

REPUBLIC OF KENYA



**OFFICE OF THE AUDITOR-GENERAL**

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
COUNTY ASSEMBLY OF BOMET**

**FOR THE YEAR ENDED  
30 JUNE 2016**



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**COUNTY ASSEMBLY OF BOMET**  
**(COUNTY GOVERNMENT OF BOMET)**

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**  
**JUNE 30, 2016**

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

**COUNTY ASSEMBLY OF BOMET**  
**Reports and Financial Statements**  
**For the year ended June 30, 2016**

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**COUNTY ASSEMBLY OF BOMET**  
**Reports and Financial Statements**  
**For the year ended June 30, 2016**

**I. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

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

**(b) Key Management**

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

- Speaker-Hon. Geoffrey Kipngetich Korir
- County Assembly Service Board
- The Clerk - Mr. Isaac Kitur

**(c) Fiduciary Management**

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

No.	Designation	Name
1.	Clerk	Isaac Kitur
2.	Director financial services	Joel Sigei
3.	Senior accountant	Clarah Chebet
4.	Internal auditor	Geoffrey Maritim

**(d) Fiduciary Oversight Arrangements**

- (i) Audit and finance committee activities
- (ii) Parliamentary committee activities
- (iii) The assembly recently swore in the Audit Committee which will be tasked with oversight role. Auditor General also plays oversight role in all government entities, County Assembly of Bomet being one of them.

**(e) Entity Headquarters**

Bomet County Assembly  
P.O. Box 590-20400, Bomet  
Off Narok-Sotik Highway

**COUNTY ASSEMBLY OF BOMET**  
**Reports and Financial Statements**  
**For the year ended June 30, 2016**

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**(f) County Assembly of Bomet**

Telephone: (254 727887146  
E-mail: [bometcountyassembly.go.ke](mailto:bometcountyassembly.go.ke)  
Website: [www.bometassembly.go.ke](http://www.bometassembly.go.ke)

**(g) County Assembly of Bomet Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya  
A/c 1000239727.

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

The County Assembly of Bomet  
Director Legal Services  
P.O.Box 590-20400  
Bomet

## **II. FORWARD BY THE CLERK OF THE ASSEMBLY**

Article 175 of the constitution of Kenya 2010 establishes a County Government consisting of a County Assembly and a County executive. Article 185 of the constitution vests the legislative Authority of a county Government on the County Assembly. The mandate of the County Assembly apart from legislation includes oversight and representation. The Article further states that a County Assembly may receive and approve plans and policies for the management and exploitation of the county's resources and the development and management of its infrastructure and institutions.

Section 8 of the County Government Act 2012 further elaborates the roles of a County assembly which inter alia includes the approval of the budget and expenditure of County Government and approval of borrowing by the County Government. The County Assembly of Bomet was formed after the March 4, 2013 general elections being the legislative arm of the County Government of Bomet listed under the First Schedule of the Constitution as one of the Counties under the territory of Kenya. The Assembly has twenty five (25) elected members, ten (10) nominated members and the Speaker of the County Assembly

### **Budget Performance**

The Budget was implemented to 93% in cash with the balance as commitments.

### **Value for Money**

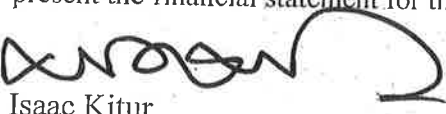
- We procured goods and services taking into account MPI and in accordance with the approved procurement plan and PPDA; and
- We have fully embraced technology and we have posted all the wards made in the financial year in our website.

### **Achievements**

During the year, the County Assembly Service Board approved several policies including:

- Strategic Plan
- ICT Master Plan
- Internship Policy
- Transport Policy
- Internal Audit Charter

In the new financial year, we shall be carrying out all our transactions through IFMIS. It is my pleasure to present the financial statement for the year 2015/2016.

  
Isaac Kitur  
Clerk of the Assembly

**STATEMENT OF MANAGEMENT RESPONSIBILITIES**

The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended on 30th June, 2016. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Assembly; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Assembly; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Clerk accepts responsibility for the County Assembly's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Clerk is of the opinion that the County Assembly's financial statements give a true and fair view of the state of the County Assembly's transactions for the year ended 30th June, 2016, and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the County Assembly which have been relied upon in the preparation of the its financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

The County Government's financial statements were approved and signed by the Clerk of the County Assembly on 30th September 2016.



Clerk of the County Assembly





## OFFICE OF THE AUDITOR-GENERAL

### DRAFT REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF BOMET FOR THE YEAR ENDED 30 JUNE 2016

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of County Assembly of Bomet set out on pages 7 to 26 which comprise the statement of financial assets as at 30 June 2016 and the statement of receipts and payments, statement of cash flows, and statement of comparison of budget and actual amounts: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 48 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 purposes of the audit.

#### Management's Responsibility for the Financial Statements

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

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 (1) of the Public Audit Act, 2015.

#### Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Article 229 (7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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



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

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

### **Basis for Qualified Opinion**

#### **1.0 Compensation of Employees**

The statement of receipts and payments for the year ended 30 June 2016 reflects compensation of employee's expenditure of Kshs.227,776,945, out of the total expenditure of Kshs.462,473,413 or forty nine percent (49%). The ratio of forty-nine percent (49%) of total expenditure is above the threshold of 35% stipulated in the Act and may not be tenable in the future unless strict controls are instituted at this point. Further, the County Assembly incurred a sum of Kshs.13,665,000 to pay for temporary employees. However, an analysis of the pay bills reflect a different figure of Kshs.16,800,000 resulting in unexplained and unreconciled balance of Kshs.3,135,000.

In the circumstance, the compensation of employee costs of Kshs.227,776,945 could not be confirmed as fairly stated.

#### **2.0 Foreign Travelling Allowances**

The total expenditure on foreign travel and subsistence allowances was Kshs.10,137,539 as reflected in note 5 to the financial statement. However, an expenditure Kshs.1,821,360 was incurred for both staff and members of Bomet County Assembly when they attended a conference on the 21 century leadership and management in Dubai. The course could have been conducted locally by many available competent institutions. Another expenditure of Kshs.903,136 was incurred for a trip to Dubai but invitation letters or the specific dates of the seminar were not availed or disclosed for audit verification. Further, the payment for the same was effected after the trip on 24 December 2015 while the seminar was purportedly held between 14 and 16 December 2015. In the circumstance, there was doubt as to whether the trip took place and therefore the expenditure could not be confirmed to be a proper charge to public funds.

#### **3.0 Bank Reconciliation**

The statement of assets as at 30 June 2016 reflects bank balances of Kshs.3,026,587. However, the County Assembly did not prepare bank reconciliation statements in IFMIS for all the bank accounts it operates. Instead the bank reconciliations were prepared out of IFMIS which was the main system for payments. In the circumstance, the accuracy and validity of the bank balances of Kshs.3,026,587 could not be confirmed.

### **Qualified Opinion**

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the

financial position of the County Assembly of Bomet as at 30 June 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards, and comply with the County Governments Act, 2012.

## Other Matter

### 1.0 Budget Performance Appraisal

The County Assembly of Bomet had budgeted to spend Kshs.499,368,979 but ended up spending Kshs.462,473,413, resulting in under expenditure of Kshs.35,649,173 or 7% of the total budget. However, audit verification of the figures from the expenditure schedules reveals a total of Kshs.463,719,806 giving rise to unreconciled difference of Kshs.1,246,393. The following table gives analysis of budget implementation by the County Assembly of Bomet.

Item	Budget Kshs	Actual Kshs	Variance Kshs
Compensation of Employees	255,895,961	227,776,945	28,119,016
Utilities, Supplies	1,300,468	1,286,530	13,938
Communication Supplies	2,742,501	2,734,085	8,416
Domestic Travel	75,076,329	75,067,924	8,405
Foreign Travel	10,267,661	10,137,539	130,122
Printing, Advertising	6,476,130	6,467,271	8,859
Rental of Assets	780,000	780,000	0
Training Expenses			
Travel Cost	42,075,010	42,073,910	1,100
Remuneration of Instructors	4,042,877	4,037,462	5,415
Hire of Training Facilities	10,677,656	10,633,747	43,909
Tuition Fees	269,309	133,635	135,674
Hospitality, Supplies	4,839,400	4,837,771	1,629
Insurance Costs	15,343,897	11,333,393	4,010,504
Office and General	5,716,000	5,732,595	-16,595
Fuel, Oil and Lubricants	2,381,742	2,349,370	32,372
Other Operating Expenses			
Bank Charges	10,000	9,840	160
Parking Charges	1,000	0	1,000
Legal Fees	2,805,135	2,805,135	0
Purchase of Security Equipment's	200,000	162,500	37,500
Public Participation	5,800,000	5,797,860	2,140
Ward Imprest	15,750,000	15,574,099	175,901
Asset Inventory and Security	750,000	750,000	0
Subscriptions	3,667,880	3,666,164	1,716
Board Expenses	2,908,384	2,900,960	7,424
Uniform Clothing	849,916	849,893	23

Maintenance of Plant	95,000	94,000	1,000
Maintenance Non Residential	112,300	116,000	-3,700
Maintenance of Computers	188,000	186,500	1,500
Specialized Materials and Services	0	3,982,662	-3,982,662
Routine Maintenance Vehicles	1,500,000	1,894,809	-394,809
Office Equipment	3,523,425	3,483,148	40,277
Computer Software	209,500	145,000	64,500
Computers, Laptops	498,050	498,000	50
Motor Vehicles	12,615,448	12,615,448	0
Consultancy on Construction	3,133,969	0	3,133,969
Perimeter Wall, Gate	6,866,031	2,805,611	4,060,420
<b>Total</b>	<b>499,368,979</b>	<b>463,719,806</b>	<b>35,649,173</b>

The following issues were noted.

**1.1** The County Assembly realized an overall under expenditure of Kshs.35,649,173 which was largely on compensation of employees of Kshs.28,119,016. The under absorption of funds may have resulted from excess funding in that particular item.

**1.2** The statement of receipts and payments for the year ended 30 June 2016 reflects use of goods and services expenditure of Kshs.215,139,421, being an increase of Kshs.120,845,381 or 128% from Kshs.94,294,040 in the year 2014/2015. The County Assembly did not explain what constituted or caused such a huge increase in the expenditure. Such significant increase in unproductive expenditure may make the operational cost of the Assembly to become untenable.

**1.3** In addition expenditure on domestic travel increased by Kshs.31,351,000(or 71%) from Kshs.43,716,924 in the year ended 30 June 2015 to Kshs.75,067,924 as at 30 June 2016. Although this expenditure was within the budget, the increase of (71%) appears astronomical

**1.4** Further the training expenses increased from Kshs.6,460,096 in 2015 to Kshs.56,878,754 in the year ended 30 June 2016, against a budget of Kshs.57,064,852. The County Assembly did not explain why it had to increase expenditure by Kshs.50,418,658 or seven hundred and eighty percent (780%) during the year. In addition, the bulk of the expenditure on training was used for travelling at a sum of Kshs.42,073,910. The travelling expenditure of Kshs.42,073,910 against the total training expenses of Kshs 56,878,754 represents seventy three (73%) percent. From the analysis, it appears the County Assembly uses more funds on travelling than actual training.

**1.5** Further other operating expenses increased from Kshs.2,102,115 in 2014/2015 to Kshs.31,656,718 in the year ended 30 June 2016 against a budget of Kshs.31,892,399. This was an increase of Kshs.29,790,284 or (1417%). An increase in the budget and expenditure of this magnitude from one financial year to another without justification could be a pointer to irrational budgeting process or lack of expenditure control. It would

appear that more funds are available to the County Assembly prompting increase in budget and subsequent expenditure

## **2.0 Legal Expenses**

Expenditure records indicates that the County Assembly paid legal fees totaling Kshs.2,789,700 as tabulated below:-

Date	PV No.	Details	Amount (Kshs.)
30/06/2016	1071	Legal Fee	580,000
30/06/2016	1072	Legal Fee	696,000
30/06/2016	1073	Legal Fee	812,000
18/11/2015	236	Legal Fee	388,500
16/01/2016	395	Legal Fee	220,400
4/2/2016	487	Legal Fee	92,800
		<b>Total</b>	<b>2,789,700</b>

However, the fees paid could not be related or reconciled to specific Advocates Remuneration order as the value of the subject matters were not given for audit review. In the circumstances, it was not possible to ascertain whether this expenditure was a proper charge to public funds.

## **3.0 Unaccounted for Responsibility Allowance**

A sum of Kshs.9,033,000 was paid to Members of the County Assembly as responsibility allowance during the period. However, letters for each member specifying the amount of responsibility allowances to be paid out and the specific responsibilities were not presented for audit verification.

Members of the assembly were paid special duty allowance but no evidence of apportionment by the Board was presented for audit verification. There was no distinction on the duties for which the Members of the County Assembly were paid sitting allowances and those for which the special assembly duty allowance was paid. It therefore appears that the members of the county assembly were paid special assembly duty allowance for functions which are in their ordinary course of business. In the circumstance, the expenditure could not be confirmed to be a proper charge to public funds.



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

**Nairobi**

**15 August 2017**

**COUNTY ASSEMBLY OF BOMET**  
**Reports and Financial Statements**  
**For the year ended June 30, 2016**

**III. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2015/16 Kshs	2014/15 Kshs
<b>RECEIPTS</b>			
Transfers from the County Treasury/Exchequer Releases	1	465,500,000	-
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
<b>TOTAL RECEIPTS</b>		<b>465,500,000</b>	<b>-</b>
<b>PAYMENTS</b>			
Compensation of Employees	4	227,776,945	-
Use of goods and services	5	215,139,421	-
Subsidies	6	-	-
Transfers to Other Government Entities	7	-	-
Other grants and transfers	8	-	-
Social Security Benefits	9	-	-
Acquisition of Assets	10	19,547,207	-
Finance Costs	11	9,840	-
Other Payments	12	-	-
<b>TOTAL PAYMENTS</b>		<b>462,473,413</b>	<b>-</b>
<b>SURPLUS/DEFICIT</b>		<b>3,026,587</b>	<b>-</b>

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30<sup>th</sup> September, 2016 and signed by:



Clerk of the Assembly



Director Financial Services – County Assembly

**COUNTY ASSEMBLY OF BOMET**  
**Reports and Financial Statements**  
**For the year ended June 30, 2016**

**IV. STATEMENT OF FINANCIAL ASSETS**

	Note	2015/16 Kshs	2014/15 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	13A	3,026,587	-
Cash Balances	13B	-	-
<b>Total Cash and cash equivalents</b>		<b>3,026,587</b>	-
Accounts receivables – Outstanding Imprests	14	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>3,026,587</b>	-
<b>FINANCIAL LIABILITIES</b>			
Accounts Payables – Deposits and retentions	15	-	-
<b>NET FINANCIAL ASSETS</b>		<b>3,026,587</b>	-
<b>REPRESENTED BY</b>			
Fund balance b/fwd	16	3,026,587	-
Surplus/Deficit for the year		-	-
<b>NET FINANCIAL POSITION</b>		<b>3,026,587</b>	-

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30<sup>th</sup> September 2016 and signed by:

  
Clerk of the Assembly

  
Director Financial Services – County Assembly




**COUNTY ASSEMBLY OF BOMET**  
**Reports and Financial Statements**  
**For the year ended June 30, 2016**

**V. STATEMENT OF CASHFLOW**

	Note	2015/16 Kshs	2014/15 Kshs
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts from operating income</b>			
Transfers from the County Treasury/Exchequer Releases	1	465,500,000	-
Other Receipts	3	-	-
<b>Payments for operating expenses</b>			
Compensation of Employees	4	227,776,945	-
Use of goods and services	5	215,139,421	-
Subsidies	6	-	-
Transfers to Other Government Entities	7	-	-
Other grants and transfers	8	-	-
Social Security Benefits	9	-	-
Finance Costs	11	9840	-
Other Payments	12	-	-
<b>Adjusted for:</b>			
Adjustments during the year		-	-
<b>Net cash flows from operating activities</b>		<b>22,573,794</b>	-
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	19,547,207	-
<b>Net cash flows from investing activities</b>		<b>19,547,207</b>	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>3,026,587</b>	-
<b>Cash and cash equivalent at BEGINNING of the quarter</b>		<b>3,026,587</b>	-
<b>Cash and cash equivalent at END of the quarter</b>		-	-
<b>As per statement of assets</b>		-	-

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30<sup>th</sup> September, 2016 and signed by:

  
Clerk of the Assembly

  
Director Financial Services – County Assembly

**VI. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT AND DEVELOPMENT COMBINED**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of utilization difference to final budget
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>RECEIPTS</b>					
Transfers from the County Treasury/Exchequer Releases	-	-	-	-	
Proceeds from Sale of Assets	612,622,538	(113,253,559)	499,368,979	465,500,000	93%
Other Receipts	-	-	-	-	
<b>TOTAL</b>	<b>612,622,538</b>	<b>(113,253,559)</b>	<b>499,368,979</b>	<b>465,500,000</b>	<b>93%</b>
<b>PAYMENTS</b>					
Compensation of Employees	299,674,847	(43,778,886)	255,895,961	227,776,945	89%
Use of goods and services	168,160,163	51,590,401	219,750,564	215,139,421	98%
Subsidies	-	-	-	-	
Transfers to Other Government Entities	-	-	-	-	0%
Other grants and transfers	-	-	-	-	0%
Social Security Benefits	-	-	-	-	0%
Acquisition of Assets	129,687,528	(105,975,074)	23,712,454	19,547,207	82%
Finance Costs	100,000	(90,000)	10,000	9,840	98%
Other Payments	-	-	-	-	
<b>TOTAL</b>	<b>612,622,538</b>	<b>(113,253,559)</b>	<b>499,368,979</b>	<b>462,473,413</b>	<b>93%</b>

The entity financial statements were approved on 30<sup>th</sup> September, 2016 and signed by:



Clerk of the Assembly



Director Financial Services- County Assembly

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of Utilisation difference to final budget
	Kshs	Kshs	c=a+b	e=d-c	Kshs
<b>RECEIPTS</b>					
Transfers from the County Treasury/Exchequer Releases	489,368,979	-	489,368,979	462,694,389	95%
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	-	-
<b>TOTAL</b>	<b>489,368,979</b>	<b>-</b>	<b>489,368,979</b>	<b>462,694,389</b>	<b>95%</b>
<b>PAYMENTS</b>					
Compensation of Employees	299,674,847	(43,778,886)	255,895,961	225,974,403	88%
Use of goods and services	169,294,132	50,366,259	219,660,391	216,802,371	99%
Subsidies	-	-	-	-	-
Transfers to Other Government Entities	-	-	-	-	-
Other grants and transfers	-	-	-	-	-
Social Security Benefits	-	-	-	-	-
Acquisition of Assets	15,300,000	1,546,596	16,846,596	16,791,028	100%
Finance Costs	100,000	-	100,000	100,000	100%
Other Payments	15,000,000	(15,000,000)	-	-	-
<b>TOTAL</b>	<b>499,368,979</b>	<b>(6,866,031)</b>	<b>492,502,948</b>	<b>459,667,802</b>	<b>93%</b>

The entity financial statements were approved on 30<sup>th</sup> September, 2016 and signed by:



Clerk of the Assembly

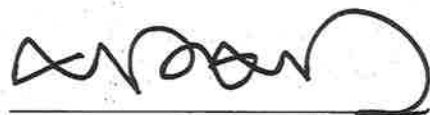


Director Financial Services- County Assembly

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of Utilisation difference to final budget
	Kshs	Kshs	c=a+b	e=d-c	Kshs
<b>RECEIPTS</b>					
Transfers from the County Treasury/Exchequer Releases	-	-	-	-	
Proceeds from Sale of Assets	-	-	-	-	
Other Receipts	-	-	-	-	
<b>TOTAL</b>	-	-	-	-	
<b>PAYMENTS</b>					
Compensation of Employees	-	-	-	-	
Use of goods and services	-	-	-	-	
Subsidies	-	-	-	-	
Transfers to Other Government Entities	-	-	-	-	
Other grants and transfers	-	-	-	-	
Social Security Benefits	-	-	-	-	
Acquisition of Assets	113,253,559	(106,387,528)	6,866,031	2,805,611	41%
Finance Costs	-	-	-	-	
Other Payments	-	-	-	-	
<b>TOTAL</b>	<b>113,253,559</b>	<b>(106,387,528)</b>	<b>6,866,031</b>	<b>2,805,611</b>	<b>41%</b>

The entity financial statements were approved on 30<sup>th</sup> September, 2016 and signed by:



Clerk of the Assembly



Director Financial Services— County Assembly

## **IX. SIGNIFICANT ACCOUNTING POLICIES**

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

### **1. Statement of compliance and basis of preparation**

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

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

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

### **2. Recognition of receipts and payments**

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

### **3. In-kind contributions**

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

### **4. Cash and cash equivalents**

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

**5. Accounts Receivable**

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

**6. Accounts Payable**

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

**7. Noncurrent assets**

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

**8. Pending bills**

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

**9. Budget**

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

**10. Comparative figures**

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



**11. Subsequent events**

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

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**X. NOTES TO THE FINANCIAL STATEMENTS**

**1 Transfers from the County Treasury/Exchequer Releases**

	2015/16	2014/15
	Kshs	Kshs
Total Exchequer Releases for quarter 1	40,000,000	-
Total Exchequer Releases for quarter 2	176,000,000	-
Total Exchequer Releases for quarter 3	86,500,000	-
Total Exchequer Releases for quarter 4	163,000,000	-
<b>Cumulative Amount</b>	<b>465,500,000</b>	<b>144,688,200</b>

**2 PROCEEDS FROM SALE OF ASSETS**

	2015/16	2014/15
	Kshs	Kshs
Receipts from the Sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Receipts from Sale of Certified Seeds and Breeding Stock	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
Receipts from the Sale of Inventories, Stocks and Commodities	-	-
Disposal and Sales of Non-Produced Assets	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
<b>Total</b>	-	-

**3 OTHER RECEIPTS**

	2015/16	2014/15
	Kshs	Kshs
Other Receipts I	-	-
Other Receipts II	-	-
Other Receipts III	-	-
Other Receipts IV	-	-
Other Receipts XXXX	-	-
<b>Total</b>	-	-

**4 COMPENSATION OF EMPLOYEES**

	2015/16	2014/15
	Kshs	Kshs
Basic salaries of permanent employees	118,505,483	-
Basic wages of temporary employees	13,665,000	-

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Personal allowances paid as part of salary	23,018,379	-
Personal allowances paid as reimbursements	33,248,910	-
Personal allowances provided in kind	3,743,500	-
Pension and other social security contributions	35,372,273	-
Compulsory national social security schemes	223,400	-
Compulsory national health insurance schemes	-	-
Social benefit schemes outside government	-	-
Other personnel payments	-	44,822,000
<b>Total</b>	<b>227,776,945</b>	<b>44,822,000</b>

**5 USE OF GOODS AND SERVICES**

	<b>2015/16</b>	<b>2014/15</b>
	<b>Kshs</b>	<b>Kshs</b>
Utilities, supplies and services	1,286,530	880,705
Communication, supplies and services	2,734,085	3,422,110
Domestic travel and subsistence	75,067,924	43,716,924
Foreign travel and subsistence	10,137,539	11,080,271
Printing, advertising and information supplies & services	6,467,271	4,140,959
Rentals of produced assets	780,000	780,000
Training expenses	56,878,754	6,460,096
Hospitality supplies and services	4,837,771	7,725,335
Insurance costs	11,333,393	5,231,638
Specialized materials and services	3,982,662	840,389
Office and general supplies and services	5,732,595	4,235,487
Other operating expenses	31,656,718	2,102,115
Routine maintenance – vehicles and other transport equipment	1,894,809	1,214,316
Routine maintenance – other assets	-	601,760
Fuel Oil and Lubricants	2,349,370	1,861,935
<b>Total</b>	<b>215,139,421</b>	<b>94,294,040</b>

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**6 SUBSIDIES**

Description	2015/16	2014/15
	Kshs	Kshs
Subsidies to Public Corporations	-	-
	-	-
	-	-
	-	-
Subsidies to Private Enterprises	-	-
	-	-
	-	-
	-	-
<b>TOTAL</b>	-	-

**7 TRANSFERS TO OTHER GOVERNMENT ENTITIES**

Description	2015/16	2014/15
	Kshs	Kshs
Transfers to National Government entities	-	-
See attached list	-	-
	-	-
Transfers to Counties	-	-
(insert name of budget agency)	-	-
(insert name of budget agency)	-	-
	-	-
<b>TOTAL</b>	-	-

**8 OTHER GRANTS AND TRANSFERS**

	2015/16	2014/15
	Kshs	Kshs
Scholarships and other educational benefits	-	-
Emergency relief and refugee assistance	-	-
Subsidies to small businesses, cooperatives, and self employed	-	-
Other current transfers, grants	-	-
Other capital grants and transfers	-	-
	-	-
<b>Total</b>	-	-

**9 SOCIAL SECURITY BENEFITS**

	2015/16	2014/15
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	<b>Kshs</b>	<b>Kshs</b>
Government pension and retirement benefits	-	-
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	-	-
	-	-
<b>Total</b>	-	-

**10 ACQUISITION OF ASSETS**

<b>Non Financial Assets</b>	<b>2015/16</b>	<b>2014/15</b>
	<b>Kshs</b>	<b>Kshs</b>
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Construction of Roads	-	-
Construction and Civil Works	2,805,611	-
Overhaul and Refurbishment of Construction and Civil Works	-	-
Purchase of Vehicles and Other Transport Equipment	12,615,448	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	3,483,148	1,484,400
Purchase of ICT Equipment, Software and Other ICT Assets	498,000	2,206,900
Purchase of Specialised Plant, Equipment and Machinery	-	1,880,950
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Purchase of Certified Seeds, Breeding Stock and Live Animals	-	-
Research, Studies, Project Preparation, Design & Supervision	-	-
Rehabilitation of Civil Works	-	-
Acquisition of Strategic Stocks and commodities	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	145,000	-
<b>Financial Assets</b>		
Domestic Public Non-Financial Enterprises	-	-
Domestic Public Financial Institutions	-	-
Foreign financial Institutions operating Abroad	-	-
Other Foreign Enterprises	-	-
Foreign Payables - From Previous Years	-	-
<b>Total</b>	<b>19,547,207</b>	<b>5,572,250</b>

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**11 FINANCE COSTS**

	2015/16	2014/15
	Kshs	Kshs
Bank Charges	9,840	-
Exchange Rate Losses	-	-
Other Finance costs	-	-
<b>Total</b>	<b>9,840</b>	<b>-</b>

**12 OTHER PAYMENTS**

	2015/16	2014/15
	Kshs	Kshs
Budget Reserves	-	-
Civil Contingency Reserves	-	-
Capital Transfers to Non-Financial Public Enterprises	-	-
Capital Transfer to Public Financial Institutions and Enterprises	-	-
Capital Transfer to Private Non-Financial Enterprises	-	-
Other expenses	-	-
Domestic Accounts	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**13A. BANK ACCOUNTS**

Name of Bank, Account No. & Currency	Indicated whether recurrent or development	2015/16	2014/15
		Kshs	Kshs
Central Bank Account No. 1000239727	Recurrent	137,088	-
EquityBank, Account No. 1220261153628	Standing imprest	2,889,499	-
<b>Total</b>		<b>3,026,587</b>	<b>-</b>

**13B CASH IN HAND**

	2015/16	2014/15
	Kshs	Kshs
Cash in Hand – Held in domestic currency	-	-
Cash in Hand – Held in foreign currency	-	-
<b>Total</b>	<b>-</b>	<b>-</b>



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**14 ACCOUNTS RECEIVABLE**

	2015/16	2014/15
	Kshs	Kshs
Government Imprests	-	-
Clearance Accounts	-	-
Staff Advances	-	-
Other Advances	-	-
<b>Total</b>	-	-

**15 ACCOUNTS PAYABLE**

	2015/16	2014/15
	Kshs	Kshs
Deposits and Retentions	-	-
<b>Total</b>	-	-

**16 FUND BALANCE BROUGHT FORWARD**

	2015/16	2014/15
	Kshs	Kshs
Bank accounts	-	-
Cash in hand	-	-
Accounts Receivables	-	-
Accounts Payables	-	-
<b>Total</b>	-	-

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**18 OTHER IMPORTANT DISCLOSURES**

**18.1: PENDING ACCOUNTS PAYABLE (See Annex 1)**

	2015/16	2014/15
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	4,060,020	-
Supply of goods	-	-
Supply of services	-	-
<b>Total</b>	<b>4,060,020</b>	<b>-</b>

**18.2: PENDING STAFF PAYABLES (See Annex 2)**

	2015/16	2014/15
Name of Staff	Kshs	Kshs
	-	-
	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**18.3: OTHER PENDING PAYABLES (See Annex 3)**

	2015/16	2014/15
	Kshs	Kshs
Amounts due to National Government entities	-	-
Amounts due to County Government entities	-	-
Amounts due to third parties	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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**ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE**

Supplier of Goods or Services	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2016	Comments
	a	b	c	d=a-c		
<b>Construction of buildings</b>						
<b>Sub-Total</b>						
<b>Construction of civil works</b>						
1. CHELAL LTD	283,200	JUNE	-	0	283,200	TO BE PAID
2. CHELAL LTD	256,000	JUNE	-	0	256,000	TO BE PAID
3. TILTICH INVESTMENT CO. LTD	221,550	JUNE	-	0	221,550	TO BE PAID
4. CENEZ ENTERPRISES	459,000	JUNE	-	0	459,000	TO BE PAID
5. SOIN BUILDERS LTD	139,200	JUNE	-	0	139,200	TO BE PAID
6. AMANI GENERAL WORKSHOP	58,000	JUNE	-	0	58,000	TO BE PAID
7. CHELAL LTD	2,032,750	JUNE	-	0	2,032,750	TO BE PAID
8. CHELAL LTD	191,000	JUNE	-	0	191,000	TO BE PAID
9. PAUNAMI GENERAL SUPPLIES	47,380	JUNE	-	0	47,380	TO BE PAID
10. SKYPARK HOLDINGS LTD	234,000	JUNE	-	0	234,000	TO BE PAID
11. CHELAL LTD	31,200	JUNE	-	0	31,200	TO BE PAID
12. GARDEN HARDWARE	66,600	JUNE	-	0	66,600	TO BE PAID
13. SOT INVESTMENT	39,140	JUNE	-	0	39,140	TO BE PAID
<b>Sub-Total</b>	<b>4,060,020</b>		-	<b>0</b>	<b>4,060,020</b>	

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**ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES**

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

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**ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES**

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

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**ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER**

<b>Asset class</b>	<b>Historical Cost FY2015/2016</b>	<b>Historical Cost FY2014/2015</b>
Land	-	
Buildings and structures	2,805,611	
Transport equipment	12,615,448	
Office equipment, furniture and fittings	3,483,148	
ICT Equipment, Software and Other ICT Assets	498,000	
Other Machinery and Equipment	-	
Heritage and cultural assets	-	
Intangible assets	145,000	
<b>Total</b>	<b>19,547,207</b>	<b>5,572,250</b>