

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

**REPORT
OF
THE AUDITOR-GENERAL**

ON

**THE FINANCIAL STATEMENTS OF
COUNTY ASSEMBLY OF
TANA-RIVER**

**FOR THE YEAR ENDED
30 JUNE 2016**



OFFICE OF THE AUDITOR GENERAL
KENYA NATIONAL AUDIT OFFICE

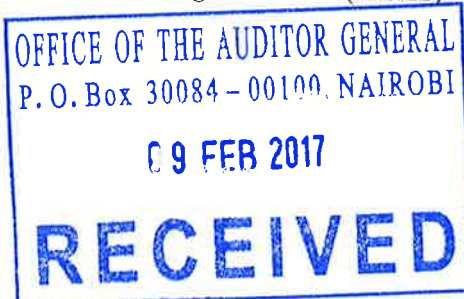
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COUNTY ASSEMBLY OF TANA-RIVER
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2016

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



COUNTY ASSEMBLY OF TANA RIVER
Reports and Financial Statements
For the year ended June 30, 2016

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COUNTY ASSEMBLY OF TANA RIVER
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II. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Article 176. (1) of the constitution of Kenya, there shall be a County government for each County, consisting of a County Assembly and a County Executive. The County is headed by the County Governor, who is responsible for the general policy and strategic direction of the County.

Tana River County Assembly comprises of the speaker, fifteen elected members to represent each of the fifteen wards and 11 nominated members who represents various interest groups.

(b) Key Management

The County Assembly Service Board is the body mandated to make administrative decisions on behalf of the Assembly. The board comprises of the Speaker, the Majority Party Leader, the Minority Party Leader, one member representing the public and the Assembly Clerk as its Secretary.

(c) Fiduciary Management

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

No.	Designation	Name
1.	Accounting Officer	-Mohamed Hassan Dube
2.	Principal accounts Controller	-Alex Kibwage Ontumi
3.	First Clerk Assistant	-Musa Mohamed Bagaja
4.	Accountant I	-Wehliye Ahmed Dakat

(d) Fiduciary Oversight Arrangements

The County Assembly has 9 sectoral committees each with specific mandates towards the County's sectors.

The committees are required by the assembly's standing orders to oversight and hold to account respective CECs for service delivery in their departments.

The assembly has managed this through committee work, and chamber businesses

(e) Entity Headquarters

P.O. Box 113
HOLA, KENYA

COUNTY ASSEMBLY OF TANA RIVER
Reports and Financial Statements
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(f) Entity Contacts

County Assembly of Tana River
P.o Box 113-70101
Hola
Telephone: +254723087055
E-mail: infor@tanariverassembly.go.ke
Website: www.tanariverassembly.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
P.o Box 100-70101
Hola.Kenya

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

COUNTY ASSEMBLY OF TANA RIVER

Reports and Financial Statements

For the year ended June 30, 2016

III .FORWARD BY THE CLERK OF THE ASSEMBLY

Pursuant to section 163(1) of the public finance management act 2012, At the end of each financial year, the accounting officer for a County Government entity shall prepare financial statements in respect of the entity in formats to be prescribed by the Accounting Standards Board.

Section 163(4) states that within three months after the end of each financial year, the accounting officer for an entity shall—

- (i). Submit the entity's financial statements to the Auditor-General; and
- (ii). Deliver a copy of the statements to the relevant County Treasury, the Controller of Budget, and the Commission on Revenue Allocation.


During the FY 2015/16 the County Assembly had a budget of Kshs. 591,088,760.00 out of which Kshs 167,626,300.00 was allocated towards development and Kshs. 423,462,460 allocated towards recurrent activities. (Including the balances brought forward as a result of supplementary budget)

The County Assembly during the financial year under consideration received Kshs 419,090,327 for both recurrent and development allocations from the County treasury. The total actual expenditure 417,687,028 comprising of Kshs. 358,191,365.30 for recurrent and Kshs. 59,495,663 for development activities, representing an absorption rate of 98 percent and 35 percent respectively.

During the reporting period the County Assembly was able to accomplish the following projects among others; (i) Renovation of the chambers and the public gallery, (ii) Construction of a two storey building for office administration, (iii) Purchase and installation of Modern Hansard equipment including CCTV for the chambers, (v) Purchase and Installation of CCTV cameras within the premises of the County Assembly, (vi) Purchase of new cars for the daily office operations and 15 motor cycles for the ward office managers in the 15 County wards, landscaping and beatification of the County Assembly compound and renovations to the Speaker's, leader of majority, leader of minority, Deputy speaker, Research and Ippd offices within the assembly.

Implementation of the above mentioned projects had the following impacts; (i) Construction of new storey building and renovation of existing offices have greatly improved on our service delivery by creating enough office space, (ii) Renovation of chambers and public gallery has enabled the public to easily follow live proceedings of the assembly (iii) Installation of CCTV cameras have improved on security surveillance (iv) Purchase of motor vehicles/cycles have greatly improved on service delivery in the assembly and at the ward level, while the beautification has greatly improved the compound.

Notwithstanding the above milestones, the County Assembly has faced a number of challenges that include among others; (i) Inability to access the development fund directly from the National treasury (ii) Delayed disbursement of funds that hampered the legislative process (iii) Vastness of the County posed great challenge to members while undertaking public participation (iv) Inadequate office space for the staff.



Clerk of the County Assembly



Date

COUNTY ASSEMBLY OF TANA RIVER
Reports and Financial Statements
For the year ended June 30, 2016

III. 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 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 mis-statements, 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 5/11 2017.


Clerk of the County Assembly



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF TANA-RIVER FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the County Assembly of Tana-River set out on pages 1 to 17, which comprise the statement of financial assets as at 30 June 2016, and statement of receipts and payments, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya, and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations, which to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229 (7) of the Constitution of Kenya. The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk

Report of the Auditor-General on the Financial Statements of the County Assembly of Tana River for the year ended 30 June 2016

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

Basis for Qualified Opinion

1.0 Transfer from the County Treasury/Exchequer Releases

The statement of receipts and payments for the financial year ended 30 June 2016 reflects a balance of Kshs.419,090,327 in exchequer releases or transfers from the County Treasury. However, the Controller of Budget's report for the year indicates that a balance of Kshs.510,990,000, comprising of development vote exchequer of Kshs.97,790,000 and recurrent vote exchequer of Kshs.413,200,000 was released to the Assembly. The difference between the exchequer release balance reflected in the financial statements and that in the controller of Budget's report has not been explained.

In the circumstances, the accuracy and completeness of the exchequer releases of Kshs.419,090,327 reflected in the financial statements for the year ended 30 June 2016 could not be ascertained.

2.0 Domestic Travel and Subsistence

Included in use of goods and services under Note 3 to the financial statements is domestic travel and subsistence expenditure balance of Kshs.90,400,950.30 incurred during the year under review. However, Information availed for audit indicated that the approved budget for domestic, travel and subsistence amounted to Kshs.81,845,385, thus resulting to unapproved expenditure of Kshs.8,555,565. Further, payments totalling Kshs.35,286,409 were made in the name of the County Assembly of Tana-River, contrary to Section 91 of the Public Finance Management Regulations 2015 which states that imprests shall be issued to persons who in the course of duty are required to incur expenditure.

In addition, surrender documents for the payments totalling to Kshs.35,286,409 were not presented for audit review.

In the circumstance, the regularity and validity of domestic travel and subsistence expenditure of Kshs.90,400,950.30 incurred during the year under review cannot be confirmed.

3.0 Staff Imprests

Note 7 to the financial statements reflect an accounts receivables balance of Kshs.2,908,972 as at 30 June 2016. Included in the balance are staff imprests totaling to Kshs.652,000 out of which Kshs.38,100 was more than six months overdue. Failure to surrender the old imprests contravenes to Section 93(5) of Public Finance Management Regulations, 2015 which requires officers to surrender or account for imprest within seven days after performing the duty for which the imprests were issued. In addition, one officer was issued with more than one imprest, contrary to Public Finance Management Regulations, 2015, Section 93(4) which state that an applicant for imprest must not have another outstanding imprest.

Consequently, the regularity and the recoverability of the staff imprests balance of Kshs.652,200 as at 30 June 2016 could not be confirmed.

4.0 Bank Balances

The statement of financial assets as at 30 June 2016 reflects bank balance of Kshs.138,650,329. Audit review of the County Assembly's bank reconciliation statements revealed that the Central Bank of Kenya (CBK) Recurrent Account reconciliation statement had un-presented cheques totaling to Kshs.2,948,902, out of which cheques totaling Kshs.1,289,697 were stale. Also, dates of subsequent clearance of the un-presented cheques were not indicated.

Further, bank statement balances of Kshs.138,650,328 as at 30 June 2016 were reflected in these financial statements instead of reconciled cash book balances of Kshs.135,669,736 of the same date contrary to the Generally Accepted Accounting Practice (GAAP) thus resulting to an over-cast of Kshs.2,980,592 as detailed in the table below:

Account Name	Bank Statement Balances (Kshs)	Reconciled Cashbook Balances (Kshs)	Difference (Kshs)
Mortgage and car Loan	110,000,000	110,000,000	0
Gratuity Account	22,620,870	22,620,870	0
KCB Operations Account	497,851	374,018	123,833
Central Bank Recurrent	4,690,099	1,769,297	2,920,802

Central Bank Development	841,508	905,551	(64,043)
Total Kshs	138,650,329	135,669,736	2,980,592

Consequently, the accuracy and completeness of bank balances of Kshs.138,650,329 as at 30 June 2016 could not be confirmed.

5.0 Compensation of Employees

The statement of receipts and payments for the year ended 30 June 2016 reflects compensation of employees' balance of Kshs.164,149,447. However, the expenditure was not supported by payroll extracts (IPPD) showing the entitlements paid. Further, analysis of the IPPD extract indicated that the total wage bill was Kshs.125,396,262 thus resulting to unexplained nor reconciled variance of Kshs.38,753,185.

Consequently, the propriety, accuracy and validity of the compensation of employees' balance of Kshs.164,149,447 as at 30 June 2016 could not be confirmed.

6.0 Insurance Costs

Included in the use of goods and services under Note 3 to the financial statements is an expenditure balance of Kshs.4,028,861 in respect of insurance costs. However, the balance excludes other insurance related payments amounting to Kshs.3,993,216.

Consequently, the accuracy and completeness of insurance costs totaling to Kshs.4,028,864 for the year ended 30 June 2016 could not be ascertained.

7.0 Unsupported Pending Accounts Payable

Annex 1 to the financial statements reflects account payables totaling to Kshs.52,143,511 as at 30 June 2016. However, the pending accounts payable schedule presented for audit reflected balances totaling to Kshs.49,308,510, thus resulting in an unexplained variance of Kshs.2,835,000. Further, supporting documents for the pending accounts payable such as invoices, delivery notes and third party confirmation of the balances owed were not presented for audit review. In addition, no explanation was given as to how the pending bills were incurred and why they exceeded the budget for the year given that surplus for the year was only Kshs.1.4 million with the bills totaling to Ksh.52.1 million pending.

Consequently, the accuracy, and validity of the pending accounts payable balance of Kshs.52,143,511 as at 30 June 2016 could not be confirmed.

8.0 Budgetary Control and Performance

8.1 Budget Absorption

The County Assembly of Tana-River had a total budget of Kshs.591,088,760 voted for the financial year 2015/2016, comprising of Kshs.167,626,300 for development and Kshs.423,462,460 for recurrent expenditure. Actual expenditure amounted to Kshs.417,687,028, resulting to under-absorption of Kshs.173,401,732 or 29% of the budget as summarized below:

Item	Approved Budget for 2015/2016 Kshs	Actual Expenditure 2015/2016 Kshs	Under Absorption in Kshs	Under Absorption in %
Development	167,626,300	59,495,663	108,130,637	65
Recurrent	423,462,460	358,191,365.30	65,271,094.70	15
Total	591,088,760	417,687,028.30	173,401,731.70	29

The County assembly management has not provided any plausible explanation for the failure to spend all the budgeted funds.

8.2 Development Budget

During the year under review, the County Assembly of Tana-River allocated Kshs.167,626,300 for development projects and spent Kshs.59,495,663, resulting to under expenditure of Kshs.108,130,637 or 65% as detailed below:

Development Item	Budgeted Amount (Kshs)	Actual Expenditure as per F.S (Kshs)	Under Absorption (Kshs)	Over Absorption (Kshs)	Under Absorption (%)	Over Absorption (%)
Construction of Buildings	2,177,002	3,824,874		1,647,872		76
Refurbishment of Buildings	20,000,000	1,663,434	18,336,566		92	
Construction and Civil works	4,000,000	3,634,459	365,541		9	
Purchase of vehicles and other transport equipment	26,527,030	24,231,108	2,295,922		9	
Purchase of Furniture and Fittings	15,000,000	9,186,290	5,813,710		39	
Purchase of Office Furniture & General Equipment	8,000,000	1,422,414	6,577,586		82	

Purchase of ICT Equipment & Software	13,100,000	11,343,684	1,756,316		10	
Purchase of Specialized Plant , Equipment and Machinery	10,000,000	4,189,400	5,810,600		58	
Residential Buildings and Hostels	8,622,268		8,622,268		100	
Water Supply and Sewerage	7,000,000		7,000,000		100	
inters	4,500,000		4,500,000		100	
Purchase of Air conditioners, Fans and heating appliances	6,000,000		6,000,000		100	
Purchase of Exchanges and other communication equipment	8,200,000		8,200,000		100	
Purchase of photocopiers	6,500,000		6,500,000		100	
Purchase of lighting equipment	2,000,000		2,000,000		100	
Purchase of Lifts	10,000,000		10,000,000		100	
Overhaul Plant and Machinery	16,000,000		16,000,000		100	
Total	167,626,300	59,495,663	109,778,509	1,647,872		

As the table shows, the County Assembly did not utilize Kshs.109,778,509 or 65% of its budget. Further, the County Assembly did not implement or complete some projects as planned, therefore the objectives of the budget may not have been achieved. There is need, therefore for the County Assembly to re-think on budget formulation in order to make it as realistic as possible.

In addition, the County Assembly exceeded its budget on construction of buildings by Kshs.1,647,872 or 92 %. However, the management has not provided for audit review approval required for the excess expenditure under the Public Finance Management, Act, 2012.

8.3 Recurrent Budget

During the year under review, the County Assembly of Tana-River allocated Kshs.423,462,460 for recurrent expenditure but spent a total of Kshs.358,173,405.30, resulting to an overall under expenditure of Kshs.65,289,054.70 or 15% of the budget as summarized below:

Expenditure Item	Budgeted Amount (Kshs)	Actual Expenditure as per F.S	Under Absorption (Kshs)	Over Absorption (Kshs)	Under Absorption (%)	Over Absorption (%)
Compensation of Employees	244,046,000	164,149,447	79,896,553		33	
Use of Goods and Services	179,416,460	194,023,958		14,607,498		8
Total	423,462,460	358,173,405	79,896,553	14,607,498		

As the table above shows, the County Assembly did not spend Kshs.79,896,553 or 33% of the funds budgeted for compensation of employees. No explanation has been given as to why this amount was not spent. In addition, the Assembly exceeded its budget on use of goods and services by Kshs.14,607,498 or 8%. The management has not provided for audit review the approval required for the excess expenditure under the Public Finance Management, Act, 2012.

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 County Assembly of Tana River as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.



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

Nairobi

15 August 2017

COUNTY ASSEMBLY OF TANA RIVER
Reports and Financial Statements
For the year ended June 30, 2016

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015/16	2014/2015
		Kshs	-
RECEIPTS			-
Transfers from the County Treasury/Exchequer Releases	1	419,090,327	-
TOTAL RECEIPTS		419,090,327	-
PAYMENTS			-
Compensation of Employees	2	164,149,447	-
Use of goods and services	3	194,023,958	-
Transfer to other government entity			-
Acquisition of Assets	4	59,495,663	-
Finance Costs	5	17,960	-
TOTAL PAYMENTS		417,687,028	-
SURPLUS/DEFICIT		1,403,299	-

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 5/11/ 2017 and signed by:


 Clerk of the County Assembly

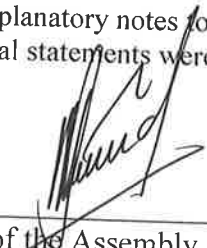

 Principal Accounts Controller – County Assembly

COUNTY ASSEMBLY OF TANA RIVER
Reports and Financial Statements
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V. STATEMENT OF FINANCIAL ASSETS

	Note	2015/16	2014/2015
FINANCIAL ASSETS		Kshs	
Cash and Cash Equivalents			
Bank Balances			
Total Cash and cash equivalents	6	138,650,329	-
Trade and other receivables – Outstanding Imprests	7	2,908,972	-
TOTAL FINANCIAL ASSETS		141,559,301	-
NET FINANCIAL ASSETS		141,559,301	-
REPRESENTED BY			
Fund balance b/fwd			
Surplus/Defict for the year	8	140,156,002	-
NET FINANCIAL POSITION		1,403,299	-
		141,599,301	-

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 5/11/ 2017 and signed by:


 Clerk of the Assembly



 Principal Accounts Controller – County Assembly

COUNTY ASSEMBLY OF TANA RIVER
Reports and Financial Statements
For the year ended June 30, 2016

VI. STATEMENT OF CASHFLOW

	Note	
		2015/16
		Kshs
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from operating income		
Transfers from the County Treasury/Exchequer Releases	1	419,090,327
Compensation of Employees	2	(164,149,447)
Use of goods and services	3	(194,023,958.30)
Subsidies		
Finance Costs	5	(17,960)
Net cash flows from operating activities		60,898,961.70
CASHFLOW FROM INVESTING ACTIVITIES		
Acquisition of Assets	4	(59,495,663)
Net cash flows from investing activities		(59,495,663)
NET INCREASE IN CASH AND CASH EQUIVALENT		1,403,299
Cash and cash equivalent at BEGINNING of the year		137,247,029.74
Cash and cash equivalent at END of the quarter		138,650,329
As per statement of assets		138,650,329

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 5/11/ 2017 and signed by:


 Clerk of the Assembly


 Principal Accounts Controller – County Assembly

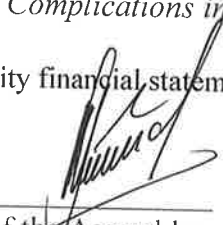
COUNTY ASSEMBLY OF TANA RIVER
Reports and Financial Statements
For the year ended June 30, 2016


VII. 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	c=a+b	e=d-c	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	520,000,000	71,088,760	591,088,760	419,090,329	71%
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	-	-
TOTAL	520,000,000	71,088,760	591,088,760	-	71%
PAYMENTS					
Compensation of Employees	267,742,430	23,696,429	244,046,001	164,149,447	67%
Use of goods and services	155,720,030	108,485,819	179,416,459	194,023,958.30	108%
Subsidies	-	-	-	-	-
Transfers to Other Government Entities	-	-	-	-	-
Other grants and transfers	-	-	-	-	-
Social Security Benefits	-	-	-	-	-
Acquisition of Assets	96,537,540	71,088,760	167,626,300	59,495,663	35%
Finance Costs	-	-	-	17,960	-
Other Payments	-	-	-	-	-
TOTAL	520,000,000	203,271,008	591,088,760	417,687,028-	70.6%

- (a) Under utilization rate of 35 percent with regard to Acquisition of assets was attributed to non disbursement of fund as per the approved budget by the County treasury.
(b) Delayed disbursement of funds by the national treasury
(c) Complications in the IFMIS processing of procurement and payments

The entity financial statements were approved on 5/11 2017 and signed by:


Clerk of the Assembly

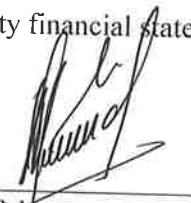

Principal Accounts Controller – County Assembly

COUNTY ASSEMBLY OF TANA RIVER
Reports and Financial Statements
For the year ended June 30, 2016

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of Utilization difference to final budget
	Kshs	Kshs	c=a+b	e=d-c	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	423,462,460	-	423,462,460	357,706,385	84%
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	-	-
TOTAL	423,462,460	-	423,462,460	357,706,385	84%
PAYMENTS					
Compensation of Employees	267,742,430	-	244,046,001	164,149,447	67%
Use of goods and services	155,720,030	-	179,416,460	194,023,958.30	107%
Finance Costs	-	-	-	17,960	
TOTAL	423,462,460	-	423,462,461	358,191,365.30	84.5%

The entity financial statements were approved on 5/1/ 2017 and signed by:


 Clerk of the Assembly


 Principal Accounts Controller -- County Assembly

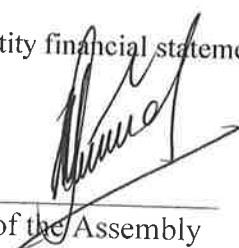
COUNTY ASSEMBLY OF TANA RIVER
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**IX. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS:
DEVELOPMENT**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of Utilization difference to final budget
	Kshs	Kshs	c=a+b	e=d-c	Kshs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	96,537,540	71,088,760	167,626,300	59,495,663	37%
TOTAL	96,537,540	71,088,760	167,626,300	59,495,663	37%
PAYMENTS					
Acquisition of Assets	96,537,540	71,088,760	167,626,300	59,495,663	35%
TOTAL	96,537,540	71,088,760	167,626,300	59,495,663	35%

(a) Transfers from the County Treasury/Exchequer Releases rate of 37 percent was attributed to delayed or non disbursement of fund as per the approved supplementary budget by the County treasury.

The entity financial statements were approved on 5/11/ 2017 and signed by:


Clerk of the Assembly


Principal Accounts Controller – County Assembly

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

3. 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.

4. 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.

5. 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

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enhancement to the cash accounting policy adopted by National Government Ministries and agencies. Other liabilities including pending bills are disclosed in the financial statements.

6. 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 Tana River County Assembly fixed asset register a summary of which is provided as a memorandum to these financial statements.

7. 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 *Tana River County Assembly* 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.

8. 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 *Tana River County Assembly's* budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the *Tana River County Assembly's* actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

9. 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.

10. 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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XI. NOTES TO THE FINANCIAL STATEMENTS

1 Transfers from the County Treasury/Exchequer Releases

	2015/16
	Kshs
Total Exchequer Releases for quarter 1	22,725,706
Total Exchequer Releases for quarter 2	101,275,979
Total Exchequer Releases for quarter 3	71,710,005
Total Exchequer Releases for quarter 4	223,378,637
Cumulative Amount	419,090,327

2. COMPENSATION OF EMPLOYEES

	2015/16
	Kshs
Basic salaries of permanent employees	93,915,090
Basic wages of temporary employees	140,000
Personal allowances paid as part of salary	70,094,357
Total	164,149,447

3. USE OF GOODS AND SERVICES

	2015/16
	Kshs
Utilities, supplies and services	1,408,068
Communication, supplies and services	3,593,700
Domestic travel and subsistence	90,400,950.3
Foreign travel and subsistence	5,806,949
Printing, advertising and information supplies & services	4,449,023
Rentals of produced assets	9,405,500
Travelling Expenses	9,109,869
Hospitality supplies and services	23,531,661
Insurance costs	4,028,864
Routine maintainance-vehicle and other transport equipment	6,000,371
Specialized materials and services	14,179,397
Other operating Expenses	6,290,867
Office general supplies and services	4,531,236
Refund exgratia and other service gratuities	11,287,503
Total	194,023,958.30

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. ACQUISITION OF ASSETS

Non-Financial Assets	2015/16
	Kshs
Construction of Buildings	3,824,874
Refurbishment of Buildings	1,663,434
Construction and Civil Works	3,634,459
Purchase of Vehicles and Other Transport Equipment	24,231,108
Purchase of Household Furniture and Institutional Equipment	9,186,290
Purchase of Office Furniture and General Equipment	1,422,414
Purchase of ICT Equipment, Software and Other ICT Assets	11,343,684
Purchase of Specialised Plant, Equipment and Machinery	4,189,400
Rehabilitation and Renovation of Plant, Machinery and Equip.	-
Total	59,495,663

5. FINANCE COSTS

	2015/16
	Kshs
Bank Charges	17,960
Total	17,960

6. BANK ACCOUNTS

Name of Bank, Account No. & Currency	Indicated whether recurrent or development	2015/16
		Kshs
KCB ACCOUNT NUMBER 1169962904 (KSH) MORTGAGE AND CAR LOAN	RECURRENT ACCOUNT	110,000,000
KCB ACCOUNT NUMBER 1143877578 (KSH) RECURRENT	RECURRENT ACCOUNT	497,851
KCB ACCOUNT NUMBER 1169962343(KSH) GRATUITY ACCOUNT	RECURRENT ACCOUNT	22,620,870
CENTRAL BANK,1000247077(KSH)	RECURRENT ACCOUNT	4,690,099
CENTRAL BANK 1000282282(KSH)	RECURRENT ACCOUNT	841,508
Total		138,650,329

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7. ACCOUNTS RECEIVABLE

	2015/16	2014/15
	Kshs	Kshs
Staff Imprests	652,200	-
Staff Advances	1,210,000	-
Other Advances	1,046,772	-
Total	2,908,972	-

**See Annex 3 for a detailed analysis of the outstanding Imprests.*

**See Annex 4 for a detailed analysis of the Staff Advances*

**See Annex 5 for a detailed analysis of Other Advances*

8. FUND BALANCE BROUGHT FORWARD

	2015/16	2014/15
	Kshs	Kshs
Bank accounts	137,247,030	-
Cash Balance	2,908,972	-
Total	140,156,002	-

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XII. OTHER IMPORTANT DISCLOSURES

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance 2016	Comments
				2015		
	A	B	c	d=a-c		
Construction of civil works						
1. ISTAHIL CONSTRUCTION COMPANY	6,808,306.80	30/5/2016	0	0	6,808,306.80	
2. ZUMAR GENERAL COMPANY	3,911,288.00	31/5/2016	1,950,000	0	1,961,288	
Sub-Total					8,769,595	
Supply of goods						
3. TAHAJUD CONTRACTORS LTD	9,904,080	31/5/2016	0	0	9,904,080	
4. GOLDEN SPIRAL SUPPLIES LTD	1,142,730	29/5/2016	721,500	0	421,230	
5. AFTIN GENERAL TRADING LTD	5,989,080	31/5/2016	2,000,000	0	3,989,080	
6. IKLAS INVESTMENT COMPANY	14,897,126	31/5/2016	0	0	14,897,126	
7. MOA CONSTRUCTION LIMITED	7,946,000	31/5/2016	2,000,000	0	5,946,000	
8. ADAMS CONSTRUCTION CO LTD	1,987,080		1,000,000	0	987,080	
9. DELTA CONSTRUCTION CO LTD	7,888,000	31/5/2016	3,934,680.30	0	3,953,319.70	
10. ROCK MOVERS CONTRACTORS LTD	1,991,000		1,500,000	0	441,000	
Sub-Total					40,538,916	
CAR HIRE SERVICES						
ROCK MOVERS	60,000	4/3/2016	0	0	60,000	
	150,000	23/11/2015	0	0	150,000	
	30,000		0	0	30,000	
	80,000	2/3/2016	0	0	80,000	
	140,000		0	0	140,000	
	60,000	7/2/2016	0	0	60,000	
	120,000	9/10/2015	0	0	120,000	
	60,000		0	0	60,000	
	80,000	9/10/2015	0	0	80,000	
	780,000		0	0	780,000	
KARAYU CONST	150,000	4/9/2015	0	0	150,000	
	60,000	23/1/2016	0	0	60,000	
	210,000		0	0	210,000	

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IKLAS INVEST	80,000	11/8/2015	0	0	80,000	
	100,000	4/10/2015	0	0	100,000	
	140,000	22/2/2016	0	0	140,000	
	100,000		0	0	100,000	
	150,000	17/3/2016	0	0	150,000	
	100,000	10/3/2016	0	0	100,000	
	80,000	15/4/2016	0	0	80,000	
	100,000	22/4/2016	0	0	100,000	
	100,000		0	0	100,000	
	950,000		0	0	950,000	
MOHAMMED & SONS	60,000	7/11/2015	0	0	60,000	
	100,000	27/3/2016	0	0	100,000	
	75,000	16/3/2016	0	0	75,000	
	75,000		0	0	75,000	
	140,000	22/4/2016	0	0	140,000	
	60,000	14/7/2015	0	0	60,000	
	60,000	21/3/2016	0	0	60,000	
	570,000		0	0	570,000	
DIRBU DIMTU	140,000	23/4/2016	0	0	140,000	
HIRIMANI GENERAL	125,000	14/5/2016	0	0	125,000	
MILGA CONST	60,000	11/10/2015	0	0	60,000	
SUB-TOTAL	2,835,000		0	0	2,835,000	
GRAND-TOTAL					52,143,511	

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ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Q1	Q2	Q3	Q4
Transport equipment				84,683,925
Office equipment, furniture and fittings				8,333,800
ICT Equipment, Software and Other ICT Assets				8,379,800
Other Machinery and Equipment				5,778,900
Total				107,176,425

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

ANNEX 3 - ANALYSIS OF THE OUTSTANDING IMPREST

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs
JAAFAR RASHID	10/9/2015	31,100.00	0	31,100.00
POLYCARP MATARA	25/06/2015	7,000.00	0	7,000.00
JAAFAR RASHID	03.2/2016	15,000.00	0	15,000.00
SALIM TUTU	17/2/2016	50,000.00	0	50,000.00
YAKUB ADOW	19/4/2016	65,000.00	0	65,000.00
FARAH BILALI ODOWA	29/03/2016	40,000.00	0	40,000.00
ISAAC MUSA IDLE	13/04/2016	40,000.00	0	40,000.00
ABDI KUNO KURO	29/03/2016	40,000.00	0	40,000.00
EBBA ISMAEL BARISA	29/03/2016	40,000.00	0	40,000.00
MOHAMED G. ARGAN	29/03/2016	40,000.00	0	40,000.00
DOKOTA AHMED DARSI	30/3/2016	40,000.00	0	40,000.00
WALDESA RAMADHANI	9/5/2016	40,000.00	0	40,000.00
MUHAMMED GODHANA	13/03/2016	40,000.00	0	40,000.00
TSAELE MAKORANI	30/05/2016	78,500.00	0	78,500.00
ALI GURACHO	30/6/2016	85,600.00	0	85,600.00
Total		652,200.00		652,200.00

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ANNEX 4: SALARY ADVANCES

S/No.	Name	Position/Title	Balance as at 30 th June 2016
1	Hon.Dr.Nuh Nassir	Speaker	150,000.00
2	Hon.Dela Boru Masha	Majority Leader	90,000.00
3	Hon.Luli Rashid	MCA	180,000.00
4	Hon.Ergamso Abdi Gobu	MCA	150,000.00
5	Hon..Musa Wario Shora	MCA	50,000.00
6	Hon.Daudi Galdesa Tuyo	MCA	85,000.00
7	Hon.Rahma Mohamed Eno	MCA	120,000.00
8	Hon.Sadick Karani Duke	MCA	40,000.00
9	Ibrahim Adomow Salah	MCA	100,000.00
10	Hussein Hirsi	Staff	40,000.00
11	Amuma Lan Kinoga	Staff	3,000.00
12	Daud Juge Mustafa	Staff	50,000.00
13	Iddi Umar Uleta	Staff	20,000.00
14	Yakub Adow Kuno	Staff	25,000.00
15	Ahmed Adhan Ume	Staff	2,000.00
16	Mahad Soman Adhan	Staff	1,000.00
17	Samuel Kenga Mgavira	Staff	4,000.00
18	Gababo Hussein	Staff	40,000.00
19	Ali Galole Salat	Staff	50,000.00
20	Shafat Mohamed	Staff	10,000.00
	Totals.Kshs		1,210,000.00

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ANNEX 5: OTHER ADVANCES

Date	Payee	Description	Vch no	Chq no	2015-2016
					Amount (KSHS)
24/04/2016	Orange Telkom Ltd	Internet Services	28975	EFT	1,046,772.00