years for members in any of the following fields.

- **Finance and related courses**
- **Engineering**
- **ICT**
- **Supply Chain Management**

Terms of engagement

Contract three (3) years renewable
The Committee will be meeting on a quarterly basis
Members will be entitled to allowances which will be determined by Salaries and Remuneration Commission

How to apply:

Interested and qualified persons are requested to send their application together with detailed CV and copies certificates and other testimonials to the undersigned on or before 12th of July 2018. For detailed job description kindly visit the county public service board website www.icpsb.or.ke and the county website www.isiolo.go.ke

The Secretary
Isiolo County Public Service Board
P.O Box 224 - 60300
Isiolo.

Communication with all Stakeholders

The County is committed to ensuring that all its stakeholders are provided with full and timely information about its programmes and performance. They are also given an opportunity to give feedback. In this regard, the County held an Annual consultative meeting in all 10 county wards where the different stakeholders were invited for information sharing. This communication is important in ensuring that stakeholder expectations are aligned to the County's service delivery charter.

The County Government has also developed a website where all important information is posted for ease of success by public. The portal is active and also helps in marketing the tourism in Isiolo

5. STATEMENT OF COMPLIANCE

The County Government is regulated by various laws and regulations. As a County Government, we are committed to ensuring that we have complied with all the laws and regulations governing County Governments.

PFM Act	Legal Requirement	Status
166 Financial Reporting	PFM Act (2012) requires the County Treasury to submit quarterly reports to the County Assembly and deliver copies to the Controller of Budget, National Treasury and the Commission on Revenue Allocation (CRA), no later than one month after the end of each quarter.	The County complied with this requirement and submitted the quarterly reports within the stipulated timelines
107 Fiscal Responsibility Principles	The county government's recurrent expenditure shall not exceed the county government's total revenue;	The County complied with total actual recurrent expenditure at Ksh. 2.1 M against total revenue of Ksh. 3.6 M
	Over the medium term a minimum of thirty percent (30%) of the county government's budget shall be allocated to the development expenditure;	The county executive complied with Ksh. 1 B spent on development against total actual expenditure of Ksh. 3.2 B representing 31% development expenditure ratio
	The county government's expenditure on wages and benefits for its public officers shall not exceed thirty five percentage (35%) of the county government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly;	The county complied with Ksh. 1.3 Billion spent on personnel expenditure against total revenue of Ksh. 3.6 representing 35%
	Over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;	The county did not borrow any funds during the year reported
	The county debt shall be maintained at a sustainable level as approved by county assembly	The county debt level stood at Ksh.0.9 B which is within manageable limit.
	The fiscal risks shall be managed prudently; and a reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future	There were no significant fiscal risks with no matter that may have a material effect on the fiscal and economic outlook

6. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a county government entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The County Executive Committee Members (CEC) in charge of Finance and Economic Planning is responsible for the preparation and presentation of the Isiolo County Government financial statements, which give a true and fair view of the state of affairs of the Isiolo County Government for and as at the end of the financial year ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (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 Isiolo County Government, (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The CEC Finance and Economic Planning accepts responsibility for the Isiolo County Government 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 CEC is of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2018, and of the Isiolo County Government financial position as at that date. The CEC further confirms the completeness of the accounting records maintained for the Isiolo County Government which have been relied upon in the preparation of the Isiolo County Government financial statements as well as the adequacy of the systems of internal financial control.

The CEC confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the CEC confirms that the Isiolo County Government 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 Isiolo County Government financial statements were approved and signed by the CEC Finance and Economic Planning on **10th December 2018**

CEC Finance
Isiolo County Government
P. O. Box 36
ISIOLO

Mohamoud A. Haji
County Executive Committee Member
Finance and Economic Planning

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON COUNTY EXECUTIVE OF ISIOLO FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Executive of Isiolo set out on pages 1 to 66, which comprise the statement of financial assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation-recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the County Executive of Isiolo as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Presentation of the Financial Statement

The International Public Sector Accounting Standards (Cash Basis) reporting template revised in 2018 prescribed by the Public Sector Accounting Standards Board (PSASB) require that budget execution by programs and subprograms be included in the financial statements. However, a review of the budget execution by programs and subprograms included in the financial statement revealed that the programs and subprograms were not included.

In view of the foregoing, the presentation of the financial statements for the year under review did not conform to the approved financial reporting templates.

2.0 Accuracy of the Financial Statements

3.0 Variance Between the Financial Statement Balance and IFMIS Balances

The financial statements for the year under review and a similar set of financial statements generated from the Integrated Financial Management Information System (IFMIS) reflected variances on several balances as detailed below;

Item Category	IFMIS Figures Kshs	Financial Statements Figures Kshs	Variance Kshs.
RECEIPTS			
Exchequer Releases	5,430,704,842	3,775,000,000	1,655,704,842
Other Receipts	80,230,429	0	80,230,429
Proceeds From Domestic And Foreign Grants	68,504,974	65,635,096	2,869,878
Tax Receipts	137,101,919	114,130,920	22,970,999
Returned CRF Issues	0	10,234,563	(10,234,563)
Transfers From Other Government Entities	107,580,577	136,747,275	(29,166,698)
Total	**5,824,122,741**	**4,101,747,854**	**1,722,374,887**
PAYMENTS			
Acquisition Of Assets	552,065,096	587,686,278	(35,621,182)
Compensation Of Employees	1,313,626,293	1,313,626,293	0
Other Grants And Transfers	263,966,645	362,444,656	(98,478,011)
Other Payments	7,937,885	36,080,152	(28,142,267)
Social Security Benefits	15,037,410	15,037,410	0
Transfers To Other Government Units	85,568,795	515,500,000	(429,931,205)
Use Of Goods And Services	561,745,788	561,745,788	0
Total	**2,799,947,912**	**3,392,120,577**	**(592,172,666)**
STATEMENT OF FINANCIAL ASSETS AND LIABILITIES			
Cash Balances	17,283,016,130		17,283,016,130
Accounts Receivables - Outstanding Imprest and Clearance Accounts	62,645,803	27,381,268	35,264,535
Bank Balances	4,449,386,950	**726,504,403**	**3,722,882,547**
Total Finance Assets	**21,795,048,883**	**753,885,671**	**21,041,163,212**
Accounts Payables - Deposits	(13,152,038,188)	0	**(13,152,038,188)**
Net Finance Assets	**8,643,010,695**	**753,885,671**	**7,889,125,024**

Item Category	IFMIS Figures Kshs	Financial Statements Figures Kshs	Variance Kshs.
Fund Balance B/fwd	2,921,938,617	44,258,394	2,877,680,223
Surplus/deficit For The Year	5,996,176,116	709,627,277	5,286,548,839
Total Finance Position	**8,918,114,733**	**753,885,671**	**8,164,229,062**

The County Executive management did not provide satisfactory explanation as to why receipts totaling to Kshs.1,722,374,887 captured in IFMIS were not included in the financial statements as at 30 June 2018 and why an expenditure totaling to Kshs.592,172,666 reflected in the financial statements as at 30 June 2018 was spent outside IFMIS.

In addition, no explanation was provided as to why the total net financial assets and total finance position of Kshs.7,889,125,024 and Kshs.8,164,229,062 which were captured in IFMIS were not included in the financial statements as at 30 June 2018.

In the circumstances, the accuracy of the financial statements balances as at 30 June 2018 could not be ascertained.

4.0 Variation in Revenue Collection and Banking's

The statement of receipts and payments reflected County own generated revenue of Kshs.114,130,920 which included Kshs.5,675,018 collected from Isiolo County Referral Hospital. The County Executive entered into a contract with a commercial bank on revenue collection automation at Isiolo County Referral Hospital. However, the agreement containing terms and condition of the contract was not provided for audit review. Further, comparison of invoicing and banking revealed that Kshs.5,828,450 was invoiced while Kshs.5,675,018 was banked by the bank resulting in unexplained variances of Kshs.153,432 as follows;

Month	Invoiced Amount (Kshs)	Amount Collected by KCB (Kshs)	Variance (Kshs)
February 2018	1,279,700	1,254,000	25,700
March 2018	1,027,910	1,024,480	3430
April 2018	956,060	925,330	30,730
May 2018	1,271,450	1,247,438	24,012
June 2018	1,293,330	1,223,770	69,560
Total	**5,828,450**	**5,675,018**	**153,432**

Further, it was not possible to ascertain whether the Executive collected all revenues invoiced contrary to Section 63 (1), (4), (5) of the Public Finance Management (County Government) Regulations 2015 which require that all money collected shall be properly accounted for and be paid in a designated bank account and shall not be used by any public officer failure to which disciplinary measures shall be taken against the officer.

In the circumstances, the completeness and accurancy of the County own generated revenue of Kshs.114,130,920 could not be confirmed.

5.0 Irregular Payment from Revenue Collection Account

The statement of financial assets and liabilities reflected a balance of Kshs.726,504,403 as at 30 June 2018 in respect to cash and cash equivalents which included Kshs.234,056 balance held at consolidated bank of Kenya for Revenue (Kenya Shilling). However, an analysis of the bank statements revealed that Kshs.36,052,737 was paid directly from the account to different payees due to court orders against the County Executive contrary to Section 63 (4), (7) and 80 of the Public Finance Management (county government) Regulations 2015 which require that no money should be paid or used before banking to County Exchequer Account. Further, court orders and supporting documents for the expenditures were not provided for audit review.

In addition, review of the bank statements revealed that revenue collected and banked in the revenue collection account were not transferred to County Revenue Fund Account within five (5) working days after receipt as required by Section 81(2) of the Public Finance Management (County Government) regulations 2015.

6.0 Unaccounted for Revenue Resulting from Failure to Surrender Receipt Books

The statement of receipts and payments reflected County own generated revenue of Kshs.114,130,920. However, review of unsurrendered receipts books report from Local Authorities Integrated Financial Operations Management Systems (LAIFOMS) revealed that receipts books with face value of Kshs.12,372,100 issued between 27 January 2012 and 30 June 2018 had not been surrendered and accounted for. In addition, forty-nine (49) miscellaneous receipt books and two (2) single business permits books issued during the same period with undetermined value had not been surrendered and accounted for as at 30th June 2018. However, the revenue collectors were issued with additional receipt books before surrendering and accounting for receipt books issued earlier contrary to Regulation 63 (1), (4), (5) of the Public Finance Management (County Government) Regulations 2015 which require that all money collected shall be properly accounted for and be deposited in a designated bank account and shall not be used by any public officer failure to which disciplinary measures shall be taken against the officer.

In the circumstances, it was not possible to establish the completeness and accuracy of County own generated revenue of Kshs.114,130,920. Also, value for money equivalent to the value of the unsurrendered and unaccounted for receipts during the year ended 30 June 2018 was not realised.

7.0 Unaccounted for Expenditure

The financial statements for the year under review reflected balances of Kshs.561,745,788, Kshs.362,444,656 and Kshs.587,686,278 in respect to use of goods and services, other grants and transfers, and acquisition of assets respectively all totaling

to Kshs.1,511,876,722. However, included in the Kshs.1,511,876,722 expenditure is Kshs.455,079,767 whose supporting documents were not availed for audit review contrary to Regulations 99 (3), 104(1) and 117(3) of the Public Finance Management (County Governments) Regulations, 2015 which stipulates that every entry in the accounts shall be supported by a voucher containing the full details, clear narrations and particulars of the item or items to which it relates and shall be supported by the appropriate authority and documentation and the accounting officer shall ensure appropriate mechanism are put in place for safeguarding and tracking them. The unsupported expenditures are listed below;

Items	Amount (Kshs)
Use of Goods and Services	47,082,199
Other Grants and Other Payments	274,017,466
Acquisition of Assets	64,770,618
Payments to Employees	69,209,484
Total	**455,079,767**

In the circumstances, it has not been possible to determine the completeness and accuracy of the Kshs.455,079,767 expenditure for the year ended 30 June 2018.

8.0 Other Capital Grants and Transfers

Note 9 to the financial statements reflected Kshs.57,921,678 expenditure in respect to other capital grants and transfers which included Kshs.1,200,000 transferred to Sericho and Merti health centres. However, scrutiny of the bank statements for the two health centres revealed that the funds were not received by the health centres.

In the circumstances, the propriety and accountability of the Kshs.1,200,000 expenditure allegedly transferred to health facilities during the year ended 30 June 2018 could not be ascertained.

9.0 Use of Goods and Services

9.1 Domestic Travel and Subsistence

Note 7 to the financial statements reflected a Kshs.89,134,440 expenditure in respect to domestic travel and subsistence which included Kshs.4,459,650 spent on night outs and lunch allowances. However, the expenditure was not supported with work tickets/bus tickets, invitation letters, designations and job group of payees, program of activities, attendance register and back to office reports.

In the circumstances, the validity of the Kshs.4,459,650 expenditure for the year ended 30 June 2018 could not be ascertained.

9.2 Rental of Produced Assets

Note 7 to the financial statement reflected Kshs.28,576,896 spent in respect to rental of produced assets which included Kshs.2,750,000 paid to Council of Governors as office rent for liaison office. However, agreement between the landlord and the Executive indicating the location, valuation report by Ministry of Housing on estimated rent to be charged, rent per month and other terms of reference was not provided for audit review.

In the circumstances, the propriety of Kshs.2,750,000 paid as rent for the year ended 30 June 2018 could not be ascertained.

9.3 Irregular Expenditure on Hospitality, Supplies and Services

Note 7 to the financial statements reflected a Kshs.121,338,362 expenditure in respect to hospitality, supplies and services which included Kshs.2,500,000 spent on supporting 5th devolution conference and Isiolo water and Sanitation Company, Kshs.896,000 spent on unspecified market survey all totaling to Kshs.3,396,000. However, approved request, program of activities and market survey report were not provided for audit review.

In the circumstances, it was not possible to ascertain the propriety and value for money for the Kshs.3,396,000 expenditure for the year ended 30 June 2018.

9.4 Fuels, Oil and Lubricants

Note 7 to the financial statements reflected a Kshs.33,181,258 expenditure in respect to fuels, oil and lubricants which included Kshs.4,309,200 spent on purchase of fuel. However, review of fuel registers it was observed that the fuel was not recorded in the fuel register. Further, work tickets and detailed orders showing how the fuel was consumed were not provided for audit review.

In addition, included in the expenditure of Kshs.4,309,200 was Kshs.762,440 spent by the department of Agriculture, for supply of 7780 litres of diesel at Kshs.98 per litre. However, records in the fuel register showed that only 895 litres was drawn by the department's vehicles resulting to 6885 litres worth Kshs.660,901 that was not accounted for by the department.

In the circumstances, the validity of the Kshs.4,309,200 expenditure on fuel, oil and lubricants for the year ended 30 June 2018 could not be confirmed.

10.0 Outstanding Account Receivables (Debtors)

Annexure VI to the financial statements reflected outstanding account receivables (debtors) balance of Kshs.81,982,454 for the year under review. However, review of schedules and supporting documents provided revealed, Kshs.12,884,285 owed by two firms since 2005 as camp fee had not been paid. No explanation was provided as to why the firms had taken too long to clear the debts

In the circumstances, recoverability of other outstanding receivables of Kshs.12,884,285 as at 30 June 2018 is doubtful.

11.0 Pending Accounts Payable (Pending Bills)

11.1 Accuracy of Pending Accounts Payables (Pending Bills)

Note 8.10 (1) on other important disclosures to the financial statements reflected pending accounts payable balance of Kshs.1,201,944,526 as at 30 June 2018 as follows;

Details	Annex	Amount (Kshs)
Pending Bills accrued during year 2017/18	IV (III)	179,832,249
Pending Bills over 1 Year	IV (II)	914,064,969
Pending Bill by defunct County Council	IV (I)	108,047,308
Total		**1,201,944,526**

However, a list of pending bills submitted for audit reflected bills totaling Kshs.1,021,459,187 resulting in unexplained and unreconciled balance of Kshs.180,485,339. In addition, the Executive did not maintain creditor's records including creditor's ledger and creditor's registers.

In the circumstances, it was not possible to confirm the existence, completeness and accuracy of the pending bills balance of Kshs.1,201,944,526 reflected in the financial statements as at 30 June 2018.

11.2 Emergency Relief Food

Note 8.10 (1) on other important disclosures to the financial statements reflected pending accounts payable balance of Kshs.1,201,944,526 which included Kshs.201,669,500 spent in respect to emergency relief food as at 30 June 2018. However, the expenditures were not properly supported since survey to determine the number of people affected, the date and specific venue where food was distributed were not provided for audit review. In addition, the signatures of different recipients appeared to be similar.

In the circumstances, the validity of the Kshs.201,669,500 expenditure on emergency relief food during the year ended 30 June 2018 could not be confirmed.

11.3 Civil Works

Note 8.10 (1) on other important disclosures to the financial statements reflected pending accounts payable balance of Kshs.1,201,944,526 which included Kshs.197,321,299 spent in respect to civil works as at 30 June 2018. However, expenditures totaling to Kshs.197,321,299 were not properly supported since tender documents, measurements of work done and certificates of practical completion were not provided for audit review.

In addition, included in the expenditure of Kshs.197,321,299 is Kshs.14,990,818 for construction of drainage system in Kambi Garba, Bulla Nasei and Ashraf, desilting of dry river bed along Olla Bulla, opening of drainage and gabion installation along Isiolo secondary school and flush flood control Ashraff village. However, a physical verification revealed that no work had been done by the contractors even though payment vouchers totaling to Kshs.14,990,818 had been prepared and included among the list of pending bills. No explanation was provided as to why pending bills for work not done were included as part of pending bills.

In the circumstances, the validity of the Kshs.197,321,299 expenditures on civil works during the year ended 30 June 2018 could not be confirmed.

11.4 Purchase of Goods and Services

Note 8.10 (1) on other important disclosures to the financial statements reflected pending accounts payable balance of Kshs.1,201,944,526 which included to Kshs.95,766,989 spent in respect to purchase of goods and services as at 30 June 2018. However, the expenditures were not supported by quotations, evaluation committee minutes and stores records showing to whom the goods were issued. Therefore it was not possible to confirm whether, goods and services were received and used by the County Executive.

In the circumstances, the validity of the Kshs.95,766,989 expenditures on civil works during the year ended 30 June 2018 could not be confirmed.

11.5 Purchase of Assets

Note 8.10 (1) on other important disclosures to the financial statements reflected pending accounts payable balance of Kshs.1,201,944,526 which included to Kshs.6,625,321 spent in respect to purchase of assets during the year ended 30 June 2018. However, the assets were not supported since serial numbers to identify the assets such as laptops, and desktops, were not provided for audit review. Further, fixed assets register showing assets number and location were not provided for audit review.

In the circumstances, the valuation, ownership, existence, completeness, location and security of the non-current assets balance of Kshs.6,625,321 as at 30 June 2018 could not be ascertained

11.6 Hire of Motor Vehicles

Note 8.10 (1) on other important disclosures to the financial statements reflected pending accounts payable balance of Kshs.1,201,944,526 which included Kshs.39,306,000 spent in respect to hire of motor vehicles during the year ended 30 June 2018. However, the expenditures were not supported since details of journeys taken and reasons for hire of motor vehicles were not provided.

In the circumstances, the validity of the Kshs.39,306,000 expenditure on hire of motor vehicles during the year ended 30 June 2018 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Executive of Isiolo in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matter(s) described in the Basis for Adverse Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

1.0 Consultancy Services

Note 8.10 (1) on other important disclosures to the financial statements reflected pending accounts payables balance of Kshs.1,201,944,526 which included Kshs.35,251,396 spent in respect to consultancy services during the year ended 30 June 2018. However, the expenditure is not supported by approved reports, minutes approving the draft and final report of consultancy undertaken and progress report on implementation of recommendations from the consultancy reports.

In the circumstances, the propriety of the Kshs.35,251,396 expenditure on consultancy services during the year ended 30 June 2018 could not be confirmed.

2.0 Budgetary Control and Performance

2.1 Receipts

The summary statement of appropriation recurrent and development combined reflected approved budgeted receipts of Kshs.4,340,282,474 and actual income of KShs.4,101,747,854 resulting in net under receipts of Kshs.238,534,620 as summarized below;

Items	Current year Final Budget Figures Kshs.	Actual receipts Figures Kshs.	Variance Kshs.
Exchequer Releases	3,775,000,000	3,775,000,000	**0**
Proceeds from Domestic and Foreign Grants	87,806,266	65,635,096	**(22,171,170)**

Transfers from Other Government Entities	280,870,017	136,747,275	**(144,122,742)**
County Own Generated Receipts	182,861,337	114,130,920	**(68,730,417)**
Returned CRF issues	13,744,854	10,234,563	**(3,510,291)**
Total	**4,340,282,474**	**4,101,747,854**	**(238,534,620)**

From the above, the Kshs.238,534,620 deficit in the receipts points to unsatisfactory financial performance during the year.

2.2 Payments

The summary statement of appropriation recurrent and development combined reflected approved budgeted payments of Kshs.4,340,807,474 and actual payments of Kshs.3,392,120,577 resulting in net under expenditure of Kshs.948,686,897 as summarized below;

	Current year Final Budget Figures Kshs	**Actual receipts Figures Kshs**	**Variance Kshs**
Compensation of Employees	1,373,516,152	1,313,626,293	59,889,859
Use of goods and services	744,556,635	561,745,788	182,810,847
Emergency Relief and Refugee Assistance	266,000,000	246,338,158	19,661,842
Transfers to Other Government Entities	545,967,572	515,500,000	30,467,572
Other grants and transfers	205,551,120	116,106,498	89,444,622
Government Pension and Retirement Benefits	22,220,889	15,037,410	7,183,479
Acquisition of Assets	1,182,995,106	587,686,278	595,308,828
Other Payments	0	36,080,152	(36,080,152)
Total Payments	**4,340,807,474**	**3,392,120,577**	**948,686,897**

In overall, the County Executive under spent its budget by Kshs.948,686,897 of the total budget allocation. The funds could have been allocated to other deserving areas that would improve delivery of goods and services to the residents of Isiolo County. This may also be an indication of improper planning and defective budgetary preparation process. The residents of the county did not get expected services equivalent to Kshs.948,686,897 under expenditure for the year ended 30 June 2018.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Construction of Water Projects

Note 11 to the financial statements reflected a Kshs.201,885,369 expenditure in respect to construction and civil works which included Kshs.17,891,415 spent in respect to construction of water projects. However, review of bills of quantities and physical verification carried out between 19 to 21 October 2018 revealed that Kshs.5,243,304 was paid for works such as fabrication of steel structure and mounting of water tanks, fencing, signposts, excavation and laying of pipes and supply of water pipes which were included in the bills of quantities. However, these works had not been done by the contractors even though completion certificates had been issued contrary to Section 48. (3) (c) of the public Procurement and Assets Disposal Act, 2015 which stipulates that goods, works or service shall be inspected and accepted or rejected immediately after delivery. No explanation was provided as to why the certificates of completion were issued and payments made for Kshs.5,243,304 works not done.

In the circumstances, the County Executive was in breach of the law as value for money to the tune of Kshs.5,243,304 was not realised.

2.0 Construction of Road

Note 11 to the financial statements reflected a Kshs.201,885,369 expenditure in respect of construction and civil works which included Kshs.3,188,395 spent in respect to light grading of world vision residence to muriri road D484 at Makutano shopping centre (Airport sign Board). However, physical verification carried out on 21 October 2018 revealed that there was no evidence of work done, though money had been paid contrary to Section 48. (3) (c) of the Public Procurement and Assets Disposal Act, 2015 which stipulates that goods, works or service shall be inspected and accepted or rejected immediately after delivery. No explanation was provided as to why the payment was made for Kshs.3,188,395 works not done.

In addition, as per the description provided in the bills of quantities and payment voucher, the road was to end at muriri road D484 at Makutano shopping centre (Airport sign Board).

However, Makutano shoping centre and airport sign board could not be traced during physical verification.

In the circumstances, the County Executive was in breach of the law as value for money equivalent to the Kshs.3,188,395 was not realised.

3.0 Cash and Cash Equivalents

3.1 Irregular Operation of Dollar Account

Note 13A to the financial statements reflected Kshs.234,056 held in a revenue dollar account at the Consolidated Bank, contrary to the provisions of the Section 76 (2) of the Public Finance Management (county government) regulations which require all foreign currency designated bank accounts be held at the central Bank.

In the circumstances, the County Executive was in breach of the law.

3.2 Irregular Operation of Bank Accounts

Note 13A to the financial statements showed that the County held twelve bank accounts which included five (5) accounts held in commercial banks. However, prior authority of the County Treasury to open the bank accounts as required by Regulation 82 (4) of the Public Finance Management (County Government) Regulations, 2015 was not provided for audit review. Further, no explanation was provided as to why the bank accounts were not opened at the Central Bank of Kenya as required by Section 82 (1) (b) of the same regulation which stipulates that all County Governments bank accounts shall be opened at the Central Bank of Kenya except for imprest bank accounts for petty cash.

In the circumstances, the County Executive was in breach of the law.

3.3 Bursary Fund Account

Note 13A to the financial statements reflected a balance of Kshs.34,151,540 held in the Bursary Fund Account as at 30 June 2018. However, no explanation was provided as to why this balance was not issued as bursary to needy students in the County contrary to Regulation 83 (1) (c) of the Public Finance Management (County Government) Regulations, 2015 which require county treasury to avoid accumulation of idle balances.

In the circumstances the County Executive was in breach of the law as value for money was not realized from the Kshs.34,151,540 .

4.0 Irregular Salary Payments

The statement of receipts and payments reflected a Kshs.1,313,626,293 expenditure in respect to compensation of employees. However, review of the personal records revealed that five (5) officers were earning salaries and allowances which exceeded their scales entitlement by Kshs.1,444,214 contrary to Section C.2 (1) of the Human Resource

Policies and Procedures Manual for the Public Service which states that the public service salary structure will be based on the grading levels spelt out in the various career progression guidelines.

In the circumstances, it was not possible to ascertain that the Kshs.1,444,214 is a proper charge to public funds during the year ended 30 June 2018 and in contravention of Section C.2 (1) of the Human Resource Policies and Procedures Manual for the Public Service .

5.0 Wasteful Expenditure on Foreign Travel and Subsistence

Note 7 to the financial statements reflected a Kshs.10,880,617 expenditure in respect to foreign travel and subsistence which included Kshs.424,916 paid to the Deputy Governor for attending a six (6) day seminar on Turkish University students alumni reunion in Istanbul Turkey which was personal in nature and therefore the use of public funds was contrary to Section 6 of Treasury Circular No 20/2015 which requires that only international workshops, seminars and study tours that are justified in terms of benefit to the people of Kenya should be undertaken.

In the circumstance, the County Executive was in contravention of Section 6 of Treasury Circular No 20/2015 as the Kshs.424,916 expenditure was not a proper charge to public funds and value for money was not realized.

6.0 Outstanding Imprests

Annexure III to the financial statements reflected Kshs.27,381,268 in respect to outstanding imprests. However, officers were being issued with additional imprest before surrendering the imprest previously held by them contrary to Section 93 (4) (b) of Public Finance Management (County Government) Regulation 2015, which require that before issuing temporary imprest, an applicant should not have an outstanding imprests.

In the circumstances, the County Executive was in breach of the law.

7.0 County Own Generated Revenue

7.1 Failure of Automated Revenue Collection System

The statement of receipts and payments reflected County own generated revenue of Kshs.114,130,920. However, a contract worth Kshs.64,153,600 was entered into with a supplier on 23 February 2015 for supply and implementation of an automated revenue collection system that was abandoned in March 2018 due to problems with connectivity to the County Executive server. Therefore, it appeared the investment was a wasteful expenditure. No explanation was provided as to why feasibility study and testing had not been done before investing in the system.

In addition, twenty-eight (28) point of sale (POS) gadgets distributed to revenue collectors had not been returned as at the time of the audit contrary to Regulation 132. (1) (2) of the Public Finance Management (County Government) Regulations 2015 which stipulates

that proper control systems should exist for assets and that movement and conditions of assets can be tracked. No explanation was provided why it had taken too long to return the gadgets since collection of unaccounted for revenue using the gadgets could still be ongoing.

In the circumstances, the County Executive was in breach of the law and it was not possible to ascertain whether, the County Executive got value for money equivalent to the Kshs.64,153,600 expenditure for the year ended 30 June 2018.

7.2 Failure to Record Purchased Receipt Books

Note 7 to the financial statements reflected a Kshs.14,827,546 expenditure on printing, advertising and information supplies and service which included Kshs.762,440 spent in respect to supply and delivery of receipt books with a total book value of Kshs.85,625,000. However, the receipt books serial numbers were not recorded in the counter foil receipt book register (CRBR), the delivery note and counter receipt voucher no 7241299. In the absence of records showing how the books were recorded and issued in CRBR, the books may either have not been delivered or they may have been used to collect revenue which might have not been accounted for, contrary to Regulation 63 (1), (4), (5) of the Public Finance Management (County Government) Regulations 2015 which require that all money collected shall be properly accounted for and be paid in a designated bank account and shall not be used by any public officer failure to which disciplinary measures shall be taken against the officer. The County Executive could therefore have lost Kshs.85,625,000.

In the circumstances, the County Executive was in breach of the law.

7.3 Collection of Revenue by Tour Operator

The statement of receipts and payments reflected County own generated revenue of Kshs.114,130,920, which included Kshs.50,147,800 (43.9%) park fees collected by a tour operator on behalf of the County Executive based on contract agreement dated 1 February 1997 for a period of twenty four (24) months that expired on 31 March 1999 and no renewal was made thereafter. However, the tour operator continued collecting revenue up to 30 June 2018 long after the contract had expired contrary to Section 62.(1) of the Public Finance Management (County Government) Regulations 2015 which require that the receiver of revenue shall, in accordance with Section 158 of the Public Finance Management Act 2012, authorize a public officer or any of the County Government entities to be a collector of revenue for county government for the collection of, and accounting for, such items of revenue as the receiver of revenue may specify. Further, it was not possible to determine the terms and conditions used in collection of park fees by the tour operator.

In the circumstances, the County Executive was in breach of the law.

7.4 Spending of Revenue - Garbatulla Sub County Hospital

The statement of receipts and payments reflected County own generated revenue of Kshs.114,130,920. However, review of revenue collection process at Garbatulla sub county hospital revealed that all revenue collected were recorded in a book instead of a control sheet. Further, the receipt books used for revenue collections, banking slips and counter receipt book register (CRBR) for controlling receipt books issued and received were not provided for audit review. Also, cards sold to patient were not serialized thus not possible to determine whether all cards received were issued and paid for.

In addition, analysis of revenue collections revealed that the hospital collected and spent Kshs.178,020 contrary to the requirement of Section 81 (2) of Public Finance Management (County Government) regulations 2015 that require receivers of revenue to deposit into the county exchequer account all receipts due to the County Revenue Fund as soon as possible and in any case not later than five (5) working days after receipt thereof.

In the circumstances, the hospital was in breach of the law.

8.0 Human Resource Management

8.1 Recruitment of Early Childhood Development Education (ECDE) Teachers

The statement of receipts and payments reflected Kshs.1,313,626,293 expenditure in respect to compensation of employees. However, during the year under review, the Executive recruited two hundred and sixty-four (264) early childhood development education (ECDE) teachers who were deployed into various ECDE centers. However, the appointment letters stated that the teachers were to be on probation for a period of 6 months and regular reviews were to be conducted to assess the performance of each and every teacher and their continued employment as teachers was dependent on the successful completion of probationary period and performance in subsequent years of service. However, specific terms of service after the probation period stating whether the teachers were on permanent basis or on contract for specific period was not provided for audit review contrary to Section 10. (3) (c) of the employment Act 2007 which stipulates that a written contract of services shall state where the employment is not intended to be for an indefinite period, the period for which it is expected to continue or, if it is for a fixed term, the date when it is to end.

In the absence of specific terms of service, the continued employment of ECDE teachers appear to be illegal and the County Executive was in breach of the law.

8.2 Hire of Casuals Without County Public Service Board Authority

Note 6 to the financial statements reflected a Kshs.80,384,408 expenditure in respect to basic wages of temporary employees which included Kshs.13,263,461 spent on wages of casual employees recruited during the year under review. However, approved establishment showing deficiency of staff to be filled by casuals and authority from the County Public Service Board to hire casuals were not provided for audit review as required by Section 63. (1) (2) (a)of the County Government Act 2012 which stipulates that the County Public Service Board has the power to make appointments including promotions in respect of offices in the county public service at the request of the relevant county chief officer of the department to which the appointment is to be made.

In the circumstances, Executive was in breach of the law and it is not possible to determine whether the casuals were hired on a need basis and whether the Executive got value for money equivalent to the Kshs.13,263,461 expenditure for the year ended 30 June 2018.

9.0 Use of Goods and Services

9.1 Rental of Produced Assets

Note 7 to the financial statements reflected a Kshs.28,576,896 expenditure spent in respect to rental of produced assets which included Kshs.4,750,000 spent on hire of Toyota Prado registration number KBZ 898S from a firm at Kshs.25,000 per day for the deputy governor while his official vehicle was at a garage for repair.

However, approved request for hire of transport services, evaluation committee minutes, notification of award letter and contract agreement were all dated 21 August 2017. In addition, the date and time of opening quotations was not indicated. Further, copy of the logbook of the hired motor vehicle was not provided for audit review. No explanation was provided as to why approved request for hire of transport services, evaluation committee minutes, notification of award letter and contract agreement were all done on the same date.

In the circumstance, it was not possible to determine whether, the supplier was competitively sourced as required by Section 227 of the Constitution of Kenya 2010 so as to give the Executive value for money.

9.2 Irregular Payments on Training Fees

Note 7 to the financial statements reflected a Kshs.12,993,221 expenditure on training fees which included Kshs.3,634,810 spent on training of employees. However, training bond of employees trained, training policy, training needs assessment and an approved training plan were not provided for audit review. In addition, evaluation and follow up on the progress of trainees and impact of training on the employee performance were also not provided contrary to Sections H1 (5), H3 (3) and Section H4 3(iii) of the Public Service

Commission Human Resource Policies and Procedures manual for Public Service of May 2016 which stipulates that, all training shall be based on identified training needs, should emphasize on training for performance improvement that address individual, organizational and national goals and that departments should have an effective evaluation and feedback system to assess the impact of training on performance.

In the circumstances, the County Executive was in breach of the law and it was not possible to ascertain, whether the Kshs.3,634,810 expenditure on training fees for the year ended 30 June 2018 had an equivalent value for money.

9.3 Doubtful Delivery of Goods and Services on Specialized Materials and Supplies

Note 7 to the financial statements reflected a Kshs.111,381,945 expenditure in respect to specialized materials and supplies which included Kshs.28,617,790 spent on purchase of goods and services. However, records showing how the items received were recorded in stores ledger, approved requisition for issue of goods from the stores by the users, the person to whom the goods were issued and opinion by procurement professional on the procurement process were not provided for audit review contrary to Section 162. (1) of the Public Procurement and Assets Disposal Act, 2015 which stipulates that all inventory, stores and assets purchased are received, but shall not be used until taken on charge.

In the circumstances, the County Executive was in breach of the law and it was not possible to ascertain whether the County Executive got value for money equivalent to the Kshs.28,617,790 expenditure for the year ended 30 June 2018.

9.4 Doubtful Purchase of Office General & Supplies Services

Note 7 to the financial statements reflected a Kshs.17,867,237 expenditure in respect to office general & supplies services which included Kshs.14,249,199 spent on purchase of goods and services. However, records showing how the items received were recorded in stores ledger, approved requisition for issue of goods from the stores by users, to whom they were issued and opinion by procurement professional were not provided for audit review contrary to Section 162. (1) of the Public Procurement and Assets Disposal Act, 2015 which stipulates that all inventory, stores and assets purchased are received, but shall not be used until taken on charge.

In the circumstances, the County Executive was in breach of the law and it was not possible to ascertain whether the County Executive got value for money equivalent to the Kshs.14,249,199 expenditure for the year ended 30 June 2018.

9.5 Non-Competitive Procurement of Legal and Other Services

Note 7 to the financial statements reflected Kshs.38,882,375 expenditure in respect to other operating expenses which included Kshs.18,250,345 in respect to procurement of legal and other services. However, approved requisition from the user department

specifying services to be procured, advertisement on legal & consultancy services, invitation to tender/Request for quotation from updated list of suppliers, opening of tenders by the tender opening committee, evaluation of tenders by the evaluation committee, minutes of evaluation committee, recommendation for contract award, local purchase order, inspection & acceptance certificate and invoices were not provided for audit review contrary to Section 60 (1) of the Public Procurement and Asset Disposal Act, 2015 which stipulates that a procuring entity shall prepare specific requirements relating to the goods, works or services being procured that are clear, that give a correct and complete description of what is to be procured and that allow for fair and open competition among those who may wish to participate in the procurement proceedings.

In the circumstances, the County Executive was in breach of the law and it was not possible to ascertain whether the County Executive got value for money equivalent to the Kshs.18,250,345 expenditure for the year ended 30 June 2018.

9.6 Irregular Payment of Routine Maintenance of Motor Vehicle & Other Transport Equipment

Note 7 the financial statements reflected a Kshs.13,600,197 expenditure in respect to routine maintenance of motor vehicles and other transport equipment which included Kshs.7,850,050 spent on repair of motor vehicles. However, pre and post inspection of motor vehicles by the Ministry of Transport and infrastructure for mechanical defects and work ticket showing that the vehicles went to the garage were not provided for audit review contrary to Section 149 (2) (m) of the Public Finance Management Act 2012 which require accounting office to manage the assets of the entity to ensure that it receives value for money when acquiring, using or disposing its assets.

In the circumstances, the County Executive was in breach of the law and it was not possible to ascertain whether the County Executive got value for money equivalent to the Kshs.7,850,050 expenditure for the year ended 30 June 2018.

10.0 Irregular Procurement of Emergency Relief and Refugee Assistance

Note 9 to the financial statements reflected a Kshs.246,338,158 expenditure in respect to emergency, relief and refugee assistance. However, quotations, tenders, evaluation committee minutes showing how the suppliers were procured were not provided for audit review. Therefore, the suppliers appeared to have been single sourced. Further, review of list of registered suppliers revealed that the suppliers were included in the list of registered suppliers, documents showing names of suppliers who submitted their names for registration as suppliers, evaluation committee minutes and approval by accounting officer for their inclusion to the list of registered suppliers were not provided for audit review contrary to Section 60 (1) of the Public Procurement and Asset Disposal, 2015 which stipulates that a procuring entity shall prepare specific requirements relating to the goods, works or services being procured that are clear, that give a correct and complete description of what is to be procured and that allow for fair and open competition among those who may wish to participate in the procurement proceedings.

In the circumstances, the County Executive was in breach of the law and it was not possible to ascertain whether the County Executive got value for money equivalent to the Kshs.246,338,158 expenditure for the year ended 30 June 2018.

11.0 Acquisition of Assets

Note 11 to the financial statements reflected a Kshs.587,686,278 expenditure in respect to acquisition of assets. However, review of supporting schedules and documents provided for audit revealed the following anomalies;

11.1 Irregular Procurement on Refurbishment of Buildings

Note 11 to the financial statements reflected a Kshs.3,084,087 expenditure in respect to refurbishment of buildings which included Kshs.1,314,996 that was not supported by approved requisition from the user department for the goods and services to be procured, request for quotation from updated list of registered suppliers, opening of tenders by the tender opening committee, minutes of evaluation committee and recommendation for contract award contrary to Section 60 (1) of the Public Procurement and Asset Disposal, 2015 which stipulates that a procuring entity shall prepare specific requirements relating to the goods, works or services being procured that are clear, that give a correct and complete description of what is to be procured and that allow for fair and open competition among those who may wish to participate in the procurement proceedings.

In the circumstances, the County Executive was in breach of the law and it was not possible to ascertain whether the County Executive got value for money equivalent to the Kshs.1,314,996 expenditure for the year ended 30 June 2018.

11.2 Construction and Civil Works

11.2.1 Consultancies Services

Note 11 to the financial statements reflected a Kshs.201,885,369 expenditure in respect to construction and civil works which included Kshs.5,784,000 and Kshs.2,958,000 all totaling to Kshs.8,742,000 spent in respect to ground water testing and baseline survey for water connection to households, schools and health centres within the County. However, records of work done including data collected from the study and minutes approving the report for adoption were not provided for audit review contrary to section 104 (1) of the Public Finance Management (County Government) Regulations, 2015 with stipulates that payments shall be shall be supported by the appropriate authority and documentation.

In the circumstances, the County Executive was in breach of the law and it was not possible to ascertain whether the County Executive got value for money equivalent to the Kshs.8,742,000 expenditure for the year ended 30 June 2018.

11.2.2 Doubtful Delivery of Pipes and Fittings for Water Projects

Note 11 to the financial statements reflected a Kshs.201,885,369 expenditure in respect to construction and civil works which included Kshs.9,980,937 spent in respect to supply of pipes and fittings to water projects. However, records showing how the items were received, recorded in stores ledger, approved requisition for issue of goods from the stores by users, to whom the goods were issued, and opinion by procurement professional on procurement process were not provided for audit review contrary to Section 48. (3) (c) of the public Procurement and Assets Disposal Act, 2015 which stipulates that goods, works or service shall be inspected and accepted or rejected immediately after delivery.

In the circumstances, the County Executive was in breach of the law and it was not possible to ascertain whether the County Executive got value for money equivalent to the Kshs.9,980,937 expenditure for the year ended 30 June 2018.

11.3 Irregular Procurement of Office Furniture and General Equipment

Note 11 to the financial statements reflected an expenditure of Kshs.22,391,560 in respect to purchase of office furniture and general equipment which included Kshs.652,000 in respect to purchase of computers, printers and other IT equipment. However, serial numbers of laptops and other equipment's purchased at Kshs.652,000 were not indicated.

In addition, stores ledger and assets register showing how the assets were recorded, to whom issued and their location was not provided for audit review contrary to Section 162. (1) of the Public Procurement and Assets Disposal Act, 2015 which stipulates that all inventory, stores and assets purchased are received, but shall not be used until taken on charge.

Further, review of the relevant quotations revealed that the brand name Hewlett Packard (HP) was used to describe two laptop valued at Kshs.209,000 during procurement contrary to Section 60 (4), of the Public and Asset Disposal Act, 2015, which require that technical requirements should not refer to a particular trademark, name, patent, design, type, producer or service provider or to a specific origin.

In the circumstances, the valuation, ownership, existence, completeness, location and security of the assets worth Kshs.652,000 as at 30 June 2018 could not be ascertained and the County Executive was in breach of the law.

11.4 Wasteful Expenditure on Survey and Design of County Local/Wide Area Networks (LAN/WAN)

Note 11 to the financial statements reflected a Kshs.128,698,340 expenditure in respect to purchase of specialized plant, equipment and machinery which included Kshs.2,000,000 spent on survey and design of County LAN/WAN to enable connectivity

with Sub County offices. However, approval to carry out such survey, record of work done including data collected, approval of report for adoption by the County Executive and network drawing showing how the connections would be done were not provided for audit review contrary to Section 104 (1) of the Public Finance Management (County Government) Regulations, 2015 with stipulates that payments shall be supported by the appropriate authority and documentation. No explanation was provided why the relevant supporting documents were not provided for audit review.

In addition, a review of documents provided for audit revealed that the request for the survey was made and approved on 12 December, 2017, quotations were evaluated on 19 December, 2017 and certificate of completion issued on 22 December 2017. The duration for carrying out the survey, data collection, analysis and report preparation on the LAN/WAN appeared too short, casting doubt on whether the survey was actually carried out.

In the circumstances, the County Executive was in breach of the law and it was not possible to ascertain whether the County Executive got value for money equivalent to the Kshs.2,000,000 expenditure for the year ended 30 June 2018.

11.5 Purchase of Certified Seeds, Breeding Stock and Live Animals

Note 11 to the financial statements reflected a Kshs.1,467,960 expenditure in respect to purchase of certified seed, breeding stock and live animals. However, the respective procurement documents, records showing how the beneficiaries were identified and stores records showing the issuance of the seeds was not provided for audit review contrary to Section 162. (1) of the Public Procurement and Assets Disposal Act, 2015 which stipulates that all inventory, stores and assets purchased are received, but shall not be used until taken on charge. Further, no report was presented showing whether the responsible department conducted tests to ascertain viability and quality of the seeds suitability for the soils before procurement was done.

In the circumstances, the County Executive was in breach of the law and it was not possible to ascertain whether the County Executive got value for money equivalent to the Kshs.1,467,960 expenditure for the year ended 30 June 2018.

11.6 Irregular Payment for Hydro Geological Survey Services

Note 11 to the financial statements reflected a Kshs.67,841,310 expenditure in respect to research studies, project preparation design and supervision which included Kshs.4,820,000 spent on hydro-geological survey for Malkadaka, Lakole, Awarsitu, Kobe, Dadach, Guracha and Bulesa through payment made to a company on 14th May 2018. However, approval to carry out the hydrological survey, record of work done including data collected, approved report and minutes approving the report for adoption by the Executive were not provided for audit review.

In addition, the quotations; were not signed, stamped and dated by bidders and the name and address of suppliers were also not indicated. In addition, evaluation committee minutes and the company profile showing whether, the firm had the technical qualification to carry out the survey was not provided for audit review contrary to Section 104 (1) of the Public Finance Management (County Government Regulations, 2015 with stipulates that payments shall be supported by the appropriate authority and documentation.

Further, review of documents provided for audit revealed that the local service order was raised on 7 May 2018 and payment prepared and authorized on 14 May 2018. However, the respective certificate for completion ref. MWEENR&CC/ICOMP CERT/VOL.1/(5) was issued on 14th June 2018 long after payment had been authorized.

In the circumstances, the County Executive was in breach of the law and it was not possible to determine whether the hydrological survey worth Kshs.4,820,000 was actually undertaken and whether the County Executive go equivalent value for money for the year ended 30 June 2018.

12.0 Summary of Non-Current Assets Register

Annexure V to the financial statements reflected non-current assets at a historical cost of Kshs.15,205,836,960 as at 30 June 2018. However, as similarly reported in the previous years, the County Executive of Isiolo had not taken over assets and liabilities amounting to Kshs.14,155,106,914 and Kshs.158,259,036 from the defunct Councils in Isiolo as at 30 June 2018.

In addition, the Executive did not maintain an updated fixed assets register. In addition, the County Executive, was yet to establish policies and procedures on assets management as required by Part XII of Public Finance Management (County Government) financial regulations 2015. Also the assets were not coded or tagged for ease of identification and tracking as required by Section 132 (b) of the Public Finance Management (County Government) regulation which require accounting officer to ensure that movement and conditions of assets can be tracked.

In the circumstances, the valuation, ownership, existence, completeness, location and security of the non-current assets balance of Kshs.15,205,836,960 as at 30 June 2018 could not be ascertained.

13.0 Failure to Prepare Quarterly Cash flow Projections

During the financial year, the County Executive did not prepare quarterly cash flows projection that were supported by approved procurement plan as required by Section 43 (3), (4) of the Public Finance Management (County Government) Regulations 2015.
In addition, the county treasury did not publish and publicize quarterly liquidity position reports reflecting the impact of revenue collection efforts, spending and county public debt operations on the cash position of County Executive as required by Section 43 (3), (4) of the Public Finance Management (County Government) Regulations 2015.

In the circumstance the Executive was in breach of the law.

14.0 Failure to Prepare and Publish Contract Awards

During the financial year under review, the County Executive did not prepare, publish, publicize all contract awards and submit them to Public Procurement Regulatory Authority as required by Section 138 (1), (2) of the Public Procurement and Assets Disposal Act 2015. Further, monthly progress reports of all procurement contracts prepared and submitted to the accounting officer as required by Section 152 of the Public Procurement and Assets Disposal Act 2015 was not provided for audit review.

In addition, a report to Public Procurement Regulatory Authority on preferences and reservations indicating compliance with Section 157(4) of the Public Procurement and Assets Disposal Act, 2015, containing disintegrated data indicating the number of youth, women and persons with disability whose goods and services had been procured by the Executive was also not provided.

Further, reports on quarterly and annual inventory and stock take as required by Section 162 (2) of of the Public Procurement and Assets Disposal Act 2015 were not provided for audit review.

In the circumstances, the Executive was in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Qualified Opinion and Basis for Conclusions on lawfulness and effectiveness in use of public resources and effectiveness of internal controls, risk management and governance sections of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1.0 Non Establishment of Audit Committees

As at 30 June 2018, the County Executive had not established an audit committee as required by Section 42. (1) (e) of Public Finance Management (County Government) Regulation 2015 and guidelines required by gazette notice number 2690 of 15 April, 2016 on audit committee, guidelines for County Government. The audit committee would have performed various roles stipulated in the regulation and guidelines.

In the circumstance, the County Executive contravened the law. Also, it was not possible to confirm that the Executive had established an effective internal control mechanism.

2.0 Failure to Conduct Stock Take During Handing Over

The statement of receipts and payments reflected County own generated revenue of Kshs.114,130,920. However, records made available showed that the head of revenue and an officer in charge of recording and issuing receipt books were redeployed in April 2018. However, a formal handover/take over report on receipts books held by the County Executive were not provided for audit review. Further, a visit to the strong room on 17 October 2018 where unused receipts books were kept, revealed that County Executive's unused receipts books and ones that were used by the defunct County Council of Isiolo were mixed up and not orderly arranged, contrary to Section 117 (2) of the Public Finance Management (County Government) Regulations 2015 which require the accounting officer to keep his or her stock of accountable documents under lock and key, issuing them in accordance with the daily needs of the service, and keeping an accurate up-to-date record of their use by means of continuity control sheets. It was therefore not possible to determine the number and value of receipt books held by the Executive as at 30 June 2018.

This was an indication of weak internal controls over accountable documents

3.0 Information Technology Systems

Review of the Executive's information communication technology (ICT) environment revealed that there was no formal approved ICT policy in place during the year ended 30 June 2018. The policy would have included data security and disaster recovery plans. Further, the ICT organization structure was not provided for audit review.

In the circumstances, the security and reliability of the County Executive's data including the management information system could not be confirmed.

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were

operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, management is responsible for assessing the Executive's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Executive or to cease operations, or have no realistic alternative but to do so.

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

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

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

Auditor-General's Responsibilities for the Audit

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

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Executive's ability to continue as a going concern or 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 Executive 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 Executive to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

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

Nairobi

18 February 2019

8. FINANCIAL STATEMENTS

8.1 STATEMENT OF RECEIPTS AND PAYMENTS

RECEIPTS	Notes	2017-2018 Ksh	2016-2017 Ksh
Exchequer Releases	1	3,775,000,000	3,298,073,210
Proceeds from Domestic and Foreign Grants	2	65,635,096	26,232,373
Transfers from Other Government Entities	3	136,747,275	117,777,349
County Own Generated Receipts	4	114,130,920	89,160,479
Returned CRF issues	5	10,234,563	227,608
TOTAL RECEIPTS		**4,101,747,854**	**3,531,471,019**
PAYMENTS			
Compensation of Employees	6	1,313,626,293	1,240,928,126
Use of goods and services	7	561,745,788	501,571,268
Transfers to Other Government Units	8	515,500,000	571,377,597
Other grants and transfers	9	362,444,656	230,221,033
Social Security Benefits	10	15,037,410	50,107,810
Acquisition of Assets	11	587,686,278	942,081,813
Other Payments	12	36,080,152	-
TOTAL PAYMENTS		**3,392,120,577**	**3,536,287,647**
SUR PLUS/DEFICIT		**709,627,277**	**(4,816,628)**

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 **10th December 2018** and signed by:

CHIEF OFFICER FINANCE & ICT
COUNTY GOVERNMENT OF ISIOLO
P. O. Box 36-60300, ISIOLO
Date:.....

Chief Officer - Finance
Name: Peter Ngechu
ICPAK Member Number: 7629

Head of Treasury
Name: Roba Abduba
ICPAK Member Number: 18362

8.2STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

	Notes	2017-2018 Ksh	2016-2017 Ksh
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	13A	726,504,403	19,694,894
Cash Balances	13B	-	-
Total Cash and cash equivalent		**726,504,403**	**19,694,894**
Accounts receivables – Outstanding Imprests	14	27,381,268	24,563,500
TOTAL FINANCIAL ASSETS		**753,885,671**	**44,258,394**
FINANCIAL LIABILITIES			
Accounts Payables		-	-
NET FINANCIAL ASSETS		**753,885,671**	**44,258,394**
REPRESENTED BY			
Fund balance b/fwd	16	44,258,394	49,075,022
Prior year adjustments		-	-
Surplus/Deficit for the year		709,627,277	(4,816,628)
NET FINANCIAL POSITION		**753,885,671**	**44,258,394**

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 **10th December 2018** and signed by:

CHIEF OFFICER FINANCE & ICT
COUNTY GOVERNMENT OF ISIOLO
P.O. Box 36 - 60300, ISIOLO

Chief Officer – Finance
Name: Peter Ngechu
ICPAK Member Number: 7629

Head of Treasury
Name: Roba Abduba
ICPAK Member Number: 18362

8.3STATEMENT OF CASHFLOW

	Notes	2017-2018 Ksh.	2016 - 2017 Ksh.
RECEIPTS FROM OPERATING INCOME			
Exchequer Releases	1	3,775,000,000	3,298,073,210
Proceeds from Domestic and Foreign Grants	2	65,635,096	26,232,373
Transfers from Other Government Entities	3	136,747,275	117,777,349
County Own Generated Receipts	4	114,130,920	89,160,479
Returned CRF issues	5	10,234,563	227,608
Total Receipts		**4,101,747,854**	**3,531,471,019**
PAYMENTS FOR OPERATING EXPENSES			
Compensation of Employees	6	1,313,626,293	1,240,928,126
Use of goods and services	7	561,745,788	501,571,268
Transfers to Other Government Units	8	515,500,000	571,377,597
Other grants and transfers	9	362,444,656	230,221,033
Social Security Benefits	10	15,037,410	50,107,810
Other Payments	12	36,080,152	-
Total Payments operating Activities		**2,804,434,299**	**2,594,205,834**
Adjusted for:			
Increase / Decrease Account Receivable	14	(2,817,768)	(24,563,500)
Increase / Decrease Account Payable		-	-
Net cash flow from operating activities		**1,294,495,787**	**912,701,685**
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	11	(587,686,278)	(942,081,813)
Net cash flows from Investing Activities			
NET INCREASE IN CASH AND CASH EQUIVALENT		706,809,509	(29,380,128)
Cash and cash equivalent at BEGINNING of the year	13	19,694,894	49,075,022
Cash and cash equivalent at END of the year		**726,504,403**	**19,694,894**

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 **10th December 2018** and signed by:

CHIEF OFFICER FINANCE & PLANNING
COUNTY GOVERNMENT OF ISIOLO
P. O. Box 36 - 60300, ISIOLO
Date:.....

Chief Officer - Finance
Name: Peter Ngechu
ICPAK Member Number: 7629

Head of Treasury
Name: Roba Abduba
ICPAK Member Number: 18362

8.4SUMMARY OF STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Code	Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
		a	b	c=a+b	d	e=c-d	f=d/c %
	RECEIPTS						
11	Own Sources of Revenue	182,861,337	-	182,861,337	114,130,920	(68,730,417)	62%
13	Proceeds from Domestic and Foreign Grants	70,153,274	17,652,992	87,806,266	65,635,096	(22,171,170)	75 %
9910301	Exchequer releases	3,830,174,390	(55,174,390	3,775,000,000	3,775,000,000	-	100%
133	Transfers from Other Government Entities (FLF, DYP & Const. Hq, User Fee)	254,703,319	26,166,698	280,870,017	136,747,275	(144,122,742)	49%
14	Other Receipts - Unspent Balances B/F	-	13,744,854	13,744,854	10,234,563	(3,510,291)	74%
	TOTAL RECEIPTS	**4,337,892,320**	**2,390,154**	**4,340,282,474**	**4,101,747,854**	**(238,534,620)**	**93%**
21	Compensation of Employees	1,463,396,944	(89,880,792)	1,373,516,152	1,313,626,293	59,889,859	96%
22	Use of goods and services	643,048,845	101,507,790	744,556,635	561,745,788	182,810,847	75%
25	Emergency Relief and Refugee Assistance	86,000,000	180,000,000	266,000,000	246,338,158	19,661,842	93%
263	Transfers to Other Government Entities	675,967,572	(130,000,000)	545,967,572	515,500,000	30,467,572	94%
261/2/4	Other grants and transfers	174,051,507	31,499,613	205,551,120	116,106,498	89,444,622	56%
27	Government Pension and Retirement Benefits	22,220,889	-	22,220,889	15,037,410	7,183,479	68%
30&40	Acquisition of Assets	1,273,206,563	(90,211,457)	1,182,995,106	587,686,278	595,308,828	50%
28	Other Payments	-	-	-	36,080,152	(36,080,152)	00%
Total	**TOTAL PAYMENTS**	**4,337,892,320**	**2,915,154**	**4,340,807,474**	**3,392,120,577**	**948,686,897**	**78%**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on **10th December 2018** and signed by:

CHIEF OFFICER FINANCE & ICT
COUNTY GOVERNMENT OF ISIOLO
P.O. Box 36-60900, ISIOLO

Chief Officer – Finance

Head of Treasury

8.5.SUMMARY OF APPROPRIATION RECURRENT

Code	Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
11	Own Sources of Revenue	182,861,337	-	182,861,337	114,130,920	(68,730,417)	62%
13	Proceeds from Domestic and Foreign Grants (KDSP)	36,113,321	-	36,113,321	36,113,321	-	100%
9910301	Exchequer releases	2,540,854,811	(9,058,157)	2,531,796,654	2,531,796,654	-	100%
133	Transfers from Other Government Entities (User forgone fee)	3,472,461	-	3,472,461	3,514,477	42,016	101%
14	Other Receipts - Unspent Balances B/F	-	13,744,854	13,744,854	10,234,563	(3,510,291)	74%
	TOTAL RECEIPTS	**2,763,301,930**	**4,686,697**	**2,767,988,627**	**2,695,789,935**	**(72,198,692)**	**97%**
	PAYMENTS						
21	Compensation of Employees	1,463,396,944	(89,880,792)	1,373,516,152	1,313,626,293	59,889,859	96%
22	Use of goods and services	635,048,845	105,507,790	740,556,635	561,745,788	178,810,847	76%
25	Emergency Relief and Refugee Assistance	2,000,000	30,000,000	32,000,000	14,661,835	17,338,165	46%
263	Transfers to Other Government Units Entities	423,967,572	(35,413,932)	388,553,640	380,000,000	8,553,640	98%
261/2/4	Other grants and transfers	124,051,507	(8,754,289)	115,297,218	59,708,878	55,588,340	52%
27	Government Pension and Retirement Benefits	22,220,889	-	22,220,889	15,037,410	7,183,479	68%
30&40	Acquisition of Assets	92,616,173	3,752,920	96,369,093	65,747,959	30,621,134	68%
28	Other Payments	-	-	-	36,080,152	(36,080,152)	00%
	TOTAL PAYMENTS	**2,763,301,930**	**5,211,697**	**2,768,513,627**	**2,446,608,315**	**321,905,312**	**88%**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.
The financial statements were approved on **10th December 2018** and signed by:

CHIEF OFFICER FINANCE & ICT
COUNTY GOVERNMENT OF ISIOLO
P.O. Box 36 - 60300, ISIOLO
Date:.....

Chief Officer – Finance

Head of Treasury

8.6SUMMARY OF STATEMENT OF APPROPRIATION DEVELOPMENT

Code	Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
11	Own Sources of Revenue	-	-	-	-	-	-
13	Proceeds from Domestic and Foreign Grants (WB, DANIDA & THS)	34,039,953	17,652,992	51,692,945	29,521,775	(22,171,170)	57%
9910301	Exchequer releases - Equitable Share	1,289,319,579	(46,116,233)	1,243,203,346	1,243,203,346	-	100%
133	Transfers from Other Government Entities (FLF, Poly & Const. Hq)	251,230,858	26,166,698	277,397,556	133,232,798	(144,164,758)	48%
14	Other Receipts - Unspent Balances B/F	-	-	-	-	-	-
	TOTAL RECEIPTS	**1,574,590,390**	**(2,296,543)**	**1,572,293,847**	**1,405,957,919**	**(166,335,928)**	**89%**
21	Compensation of Employees	-	-	-	-	-	
22	Use of goods and services	8,000,000	(4,000,000)	4,000,000	-	(4,000,000)	-
25	Emergency Relief and Refugee Assistance	84,000,000	150,000,000	234,000,000	231,676,323	(2,323,677)	99%
263	Transfers to Other Government Units	252,000,000	(94,586,068)	157,413,932	135,500,000	(21,913,932)	86%
261/2/4	Other grants and transfers	50,000,000	40,253,902	90,253,902	56,397,620	(33,856,282)	62%
27	Government Pension and Retirement Benefits	-	-	-	-	-	-
30&40	Acquisition of Assets	1,180,590,390	(93,964,377)	1,086,626,013	521,938,319	(564,687,694)	48%
28	Other Payments	-	-	-	-	-	-
	TOTAL PAYMENTS	**1,574,590,390**	**(2,296,543)**	**1,572,293,847**	**945,512,262**	**(626,781,585)**	**60%**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The financial statements were approved on **10th December 2018** and signed by:

CHIEF OFFICER - FINANCE & ICT
COUNTY GOVERNMENT OF ISIOLO
P.O. Box 36 - 60300, ISIOLO

Chief Officer - Finance

Date.....

Head of Treasury

8.7 BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Code	Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
		a	b	c=a+b	d	e=c-d	f=d/c %
	RECEIPTS						
11	Own Sources of Revenue	182,861,337	-	182,861,337	114,130,920	(68,730,417)	62%
13	Proceeds from Domestic and Foreign Grants	70,153,274	17,652,992	87,806,266	65,635,096	(22,171,170)	75%
9910301	Exchequer releases	3,830,174,390	(54,174,390)	3,775,000,000	3,775,000,000	-	100%
133	Transfers from Other Government Entities (FLF, Polytechnic & Const. Hq, User Fee)	254,703,319	26,166,698	280,870,017	136,747,275	(144,122,742)	49%
14	Other Receipts - Unspent Balances B/F	-	13,744,854	13,744,854	10,234,563	(3,510,291)	74%
	TOTAL RECEIPTS	**4,337,892,320**	**2,390,154**	**4,340,282,474**	**4,101,747,854**	**(238,534,620)**	93%
21	Compensation of Employees	1,463,396,944	(89,880,792)	1,373,516,152	1,313,626,293	59,889,859	96%
22	Use of goods and services	643,048,845	101,507,790	744,556,635	561,745,788	182,810,847	75%
25	Emergency Relief and Refugee Assistance	86,000,000	180,000,000	266,000,000	246,338,158	19,661,842	93%
263	Transfers to Other Government Entities	675,967,572	(130,000,000)	545,967,572	515,500,000	30,467,572	94%
261/2/4	Other grants and transfers	174,051,507	31,499,613	205,551,120	116,106,498	89,444,622	56%
27	Government Pension and Retirement Benefits	22,220,889	-	22,220,889	15,037,410	7,183,479	68%
30&40	Acquisition of Assets	1,273,206,563	(90,211,457)	1,182,995,106	587,686,278	595,308,828	50%
28	Other Payments	-	-	-	36,080,152	(36,080,152)	00%
Total	**TOTAL PAYMENTS**	**4,337,892,320**	**2,915,154**	**4,340,807,474**	**3,392,120,577**	**948,686,897**	**78%**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on **10th December 2018** and signed by:

CHIEF OFFICER FINANCE & ICT
P.O. Box 36 - 60300 ISIOLO

Chief Officer – Finance

Head of Treasury

8.8 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 receivables and payables are disclosed in the Statement of Assets and Liabilities.

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 Isiolo County Government. The financial statements encompass the reporting entity as specified under section 164 of the PFM Act 2012.

3. Recognition of receipts and payments

a) Recognition of receipts

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

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

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.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

External Assistance

External assistance is received through grants and loans from multilateral and bilateral development partners.

Donations and grants

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

Proceeds from borrowing

Borrowing includes Treasury bill, treasury bonds, corporate bonds; sovereign bonds and external loans acquired by the entity or any other debt the County Government may take on will be treated on cash basis and recognized as receipts during the year of receipt.

Undrawn external assistance

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for projects currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. During the year ended 30th June 2018, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

County Own Generated Receipts

These include Appropriation-in-Aid and relates to receipts such as trade licences, cess, fees, property income among others generated by the County Government from its citizenry. These are recognised in the financial statements the time associated cash is received.

Returns to CRF Issues

These relate to unspent balances in the development, recurrent and deposit accounts at the end of the year which are returned to the County Revenue Fund (CRF) and appropriated through a supplementary budget to enable the County to spend funds. These funds are recognised once appropriated through a supplementary budget process.

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.

Interest on borrowing

Borrowing costs that include interest are recognized as payment in the period in which they incurred and paid for.

Repayment of borrowing (principal amount)

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the County consolidated financial statements.

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 Isiolo County Government in the form of actual goods and/or services rather than in money or cash terms. These donations may include

vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the County Government 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.

There were no restrictions on cash during the year

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 are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

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.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Isiolo County Government 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 developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County budget was approved as required by Law and as detailed in the County Revenue Allocation Act. The original budget was approved by the County Assembly in April 2017 for the period 1st July 2017 to 30 June 2018 as required by law. There was two (2) number of supplementary budgets passed in the year. A high-level assessment of the County's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

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

8.9 NOTES TO FINANCIAL STATEMENT

1 EXCHQUER RELEASES - EQUITABLE SHARE (Annex I)

	2017 - 2018	2016 - 2017
	Ksh	Ksh
Total Exchequer Releases for Quarter 1	528,500,000	824,518,303
Total Exchequer Releases for Quarter 2	339,750,000	841,008,669
Total Exchequer Releases for Quarter 3	1,038,125,000	824,518,303
Total Exchequer Releases for Quarter 4	1,868,625,000	808,027,935
Total	**3,775,000,000**	**3,298,073,210**

2 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	Date received	2017 - 2018	2016 – 2017
		Ksh	Ksh
DANIDA Grant	21/12/2017	8,824,953	3,985,000
Health System for Universal Care Project (World Bank)	13/12/2017	20,696,822	22,247,373
Kenya Devolution Support Programme (KDSP)	09/02/2018	36,113,321	-
Total		**65,635,096**	**26,232,373**

3 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2017 - 2018	2016 - 2017
	Ksh	Ksh
Fuel Levy Fund	107,066,100	50,674,873
Free Maternity Healthcare	-	20,235,000
Abolishment of user fees in health centres and dispensaries	3,514,477	3,514,476
Development of Youth Polytechnic conditional grant	26,166,698	-
Health Workers Remuneration	-	43,353,000
Total	**136,747,275**	**117,777,349**

4 COUNTY OWN GENERATED RECEIPTS

	2017 - 2018	2016 – 2017
	Ksh	Ksh
Parking Fees	3,725,105	1,898,624
Land Rates & Rents and Stand Premiums	9,951,662	4,407,520
Single Business Permits & Promotion fee	5,603,265	4,514,128
Barter Market / Entrance Fee	970,530	896,520
Rent Market stalls	66,900	75,390
Agricultural, Livestock & Fisheries Produce Cess	5,633,676	4,024,770
Natural Resources Excavation Cess (stone, murram, sand)	8,034,240	5,655,000
Water Lease Fees / Levies	-	716,440
Hospital Fees	9,302,638	9,863,425
Property Fess (Transfer, Subdivision, Consent, clearances)	1,677,968	155,670
Technical Services (Building Plans Approval)	546,500	-
Administrative Fees and Charges	1,280,211	8,567,912
Livestock Veterinary Fee	844,665	-
Livestock Slaughter Fees	1,285,350	1,163,723
Liquor Licences	2,422,000	-
Game Park Entry Fees	62,786,210	47,221,357
Totai	114,130,920	89,160,479

5 RETURNED CRF ISSUES

	2017 – 2018	2016 – 2017
	Ksh	Ksh
Isiolo County Assembly	27,986	227,608
Health Centres Grant Accounts	10,206,577	-
Total	**10,234,563**	**227,608**

6 COMPENSATION OF EMPLOYEES

	2017 – 2018	2016 – 2017
	Ksh	Ksh
Basic salaries of permanent employees	799,574,138	835,836,279
Basic wages of temporary employees	80,384,408	57,303,969
Personal allowances paid as part of salary	413,200,317	328,537,715
Pension and other social security contributions	20,467,430	19,250,163
Total	**1,313,626,293**	**1,240,928,126**

7 USE OF GOODS AND SERVICES

	2017 – 2018	2016 – 2017
	Ksh	Ksh
Utilities, Supplies and Services	11,881,091	12,118,313
Communication, Supplies and Services	9,599,766	8,154,788
Domestic Travel and Subsistence	89,134,440	77,652,346
Foreign Travel and Subsistence	10,880,617	19,147,645
Printing, Advertising and Information Supplies & Services	14,827,546	27,405,008
Rentals of Produced Assets	28,576,896	26,989,000

Training Expenses	12,993,221	15,352,402
Hospitality Supplies and Services	121,338,362	48,654,558
Insurance Costs	40,121,062	1,773,198
Specialised Materials and Supplies	111,381,945	120,513,172
Office and General Supplies and Services	17,867,237	18,610,365
Fuels, Oil and Lubricants	33,181,258	44,435,289
Other Operating Expenses	38,882,375	52,210,921
Routine maintenance – vehicles and other Transport Equipment	13,600,197	21,531,108
Routine maintenance – other assets	6,989,775	7,023,155
Total	**561,745,788**	**501,571,268**

8 TRANSFER TO OTHER GOVERNMENT ENTITIES

Description		**2016 – 2017**
		Ksh
Transfer to County Assembly of Isiolo	515,500,000	555,000,000
Health Centres (DANIDA & World Bank Funds)	-	16,377,597
TOTAL	**515,500,000**	**571,377,597**

9 OTHER GRANTS AND OTHER PAYMENTS

	2017 – 2018	**2016 – 2017**
	Ksh	**Ksh**
Scholarships and other Educational Benefits	1,787,200	62,625,960
Emergency relief and refugee assistance	246,338,158	113,829,611
Other current transfers, grants	56,397,620	15,000,000
Other capital grants and transfers	57,921,678	38,765,462
TOTAL	**362,444,656**	**230,221,033**

10 SOCIAL SECURITY BENEFITS

	2017 – 2018	2016 – 2017
	Ksh	Ksh
Government pension and retirement benefits	15,037,410	50,107,810
Total	**15,037,410**	**50,107,810**

11 ACQUISITION OF ASSETS

Non Financial Assets	2017 – 2018	2016 – 2017
	Ksh	Ksh
Construction of Buildings	12,919,397	125,656,075
Refurbishment of Buildings	3,084,087	4,547,060
Construction of Roads	106,041,856	147,923,448
Construction and Civil Works	201,885,369	430,062,965
Overhaul and Refurbishment of Construction and Civil Works	-	25,899,404
Purchase of Vehicles and Other Transport Equipment	43,356,399	7,000,000
Overhaul of Vehicles and Other Transport Equipment	-	1,000,000
Purchase of Household Furniture and Institutional Equipment	-	100,000
Purchase of Office Furniture and General Equipment	22,391,560	15,834,500
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialised Plant, Equipment and Machinery	128,698,340	66,182,278
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	800,000
Purchase of Certified Seeds, Breeding Stock and Live Animals	1,467,960	3,500,000
Research, Studies, Project Preparation, Design & Supervision	67,841,310	112,655,367
Rehabilitation of Civil Works	-	920,716
Total	**587,686,278**	**942,081,813**

12 OTHER PAYMENTS

	2017 – 2018	2016 – 2017
	Ksh	Ksh
Pending Bills Paid through Court Order from Revenue a/c	36,052,737	-
Bank Charges Revenue Accounts	27,415	-
Total	**36,080,152**	-

13 CASH AND BANK BALANCES

13A BANK BALANCES

Name of Bank, Account No. & currency	Purpose	Amount in foreign currency	Exchange rate	2017 – 2018 Ksh	2016 – 2017 Ksh
County Revenue Fund – CBK **1000171715 - Ksh**	CRF Acc			305,292,842	1,590,193
County Recurrent Account -CBK **1000171405**	Recurrent Acc			40,994,168	167,616
County Development Account - CBK **1000171367 - Ksh**	Developme nt Acc			315,494,253	349,775
Isiolo County Health Services - CBK **100276721- Ksh**	Grant Account			9,033,787	2,710,857
Fuel Levy Fund Account - CBK **100293427 - Ksh**	Grant Account			6,460,791	**794,494**
Revenue Account (Ksh) - Consolidated Bank **10111203000081- Ksh**	Revenue Acct			4,552,578	647,404
Revenue Dollar Account - Consolidated **10112200000004 Us $**	Revenue Acct	2,327.77	100.55	234,056	7,482,899
Revenue Account - Co-Operative Bank **01141437923000 - Ksh**	Revenue Acct			68,000	-
Revenue Account - KCB **Ksh 1140770330**	Revenue Acct			68,900	-
Revenue Account - National Bank **01040204720700 Ksh**	Revenue Acct			201,802	-

	Imprest Account – KCB 1140761072 Ksh	Imprest Account			551	1,616
	Bursary Fund Account – KCB 1182179509 - Ksh	Fund Account			34,151,540	5,950,040
	Health Facilities Accounts (Annex II)	Grant Account			9,950,235	-
	Total				**726,504,403**	**19,694,894**
13B	**Cash Balances**				-	-
	Total Cash and Cash Equivalent				**726,504,403**	**19,694,894**

14 OUTSTANDING IMPRESTS (Annex III)

Description	2017 – 2018	2016 – 2017
	Ksh	Ksh
Government Imprests	27,381,268	24,563,500
Increase / (Decrease)	**2,817,768**	**24,563,500**

15 FUND BALANCE BROUGHT FORWARD

	2017 – 2018	2016 – 2017
	Ksh	Ksh
Bank accounts	726,504,403	19,694,894
Cash in hand	-	-
Accounts Receivables	27,381,268	24,563,500
Accounts Payables	-	-
Total	**753,885,671**	**44,258,394**

8.10 OTHER IMPORTANT DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (Annex IV)

	2017 – 2018	2016 – 2017
	Ksh	Ksh
Defunct County Council	108,047,308.00	108,047,308.00
Over 1 Year	914,064,969.00	577,709,445.00
Current FY 2017/18	179,832,248.60	297,576,972.00
Total	1,201,944,525.60	983,333,725.00

2. 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 Government:

- Key management personnel that include the Governor, the Deputy Governor Members of the County Assembly, CEC's and Chief Officers for various County Ministries and Departments;
- County Ministries and Departments;
- The National Government;
- Other County Governments; and
- State Corporations and Semi-Autonomous Government Agencies

Related party transactions

	2017- 2018	2016- 2017
	Ksh.	Ksh.
Key Management Compensation(Governor, DG, CEC Members and C.Os)	79,436,730	97,019,472
Transfer to the County Assembly	515,500,000	555,000,000
Transfers to other County Government Entities	11,042,527	16,377,597
Transfers to Bursary Fund	-	-
Total Transfers to related parties	**605,979,257**	**668,397,069**
Transfers from related parties		
Transfers from the Exchequer (Equitable share)	3,775,000,000	3,298,073,210
Transfers from Kenya Roads Board (FLF)	107,066,100	50,674,873
Development of Youth Polytechnic	26,166,698	-
Ministry of Health (forgone user fee)	3,514,477	3,514,476
Ministry of Health (Free Maternity Fee)	-	20,235,000
Ministry of Health (Health workers remuneration)	-	43,353,000
Total Transfers from related parties	**3,911,747,275**	**3,415,850,559**

The key management compensation for the financial year 2017/18 was Ksh. 79,436,730 against Ksh. 97,019,472. The variance was as result of national elections held in August 2017 where the Governor and Deputy Governor and some few CEC and Cos had to vacate office ninety days before elections hence fall in remunerations. Further the was delay in appointing new chief officers, with current office bearers having being appointed to office in March 2018 while the previous group vacated in December 2017

During the year, the free maternity funds were not dispatched though there were plans by National Government to roll out universal health care but did not begin as expected.

Transfer to other County government agencies relate to DANIDA and World Bank health support programs which is run from the health centres. The list of the health centres is as here below;

	Health Centre	DANIDA Ksh.	World Bank (RBF) Ksh.	World Bank Transformation Health Services	Total Ksh.
1	APU Dispensary	235,332	-	36,000	271,332
2	Badana Dispensary	235,332	-	30,000	265,332
3	Barambate Dispensary	235,332	-	30,000	265,332
4	Basa Dispensary	235,332	-	30,000	265,332
5	Biliqo Marara Dispensary	235,332	128,521	-	363,853
6	Bisan Biliqo Dispensary	235,332	-	30,000	265,332
7	Boji Dispensary	235,332	265,332	30,000	265,332
8	Bulesa Dispensary	235,332	-	42,000	277,332
9	Daaba Dispensary	235,332	105,228	30,000	370,560
10	Duse Dispensary	235,332	59,816	36,000	331,148
11	Eldera Dispensary	235,332	-	30,000	265,332
12	Eremet Dispensary	235,332	-	24,000	259,332
13	Escort Dispensary	235,332	-	24,000	259,332
14	Gafarsa Dispensary	588,330	-	48,000	636,330
15	GK Prison Dispensary Isiolo	235,332	-	-	235,332
16	Iresaboru Dispensary	235,332	-	30,000	265,332
17	Kinna Health Centre	588,330	873,401	54,000	1,515,731
18	Kipsing Dispensary	588,330	-	48,000	636,330
19	Korbesa Dispensary	235,332	-	36,000	271,332

20	Kulamawe Dispensary	235,332	-	42,000	277,332
21	Madogashe Dispensary	235,332	-	30,000	265,332
22	Malka Galla Dispensary	235,332	-	30,000	265,332
23	Malkadaka Dispensary	235,332	-	36,000	271,332
24	Mataarba Dispensary	235,332	117,427	30,000	382,759
25	Merti Health Centre	588,330	-	54,000	642,330
26	Muchuro Dispensary	235,332	-	30,000	265,332
27	Oldonyiro Dispensary	235,332	-	48,000	283,332
28	Rapsu Dispensary	235,332	-	36,000	271,332
29	Samburu Complex Dispensary	235,332	-	-	235,332
30	Sericho Health Centre	588,330	-	54,000	642,330
31	Isiolo County Referral Hosp	-	-	120,000	120,000
32	Garbatulla Sub County Hosp	-	-	102,000	102,000
		8,824,950	**1,017,57**	**1,200,000**	**11,042,527**

3. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS ON FY 2015/16 AUDIT REPORT

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	Accuracy and Presentation of the Financial Statement variances of Ksh. 177,469,128	Reconciliation of payments paid on IFMIS but pending on IB to be reversed	Nduati E.K Senior Accountant	Unresolved	June 2018
2.0	Pending Bills Ksh. 448,494,761 Creditors' Ledger not maintained	Ensure all pending bills are paid through supplementary budget FY 2017/18 Ensure all Ledgers are properly maintained	Mwenda Thiribi CEC Finance & Economic Planning	Unresolved	June 218
3.1	**Human Resource** Compensation of Employee where Ksh. 298,813,665 was paid through Manual Payroll i.e.	The County to ensure all employees are capture in IPPD Stoppage of hiring of	David Kathuraku Pay Roll Manager	Resolved	June 2018

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)*
	employee not on IPPD and Ksh. 33,566,801 paid to casual Workers without proper records	casuals until the indent survey id carried out			
3.2	Over remission of Local Authority Provident Fund (Lap Fund)	The matter was attributed to rates as computed from IPPD where the system was deducting higher rates	David Kathuraku Pay Roll Manager	Unresolved	June 2018
3.3	Gratuity Arrears - the county had not remitted Ksh. 34,308,334 to pension fund	The amount had been budgeted for in current Financial Year 2017/18	Mwenda Thiribi CEC Finance & Economic Planning	Resolved	August 2017
4.0	Doubtful Routine Maintenance of Motor Vehicles and Transport Equipments Ksh. 3,696,409 without proper records	To ensure All necessary records are maintained and availed for audit	Kenneth Macharia Transport Manager	Unresolved	June 2018
5.1	Doubtful Expenditures Foreign Travel Ksh. 1,001,400 paid to CPSB for travel to	To ensure All necessary records are and availed for audit	Hussein Huka Secretary CPSB	Unresolved	June 2018

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)*
	Arusha travel back evidence and report not availed Travel to Ethiopia by Chief Officer Land attending Oromia Diaspora Festival		Roba Abduba Head of Treasury		
5.2	Drugs, Non Pharmaceutical Ksh. 6,082,870 supplied to District Hospital without stores records	To ensure All necessary records are and availed for audit	Bonaya Dida Stores Manager	Unresolved	June 2018
5.3	Unaccounted for Expenditure on Fuel amount spent of Ksh. 54,929,620 without proper records	To ensure All necessary records are maintained and availed for audit	Kenneth Macharia Transport Manager	Unresolved	June 2018
6.1	Project Implementation and Management General observation on the Procurement Process Ksh. 45,572,285 spent without proper records	To ensure All necessary records are maintained and availed for audit	Stephen Muthomi Procurement Officer	Unresolved	June 2018

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)*
6.2	Unsupported Expenditure Ksh. 26,338,414 spent on construction of Roads however project files were not maintained	To ensure All necessary records are maintained and availed for audit	Stephen Muthomi Procurement Officer	Unresolved	June 2018
6.3	Purchase of grass and horticulture seeds worth Ksh. 19,233,791 but stores records not maintained and no report on test for quality and suitability	To ensure All necessary records are maintained and availed for audit	Huka Jaldesa Chief Officer Agriculture	Unresolved	June 2018
7.0	Non Current Assets worth Ksh. 14 Billion inherited for defunct County Council not yet taken over and updated asset register not maintained	To ensure All necessary records are maintained and availed for audit	Nduati E.K Senior Accountant	Unresolved	June 2018
	Other Matters				

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	Unauthorised Bank Account. The County operated 6 bank Account where 3 account were held at Central Bank (County Revenue Fund, Development and Recurrent Accounts) and 3 in Commercial Bank (Revenue, Imprest and Bursary Fund)	The County operated the Commercial Bank Accounts for purpose of collection and swiping to CBK The Bursary is run by Fund Committee to award education bursary to need students / pupil	Mwenda Thiribi CEC Finance & Economic Planning	Unresolved	June 2018
2.0	Budgetary Control and Performance .The County reported absorption rate of 93% and 91% for Recurrent and Development budget incurring under expenditure of Ksh. 124,835,411 and Ksh. 119,152,343 on Recurrent and Development respectively The County Revenue realised of Ksh. 116,026,800 against budget estimate of Ksh. 360,000,000	The Under absorption was attributed to shortfall on local revenue collections and delayed disbursement of exchequer releases	Mwenda Thiribi CEC Finance & Economic Planning	Unresolved	June 2018

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)*
	resulting to budget deficit of Ksh. 243,973,200				
3.0	Information, Communication and Technology (ICT) Environment There was no formal approved ICT Policy which would provide for data security policy and disaster recovery plans	The County will embark on developing the requisite policy document and submit to County Assembly for approval	John Mutea Head of ICT	Unresolved	June 2018
4.0	Non Establishment of Audit Committee. The County had not established the Audit Committee as per sec 155 (5) of PFM Regulation 2015	The County had advertised for the position of Audit Committee but did not attract any responses. To re-advertise the same again during this financial Year 2017/18	Mwenda Thiribi CEC Finance & Economic Planning	Unresolved	June 2018

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.

CHIEF ACCOUNTANT
ISIOLO COUNTY GOVERNMENT
P.O BOX 36 - 60300 ISIOLO

Sign.....

Nduati E.K

FOR: CEC - Finance and Economic Planning

ANNEXES

Annex I – ANALYSIS OF TRANSFERS FROM THE EXCHEQUER

Period	Equitable Share	DANIDA	Road Maintenance Fuel Levy Fund	Kenya Devolution Support Programme (KDSP)	Health System for Universal Care Project (World Bank)	Forgone User Fees	Village Youth Polytechnic Development	Total Transfers from the National Treasury
Exchequer Releases for Q 1	528,500,000	-	-	-	-	-	-	528,500,000.00
Exchequer Releases for Q 2	339,750,000	8,824,953	60,736,583	-	20,696,822.00	-	-	430,008,358.00
Exchequer Releases for Q3	1,038,125,000	-	-	23,296,820	-	1,757,238.50	-	1,063,179,058.50
Exchequer Releases for Q4	1,868,625,000	-	46,329,517	12,816,501	-	1,757,238.50	26,166,698	1,955,694,954.50
Total	**3,775,000,000**	**8,824,953**	**107,066,100**	**36,113,321**	**20,696,822**	**3,514,477.00**	**26,166,698**	**3,977,382,371.00**

Annex II – HEALTH FACILITIES EXPENDITURE AND BANK BALANCES DETAILS

No	FACILITY NAME	ACCOUNT NUMBER	BALANCE AS AT 01 JULY 2017	FUNDS TRANSFERRED FY 2017/18	EXPENDITURE	BALANCE AS AT 30 JUNE 2018
1	APU DISPENSARY	01141437139200	448,789	271,332	1,210,878	37,181
2	BADANA DISPENSARY	01141437161300	181,416	265,332	539,385	795
3	BARAMBATE DISPENSARY	01141437217700	168,381	265,332	566,373	31,163
4	BASA DISPENSARY	01141435169500	181,112	265,332	431,560	235,784
5	BILIQO MARARA DISPENSARY	01141435938500	257,660	363,853	-	621,513
6	BISAN BILIQO DISPENSARY	01141437162200	133,448	265,332	350,113	264,948
7	BOJI DISPENSARY	01141437183300	146,808	265,332	481,870	30,590
8	BULESA DISPENSARY	01141437170000	188,788	277,332	631,066	103,460
9	CHMCT - Department of Health	01141134217800	4,340,148	370,560	-	4,562,148
10	DAABA DISPENSARY	01141435420400	-	331,148	340,835	29,725
11	DUSE DISPENSARY	01141611484200	-	265,332	95,816	235,332
12	ELDERA DISPENSARY	01141437189200	222,416	259,332	230,949	317,223
13	EREMET DISPENSARY	01141437138400	341,491	259,332	1,423,964	38,653
14	ESCORT DISPENSARY	01141435542400	-	636,330	24,000	235,332
15	GAFARSA DISPENSARY	01141437241600	158,305	235,332	762,329	253,535

16	GK PRISON DISPENSARY ISIOLO	01141437139500	110,753	265,332	786,072	110,333
17	IRESABORU DISPENSARY	01141437237700	111,035	1,515,731	493,779	89,707
18	KINNA HEALTH CENTRE	01141437143300	704,507	636,330	1,942,952	277,287
19	KIPSING DISPENSARY	01141437139800	177,845	271,332	1,033,289	207,295
20	KORBESA DISPENSARY	01141437170800	219,279	277,332	435,807	270,060
21	KULAMAWE DISPENSARY	01141437143900	196,093	265,332	831,846	42,375
22	MADOGASHE DISPENSARY	01141437170500	170,425	265,332	812,289	30,232
23	MALKA GALLA DISPENSARY	01141437169900	150,704	271,332	554,098	65,486
24	MALKADAKA DISPENSARY	01141437228800	151,287	382,759	548,041	36,069
25	MATAARBA DISPENSARY	01141435929600	-	642,330	117,977	264,782
26	MERTI HEALTH CENTRE	01141437138100	205,727	265,332	165,454	682,604
27	MUCHURO DISPENSARY	01141437239200	113,686	283,332	402,211	33,468
28	OLDONYIRO DISPENSARY ISIOLO	01141435142800	205,727	271,332	987,721	49,203
29	RAPSU DISPENSARY	01141437147300	144,002	235,332	226,853	268,064
30	SAMBURU COMPLEX DISPENSARY	01141437139300	182,098	642,330	360,771	267,872
31	SERICHO HEALTH CENTRE	01141437171800	594,647	120,000	978,951	258,027
	TOTAL		**10,206,577**	**11,042,527**	**11,298,869**	**9,950,235**

Annex III - OUTSTANDING IMPRESTS

Name of Officer or Institution	Date Imprest Taken	Amount Taken Ksh.	Amount Surrendered Ksh.	Balance Ksh.
Kenneth T. Maorwe	26-Aug-16	2,625,000	-	2,625,000
Boru Dida Gollo	31-Aug-16	2,915,000	-	2,915,000
Kenneth T. Maorwe	29-Sep-16	2,625,000	-	2,625,000
Isaya Kobia	2-Nov-16	650,000	-	650,000
Kenneth T. Maorwe	17-Jan-17	2,700,000	-	2,700,000
Stephen Kiprotich Birechi	19-Jan-17	1,979,000	-	1,979,000
Kenneth T. Maorwe	26-Jan-17	3,100,000	-	3,100,000
Barnabus Esunyen	6-Feb-17	750,000	-	750,000
Mohamed Boru Ali	6-Feb-17	1,000,000	-	1,000,000
Kenneth T. Maorwe	27-Feb-17	300,000	-	300,000
Kenneth T. Maorwe	27-Feb-17	1,750,000	-	1,750,000
Halkano Galma	28-Feb-17	500,000	-	500,000
Hussein Boru Guyo	21-Mar-17	1,500,000	-	1,500,000
Kenneth T. Maorwe	22-Mar-17	600,000	-	600,000
Stephen Kiprotich Birechi	10-May-17	1,569,500	-	1,569,500
Halake Osman Dadacha	09-Apr-18	300,000.00	-	300,000.00
Josephine Kirion Eragae	12-Apr-18	300,000.00	-	300,000.00

Galgalo Ali Gulacha	20-Apr-18	69,000.00	-	69,000.00
Ali Badha Jattani	25-Apr-18	796,000.00	-	796,000.00
Daniel Mwangi Muchiri	03-May-18	73,600.00	-	73,600.00
Daniel Mwangi Muchiri	03-May-18	76,700.00	-	76,700.00
Wanjiru Florence Njihia	06-May-18	450,100.00	-	450,100.00
Abdi Mohamed	21-May-18	652,368.00	-	652,368.00
Gedion Musomi Nyakundi	23-May-18	100,000.00	-	100,000.00
Total Amount		**27,381,268.00**	**0.00**	**27,381,268.00**

Annex IV – ACCOUNT PAYABLES (PENDING BILLS)

(I) DEFUNCT COUNTY COUNCIL OF ISIOLO

	Supplier Name	Contract / LPO / LSO No.	Invoice No.	Invoice Date	Amount	Description	Status
1	Geomeasure Surveyors				780,280.00	Plot Survey at Chechelesi	Complete
2	Infortrack Research Consultant				238,032.00	consultancy services on Staff Training Need survey	Complete
3	J.A.B Orengo Advocates				5,318,200.00	Legal fee civil suit Kawiri Contractors vs County Council of Isiolo	Complete
4	KENAO				2,800,000.00	County Council Audit fees	Complete
5	Lapfund				58,252,415.00	Pension contribution staff employees including penalties and interest accrued	Complete
6	Ministry of Lands				850,390.00	Preparation of Valuation Roll 1992	Complete
7	Sec & M Valuers				25,809,520.00	Valuation of Council Non current assets	Complete
8	National Housing Corporation (NHC)				13,998,471.00	Council rental houses development loan	Complete
					108,047,308.00		

(II) PENDING BILLS OVER 1 YEAR OLD

Invoice Dates	Valid Pending Bills recommended for payment (Ksh)	Pending Bills with weakness or failure that is not significant with respect to the tests carried out (Ksh)	Invalid Pending Bills with fundamental weaknesses or significant failure with respect to the tests carried out (Ksh)	Pending Bills with no supporting documents presented for review (Ksh)	Total (Ksh)
2014	2,323,600	0	10,211,700	-	12,535,300
2015	2,288,500	7,088,731	83,124,459	-	92,501,690
2016	36,462,285	9,382,887	164,489,785	-	210,334,957
2017	31,513,087	4,092,076	158,153,866	-	194,059,029
Not dated	46,973,951	9,679,103	122,082,390	226,198,459	404,933,903
Total	**119,561,423**	**30,242,797**	**538,062,200**	**226,198,459**	**914,064,969**

Source: CGI Pending Bills Task Force Report 2018

(III) CURRENT PENDING BILLS FY 2017/18

	Supplier Name	Contract / LPO / LSO No.	Invoice No.	Invoice Date	Amount	Description	Status
1	Tsilla Mwendwa	not attached	31	30/06/2018	5,640.00	Supply of Newspaper to Governor's & D.Gov Office -June 2018	Complete
2	Samburu Service Station	3218378	17540	10/05/2018	399,538.00	Fuel card for KBY911E &KCK967F	Complete
3	Tsilla Mwendwa	not attached	13	31/05/2018	6,480.00	Supply of Newspaper to Governor's & D.Gov Office -May 2018	Complete
4	Foundation College	not attached	N/A	N/A	14,000.00	School fees donation	Complete
5	Isiolo Athletics Self Help Group	Not attached	N/A	N/A	800,000.00	Donation to the Association	Complete
6	Messrs Mbogo & Muriuki Advocates	Not attached	N/A	N/A	1,500,000.00	Payment of legal fees	Complete
7	Shulink Ltd	1535635	102	15/04/2018	508,979.00	Repair of Isiolo Prison Nursery School	Complete
8	Dakiye General Supplies	1335758	4	11/01/2018	1,500,000.00	Transport Hire Services	Complete
9	Shulink Ltd	3218391	108	20/04/2018	380,000.00	Supply of office equipment	Complete
10	Rahad Kinu Co Ltd	1535807	205	Not dated	446,092.40	Proposed office extension for PSM Chief Officer	Complete
11	Mushram Contractors And General Sup	3221160	N/A	N/A	448,800.00	Supply of stationeries	Complete

	Supplier Name	Contract / LPO / LSO No.	Invoice No.	Invoice Date	Amount	Description	Status
12	Bokali Enterprises	3221199	19	05/01/2018	104,000.00	Supply of attendance Registers	Complete
13	Metrical Agency Co	1535507	005	17/01/2018	483,024.00	Payment of Minor repairs and repainting	Complete
14	Tsilla Mwendwa Magiri	Not attached	36	30/06/2018	2,280.00	Supply of newspaper	Complete
15	Fashu Investment Ltd	3218260	102/104	Not dated	52,000.00	Supply of Mineral water	Complete
16	Category One Media	3221233	0177	18/06/2018	314,380.00	Supply of office labels, staff IDs and tags	Complete
17	Hormata Construction and Supplies	1462157	312	30/04/2018	1,525,000.00	Provision of car hire services	Complete
18	Bingo Investment Ltd	3218261	014	Not dated	52,800.00	Supply of sanitary and cleaning materials	Complete
19	Tsilla Mwendwa		17	30/04/2018	2,400.00	Supply of newspaper for April	Complete
20	Safaricom Ltd		B1-1191532053	03/01/2018	19,999.00	Internet services	Complete
21	Standard Media Group	1535845	80047181	16/01/2018	177,480.00	Advertisement on vacancy placement	Complete
22	Hut System	1462165	017/018	04/05/2018	304,100.00	Air ticket for Public Service Board	Complete
23	Fagol Limited	2273242A	068/076	15/09/2015	1,210,000.00	Supply of executive tables	Complete

	Supplier Name	Contract / LPO / LSO No.	Invoice No.	Invoice Date	Amount	Description	Status
24	Fagol Limited	2159207	021/075	09/10/2015	189,000.00	Supply of Furniture	Complete
25	Samburu Service Station	3218384	17494	11/05/2018	307,800.00	Payment of Lubricants	Complete
26	Ahmedos General Suppliers Ltd	3221245	314	14/06/2018	990,000.00	Payment of Haemotology analyzer	Complete
27	Samburu Service Station	3218318	17462	31/05/2018	382,953.00	Payment for diesel for KBY075C	Complete
28	Bokali Enterprises	3221054	017	05/02/2018	104,000.00	Supply of office attendance registers	Complete
29	Nation Media Group Ltd	1462021	98517	04/05/2018	366,560.00	Advertisement for public participation	Complete
30	Rahad Kinu	3221155	213	20/06/2018	101,940.00	supply cleaning materials	Complete
31	Mumtazah Co. Limited	3221200	001	19/06/2018	589,700.00	supply computer accessories	Complete
32	Samburu Service Station	3218309	17451	23/05/2018	499,000.00	Fuel Supply	Complete
33	Wachu Investment Limited	3218335	002	10/04/2018	215,000.00	Supply Office Furniture	Complete
34	Sarova Shaba Game Lodge	15335996		24/06/2018	312,000.00	conference facilities	Complete
35	Firstgroup EA Limited	1535620	3052018	13/05/2018	1,000,000.00	consultancy services	Complete
36	APA Insurance Limited	1462016	114513	18/02/2018	116,059.00	Insurance Cover 11CG 011A	Complete

	Supplier Name	Contract / LPO / LSO No.	Invoice No.	Invoice Date	Amount	Description	Status
37	ALBA Hotel Meru	1535963	33936	14/06/2018	2,299,000.00	Conference facility	Complete
38	Sarova Shaba Game Lodge	1535825		03/05/2018	957,195.00	Payment of accommodation, meals and drinks	Complete
39	Samburu Service Station	3011786	17919	20/10/2017	650,000.00	Supply of fuel	Complete
40	Category One Media	1508548	0178	01/02/2018	1,324,314.00	Improvement at new Treasury offices	Complete
41	Nation Media Group Ltd	3110041	2549914	03/07/2018	667,603.00	Proposed Isiolo HQ offices advert	Complete
42	Samburu Service Station	3218385	17455	25/05/2018	87,000.00	Complete gas cylinder and refilling	Complete
43	CMC Motors Group Ltd	3218381	015001	28/05/2018	386,924.96	Payment of tractor spares	Complete
44	Simlaw Seed Co Ltd	2635627	ISL001	16/05/2018	3,499,861.13	Payment of certified seeds field crop	Complete
45	CMC Motors Group Ltd	1335773	6758	26/04/2018	144,210.00	Motor Vehicle repairs	Complete
46	CMC Motors Group Ltd	3110165	6757	26/04/2018	195,000.00	Payment of Starters TT75	Complete
47	CMC Motors Group Ltd	3218358		28/05/2018	66,682.00	Payment of tractor batteries	Complete
48	APA Insurance Ltd	1533507			600,000.00	Insurance to Motor vehicles, Cycles and Tractors	Complete
49	Mutindwa Enterprises Limited	1535533		02/02/2018	81,315.00	Repair and services rendered to GKB888G	Complete

	Supplier Name	Contract / LPO / LSO No.	Invoice No.	Invoice Date	Amount	Description	Status
50	Salahudin Suppliers Ltd	765475	002	16/05/2018	173,000.00	Supply of staff uniforms	Complete
51	Telkom Limited			19/04/2018	36,000.00	Payment of internet services	Complete
52	Shibado Ltd	3011738	003	24/11/2017	225,000.00	Supply of Car tyres	Complete
53	Kanjogu Merchants	3218294	1/2	13/06/2018	210,000.00	Cleaning Materials	Complete
54	Abaaru Investment	3221187	015	22/06/2018	210,000.00	Photographic materials	Complete
55	Diaco Agencies Ltd	Not attached	DA/MoT WT 001	25/05/2018	132,000.00	Cleaning Services	Complete
56	Standard Media Group	1535639	80051285	25/04/2018	814,320.00	Devolution conference coverage	Complete
57	Nation Media Group Ltd	1535638	86041	12/04/2018	1,020,800.00	Devolution conference coverage	Complete
58	Rahad Kinu Co.Ltd	Not attached			170,000.00	Catering service	Complete
59	Knowledge Resource Centre	1535953	INV20180629	20/06/2018	1,362,717.00	Consultancy service	Complete
60	Choke Construction And Supp.Co. Ltd	1462035	014	17/05/2018	728,770.00	Refurbishment of Office	Complete
61	Excellent Communications	3218291	152	21/06/2018	378,000.00	Payment of office curtains and fittings	Complete
62	Stephens and General Ltd	3011718	020	30/10/2017	1,405,000.00	Supply of examination materials to schools	Complete

	Supplier Name	Contract / LPO / LSO No.	Invoice No.	Invoice Date	Amount	Description	Status
63	Salahudin Suppliers Ltd	3221198	161	24/06/2018	1,704,548.00	Purchase of ECDE chairs and furniture	Complete
64	Fahali Construction Co Ltd	1335779	Not attached		960,000.00	Car Hire services	Complete
65	Flyvon Enterprises Ltd	1535604	204	01/05/2018	899,510.00	LAN connection	Complete
66	Samburu Service Station	3218345	Not attached		1,441,800.00	Supply of fuel	Complete
67	Stephens and General Ltd	3218281	017	13/06/2018	770,000.00	Printing of T Shirts and Caps	Complete
68	Amsafa Enterprises				390,000.00	Supply of air conditioner	Complete
69	Birus Communication Services	1462082	268	13/06/2018	2,700,000.00	Installation of communication equipment	Complete
70	Conservation Capital	Not attached			350,000.00	Rapid assessment	Complete
71	Fagol Ltd	3110071	072	06/12/2018	1,000,000.00	Supply of rangers uniforms	Complete
72	Farzana	ISL/CEW/117/98/ 69 ISIOLO	4	16/4/2018	450,000.00	Office Rent	Complete
73	Gintihada Supplies	3218364	012, 013	18/5/2018	394,240.00	Supply of stationeries	Complete
74	Isiolo Highway Motors	1462168	103	04/06/2018	53,000.00	Inspection and repair Vehicle 11CG010A	Complete
75	Isiolo Highway Motors & Engineering	1462177	104	06/12/2018	99,000.00	Repair and inspection of KBY750C	Complete

	Supplier Name	Contract / LPO / LSO No.	Invoice No.	Invoice Date	Amount	Description	Status
76	Lenya Management Consultant	1462080	001	14/06/2018	1,971,000.00	Consultancy services	Complete
77	Mubarak Resources Ltd	1462078	None	13/06/2018	1,750,000.00	Consultancy services	Complete
78	Mubarak Resources Ltd	1462081	None	13/06/2018	2,950,000.00	Consultancy services	Complete
79	Mutindwa Enterprises Limited	1335800			369,071.00	Repairs fitting parts and service of KBY749C	Complete
80	Northern Food Store	3221215	002	11/06/2018	973,200.00	Supply for Food	Complete
81	Omara Wholesale and Retail shop	3110388/89	022,023	25/01/2018	355,580.00	Payment of sanitary and cleaning materials	Complete
82	Oppis Ltd	3110180/79	010	25/06/2018	995,000.00	Payment of furniture & assorted equipments	Complete
83	Sarova Shaba Game Lodge	3218303		Not dated	455,000.00	Supply of fuel	Complete
84	Sarova Shaba Game Lodge	3110182		Not dated	40,952.00	Supply of fuel	Complete
85	Shaknur holdings	3218352	3	06/04/2018	1,003,800.00	Supply of food ration	Complete
86	Oppis Ltd	ICG/034/2017-18	None	19/4/2018	4,750,536.00	Construction of Perimeter fence and pit latrine at Ngaremara market	Complete
87	Fairway Petroleum Ltd	3110137	004	04/09/2018	321,000.00	Supply of fuel	Complete

	Supplier Name	Contract / LPO / LSO No.	Invoice No.	Invoice Date	Amount	Description	Status
88	Bizmart Technology	1535958	None	05/07/2018	77,500.00	Repair and servicing of computers	Complete
89	Jufa Printers & Stationers	3110167, 3110168, 3110169	434	25/4/2018	262,540.00	Supply of office stationary	Complete
90	Pelt Security Services Ltd	ICG/SEC/TR/2018	201412073	25/5/2018	120,000.00	Security services	Complete
91	Excellent Communications	3110172, 3110173	154	22/6/2018	182,400.00	supply of stationeries	Complete
92	Excellent Communications	3110174	155	22/6/2018	190,000.00	Supply of laptop	Complete
93	Isiolo highway motors	1462194	None	28/6/2018	490,000.00	Repair of GK W702	Complete
94	Samburu service station	3218315	None	25/5/2018	749,000.00	Supply of fuel	Complete
95	A.A. Mahad	3110370	1320	01/10/2018	490,000.00	Supply of fuel	Complete
96	Ansarito Enterprises Ltd	15359687	Not attached		2,600,000.00	Construction of nurse house	Complete
97	Fagol Limited	1535830	Not attached		3,496,513.56	Proposed pharmaceutical store	Complete
98	Shabura Contractors Co.Ltd		241	20/06/2018	2,653,418.80	Construction of Classrooms	Complete
99	The Star	1335785	SINV028374	08/02/2018	169,360.00	Advertisement for medical tenders	Complete
100	Fairway Petroleum Ltd	3218324	011	03/06/2018	535,000.00	Supply of diesel	Complete

	Supplier Name	Contract / LPO / LSO No.	Invoice No.	Invoice Date	Amount	Description	Status
101	Texas Car Hire Services	1462170	565	Not dated	165,000.00	Car Hire services	Complete
102	Texas Car Hire Services	3218317	301	01/06/2018	30,000.00	Purchase of dry cell battery	Complete
103	Moshi Transporters	3218312	424	02/06/2018	375,000.00	Supply of fuel	Complete
104	Godha Engineering Road Work	1535843	316	22/06/2018	2,450,700.00	Dispensary services	Complete
105	Sadorb Enterprises	3110423	70-75,78	Not dated	709,456.00	Purchase of cleaning materials	Complete
106	Waso General Contractors Ltd	1535848	021	25/06/2018	3,096,852.00	Renovation of Saleti dispensary	Complete
107	Ramuha Co Ltd	3221209	None	N/A	3,465,000.00	Supply of Mama Kits 1100bags	Complete
108	Kud Jambo Ltd	1535842	038	27/06/2018	2,443,464.00	Renovation and repairs of dispensaries	Complete
109	Abaaru Investment Company	3110339	012,013	22/02/2018	643,180.00	Supply of renal items & purchase of other items	Complete
110	Top Knotch Cleaning Ltd	3218275	001,002	Not dated	988,500.00	Payment of furniture & cleaning materials	Complete
111	Fairway Petroleum Ltd	3110157	104	13/03/2018	230,000.00	Supply of fuel	Complete
112	Wano Construction Company Ltd	3110206/7	28	12/05/2017	650,000.00	Payment of cleaning materials	Complete
113	Ishty Company Ltd	3221214	None	Not dated	1,440,000.00	Purchase of stationeries	Complete

	Supplier Name	Contract / LPO / LSO No.	Invoice No.	Invoice Date	Amount	Description	Status
114	Fairway Petroleum Ltd	3218333	016	13/06/2018	1,070,000.00	Supply of diesel	Complete
115	APA Insurance Company	1462015		20/02/2018	108,325.00	Comprehensive insurance cover	Complete
116	Isiolo High Motors And Engineer Works	1508536	091	09/01/2018	141,000.00	service and repair of motor vehicle KBJ 740U	Complete
117	Ansarito Enterprises Ltd	3110145	002	05/07/2018	1,078,800.00	Supply of Cameras, GPS,Hand receivers, laptops	Complete
118	Alew Contractors & Suppliers Co Ltd	3218286A	053	06/07/2018	1,433,000.00	Water piping equipments	Complete
119	Nahyan Construction and Suppliers	1462061A	013	03/05/2018	1,695,000.00	Supply, delivery & installation of Borehole engine	Complete
120	Trans bach Ltd	1535957	066	13/06/2018	1,988,147.20	Rehabilitation of distribution of pipes for merti water project	Complete
121	Samburu Service Station	3221121	Not attached		406,000.00	Supply of diesel	Complete
122	Drescoll Limited				29,280,000.00	fire engine second payment	Complete
128	Gitonga Construction Company Limited				5,763,227.00	Access road	Complete
129	Kuri General Construction Limited				4,514,446.15	Access road	Complete
130	Key Zone Building And General Contractors Limited				4,277,661.40	Access road	Complete

	Supplier Name	Contract / LPO / LSO No.	Invoice No.	Invoice Date	Amount	Description	Status
131	Dirma General Construction And Supplies Company Limited				8,287,040.00	Access road	Complete
132	Kenya Medical Supplies Authority				5,399,894.00	Supply of Drugs	Complete
133	Al-Manaar Pharmaceuticals Limited				2,900,000.00	Supply of Drugs	Complete
134	Millennium Innovation Consulting Group Ltd				1,855,600.00	Consultancy Services	Complete
135	Omara Contractors				4,416,804.00	Civil Works	Complete
136	Goa And Company				1,949,600.00	Legal fee	Complete
137	Almos Management Consultants Limited				1,998,900.00	Consultancy services	Complete
138	Commissioner of VAT				12,162,966.00	Withholding Tax	Complete
	Total Account Payable				**179,832,248.60**		

Annex V

SUMMARY OF NON CURRENT ASSET REGISTER

ASSETS CLASS	Historical Cost (Ksh.) 2016-2017	AQUISATION (Ksh) 2017/2018	Historical Cost (Ksh.) 2017-2018
Land	13,904,747,490	-	13,904,747,490
Buildings and structures	488,440,399	12,919,397	501,359,796
Residential Housing Scheme	8,802,800	-	8,802,800
Computer & Accessories	709,733	-	709,733
Motor Vehicle and other Machineries	248,793,879	43,356,399	292,150,278
Community Assets	32,215,580	-	32,215,580
Furniture and Fittings	196,726,984	22,391,560	219,118,544
Specialized Plant and Equipments	118,034,399	128,698,340	246,732,739
Total	**14,998,471,264**	**207,365,696**	**15,205,836,960**

Annex VI

OUTSTANDING ACCOUNT RECEIVABLES (DEBTORS)

	ZONE	Amount Ksh.
1	7918	8,996,377
2	Block	627,897
3	Boji	5,500
4	Bula Nagele	13,000
5	Bulapesa	6,498,901
6	Bula Nassie	82,110
7	Bules Dima	184,500
8	Burat	235,700
9	Chechelesi	10,032,631
10	Commercial	347,761
11	C-D	1,661,763
12	Garbatulla	599,266
13	Gotu	4,800
14	Industrial Plots	172,276
15	Isiolo Township	2,180,916
16	Jua Kali	358,784
17	K - Medium Density	61,500
18	Kambi Asharaff	956,660
19	Kambi Juu	3,587,300
20	Kambi Garba	4,362,107
21	Kambi Squatters	28,000
22	Kambi Bule	309,062
23	Kambi Odha	609,473
24	Kambi Kule & Shariff	6,000
25	Kiwanjani	3,793,433

	ZONE	Amount Ksh.
26	Kinna	1,024,431
27	Kulamawe	1,658,544
28	LMD	2,366,914
29	Low Density	202,825
30	Merti	172,421
31	Mwangaza	4,004,471
32	Maisha Bora	1,163,922
33	Medium Density	316,472
34	Modagashe	165,756
35	Ngrere Mara	1,564,660
36	Ola Nagale	38,470
37	Ola Bulle	38,470
38	Nagale	499,041
39	Nasie	453,500
40	Old School	299,959
41	Olndonyiro	3,000
42	NHC Estate	11,000
43	Poultry	87,701
44	Town Residential	295,145
45	Sericho	8,500
46	Shambani	73,000
47	Show Ground	303,306
48	Nassie Squaters	14,400
49	Tulu Roba	1,173,854
50	Tutorial	139,417
51	Wabera	2,765,491
52	Unsurveyed	2,177,550

	ZONE	Amount Ksh.
53	Zone Blocks	2,263,405
54	PDP	96,827
55	Joys Camp	739,786
56	Ashnil Samburu Camp	12,144,499
	Total	81,982,454

Annex VII

INTER- ENTITY TRANSFERS

Ref	Entity	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Amount transferred Ksh.	Amount Confirmed Received Ksh.	Difference	Explanation
1	Isiolo County Assembly	79,000,000	108,500,000	120,000,000	208,000,000	515,500,000	515,500,000	-	N/A
	Total	**79,000,000**	**108,500,000**	**120,000,000**	**208,000,000**	**515,500,000**	**515,500,000**	-	

Chief Officer - Finance

Isiolo County Executive

...F OFFICER, FINANCE & ICT
...NTY GOVERNMENT OF ISIOLO
...O. Box 36 ...0300, ISIOLO

Date:.....

Principal Finance Officer

County Assembly of Isiolo
CHIEF FINANCE OFFICER
ISIOLO COUNTY ASSEMBLY

Annex VIII – BANK RECONCILIATION/FO 30 REPORT

ISIOLO COUNTY EXECUTIVE

COUNTY REVENUE FUND 1000171715

BANK RECONCILIATION JUNE 2018

Description	Amount Ksh.
Balance B/F	1,590,192.90
Retuned CRF County Assembly	27,985.65
Returned CRF Recurrent Account	167,616.25
Retuned CRF Development	349,775.00
Retuned CRF Health Service Account	2,710,857.00
Retuned CRF Fuel Levy Fund	794,494.15
Exchequer Releases	3,775,000,000.00
Grant DANIDA	8,824,953.00
Grant World Bank - THS	20,696,822.00
Grant KDSP Funds	36,113,321.00
Forgone User Fee	3,514,477.00
Fuel Levy Fund	107,066,100.00
Grant Village Youth Polytechnic	26,166,698.00
Own Sources Remittance	82,189,284.15
Grant Construction of County Headquarter	0.00
Total Receipts	4,065,212,576.10
Funds Requisitions Recurrent Account	2,158,450,000.00
Funds Requisitions Development Account	946,671,000.00
Funds Requisitions Fuel Levy Fund Account	107,066,102.00
Funds Requisitions Health Service SP Account	32,232,632.00
Funds Requisitions County Assembly	515,500,000.00
Total Requisitions	3,759,919,734.00
Updated Cash Book Balance	305,292,842.10
Add: Unpresented Requisitions	558,000,000.00
Less: Uncredited Exchequer Releases	(604,000,000.00)
Balance as Per the Bank Statement	259,292,842.10

ISIOLO COUNTY EXECUTIVE

DEVELOPMENT ACCOUNT CBK 1000171367

BANK RECONCILIATION JUNE 2018

Description	Amount Ksh.
Balance B/F	349,775.00
Funds Transfer From CRF	946,671,000.00
Expenditure Payments	(655,692,427.95)
Expenditure Payments not in Schedule	(9,985,626.75)
Funds Transfer From Recurrent Account	98,100,000.00
Funds Transfer From Health Service Account	27,500,000.00
Funds Transfer From Fuel Levy Fund Account	40,000,000.00
Funds Transfer To Fuel Levy Fund Account	(60,527,100.00)
Funds Transfer To Recurrent Account	(98,100,000.00)
Funds Transfer To Health Service Account	(7,500,000.00)
Funds Transfer To CRF	(349,775.00)
Returned / Unremitted / Void IB Payments	35,028,407.40
Updated Cash Book Balance	**315,494,252.70**
Less: Uncredited Transfers	(340,000,000.00)
Add: Undebited Transfers	9,627,100.00
Add: Unpresented Payments	152,939,640.80
Balance as Per the Bank Statement	**138,060,993.50**

ISIOLO COUNTY EXECUTIVE

RECURRENT ACCOUNT CBK 1000171405

BANK RECONCILIATION – JUNE 2018

Description	Amount Ksh.
Balance B/F	(197,677,212.00)
Funds Transfer From CRF	565,000,000.00
Expenditure Payments	(401,017,591.05)
Funds Transfer From Health Service Account	0.00
Funds Transfer From Development Account	49,100,000.00
Funds Transfer From Fuel Levy Fund Account	0.00
Funds Transfer To Fuel Levy Fund Account	0.00
Funds Transfer To Health Service Account	(20,000,000.00)
Funds Transfer To Development Account	(40,000,000.00)
Funds Transfer To Bursary Fund Account	(30,000,000.00)
Funds Transfer To CRF	0.00
Direct Debits (KRA Agency Notice)	0.00
Returned / Unremitted / Void IB Payments	115,588,971.05
Updated Cash Book Balance	**40,994,168.00**
Add: Unpresented Payments	184,465,830.75
Less: Uncredited Transfers	(189,100,000.00)
Balance as Per the Bank Statement	**36,359,998.75**

ISIOLO COUNTY EXECUTIVE

FUEL LEVY FUND ACCOUNT CBK 1000293427

BANK RECONCILIATION - JUNE 2018

Description	Amount Ksh.
Balance B/F	209,483.00
Funds Transfer From CRF	46,329,519.00
Expenditure Payments	(102,817,130.80)
Funds Transfer From Development Account	60,527,100.00
Returned / Void IB Payments	2,211,820.00
Updated Cash Book Balance	**6,460,791.20**
Add: Unpresented Payments	33,340,211.30
Less: Uncredited Transfer	(527,100.00)
Balance as Per the Bank Statement	**32,813,111.30**

ISIOLO COUNTY EXECUTIVE

HEALTH SERVICE SPECIAL PURPOSE ACCOUNT
CBK A/C 1000276721

BANK RECONCILIATION - JUNE 2018

Description	Amount Ksh.
Balance B/F	1,563,744.00
Funds Transfer From CRF	0.00
Transfers / Expenditure Payments	(25,200,458.00)
Funds Transfer From Recurrent Account	20,000,000.00
Unpaid / Stopped Payments	3,335,613.35
Updated Cash Book Balance	**9,033,787.35**
Add: Unpresented Payments	2,250,418.65
Balance as Per the Bank Statement	**11,284,206.00**

ISIOLO COUNTY EXECUTIVE

BURSARY FUND ACCOUNT - KCB A/C 1182179509

BANK RECONCILIATION JUNE 2018

Description	Amount Ksh.
Balance B/F	5,950,040.00
Transfer from County Revenue Fund	0.00
Transfer from Recurrent Account	30,000,000.00
Transfer to County Revenue Fund	0.00
Withdrawal / Payments	(1,787,200.00)
Bank Charges and Fees	(11,300.00)
Updated Cash Book Balance	**34,151,540.00**
Add: Unpresented Cheques	0.00
Balance as Per the Bank Statement	**34,151,540.00**

ISIOLO COUNTY EXECUTIVE

CONSOLIDATED BANK (KSH) A/C 10111203000081

BANK RECONCILIATION - FY 2017/18

Description	Amount Ksh.
Balance B/F	647,403.99
Revenue Deposits	38,760,114.75
Direct Deposits – KATO	1,168,800.00
Direct Deposits - Others - Salary returned	30,000.00
Transfer to County Revenue Fund Account	(5,562,500.00)
Direct Withdrawal / Payments	(30,486,744.00)
Bank Charges and Fees	(4,497.20)
Updated Cash Book Balance	**4,552,577.54**
Less: Uncredited Deposits	0.00
Balance as Per the Bank Statement	4,552,577.54

Direct Payments / Withdrawal Details

	Name	Date Paid	Amount Ksh
1	Omina Building Contractors Limited	03/08/2017	1,688,953.00
2	Isiolo Mwangaza Construction co. Limited	11/08/2017	500,000.00
3	Isiolo Mwangaza Construction co. Ltd	17/10/2017	2,321,182.00
4	Omina Building Contractors Limited	17/10/2017	621,775.00
5	Arthur Ingutya & Co. Advocates	23/10/2017	2,873,289.00
6	Shamz Hotel	13/03/2018	21,100,000.00
7	Arthur Ingutya & Co. Advocates	13/03/2018	1,381,545.00
	Total		**30,486,744.00**

ISIOLO COUNTY EXECUTIVE

CONSOLIDATED BANK US DOLLR A/C 1011220000004

BANK RECONCILIATION – JUNE 2018

Description	Amount US$	Amount Ksh.
Balance B/F	72,298.54	7,316,612.25
Revenue Deposits	86,232.00	8,736,884.68
Direct Deposits – KATO	480,636.00	48,717,973.72
Direct Deposits – Others	5,440.00	559,232.00
Transfer to County Revenue Fund Account	(639,094.00)	(64,774,397.50)
Direct Withdrawal / Payments	0.00	0.00
Bank Charges and Fees	(104.77)	(10,553.08)
Unpaid Cheque	(3,080.00)	(311,696.00)
Updated Cash Book Balance	**2,327.77**	**234,056**
Less: Uncredited Deposits	0.00	0.00
Balance as Per the Bank Statement	**2,327.77**	**234,056**

Exchange Rate Ksh/ $ 100.55

ISIOLO COUNTY EXECUTIVE

NAIONAL BANK A/C 01040204720700

BANK RECONCILIATION - JUNE 2018

Description	Amount Ksh.
Balance B/f	4,266,992.00
Revenue Deposits	3,535,359.50
Direct Deposits - KATO	0.00
Direct Deposits - Others	0.00
Transfer to County Revenue Fund Account	(7,600,000.00)
Direct Withdrawal / Payments	0.00
Bank Charges and Fees	(550.00)
Updated Cash Book Balance	**201,801.50**
Less: Uncredited Deposits	0.00
Balance as Per the Bank Statement	**201,801.50**

ISIOLO COUNTY EXECUTIVE

IMPREST ACCOUNT

KENYA COMMERCIAL BANK A/C 1140761072

BANK RECONCILIATION JUNE 2018

Description	Amount Ksh.
Balance B/F	1,615.70
Transfer from County Revenue Fund	0.00
Transfer from Recurrent Account	0.00
Transfer to County Revenue Fund	0.00
Withdrawal / Payments	0.00
Bank Charges and Fees	(1,065.00)
Updated Cash Book Balance	**550.70**
Add: Unpresented Cheques	0.00
Balance as Per the Bank Statement	**550.70**