

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

**REPORT**

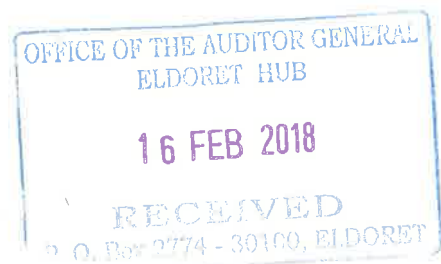
**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
COUNTY ASSEMBLY OF TURKANA**

**FOR THE YEAR ENDED  
30 JUNE 2017**



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**TURKANA COUNTY ASSEMBLY**

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**  
**JUNE 30, 2017**

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

**TURKANA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

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**I. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

The County is constituted as per the constitution of Kenya is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The County Assembly constitutes 30 Members of County Assembly (MCAs) elected to represent members of the public from their respective wards and another 17 nominated members representing interested parties and organizations. The MCAs are responsible for making any laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

**(b) Key Management**

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

- Office of the Speaker
- Office of the Clerk
- Committee Services and
- County Assembly Service Board

**(c) Fiduciary Management**

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

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Accounting Officer- Clerk	Linus Lokawa
2.	Deputy Clerk	John Komol
3.	Principal Finance Officer	Francis Lochuch

**(d) Fiduciary Oversight Arrangements**

County Budget and Appropriation Committee - The main functions are

- Investigate , inquire into and report on all matters related to coordination, control and monitoring of the county budget
- Discuss and review the estimates and make recommendations to the county assembly
- Examine the county budget policy statement presented to the County Assembly
- Examine Bills related to the county Government budget, including Appropriation Bills and
- Evaluate tax estimated, economic and budgetary policies and programmes with direct budget outlays

**(e) Entity Headquarters**

P.O. Box 25, 30500  
County Assembly Building  
Lodwar, KENYA

**TURKANA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

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**(f) Entity Contacts**

Website: [www.turkanaassembly.go.ke](http://www.turkanaassembly.go.ke)

**(g) Entity Bankers**

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

Kenya Commercial Bank  
P O Box 150, 30500  
Lodwar, Kenya

Co-operative Bank Kenya Limited  
366, 30500  
Lodwar, 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

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

Turkana County Assembly targets at setting legislations in all sectors that that are geared towards transforming Turkana County into an economic power house in the region. The County Assembly constitutes the legislative organ of government in the County Government.

### Roles of the Turkana County Assembly

The County Assembly is established by the Constitution under Article 176 with a mandate to have legislative power of the County. The role of the County Assembly is to:-

- Vet and approve nominees for appointment to County Public Offices as may be provided for in The County Government Act or any other law;
- County legislation in accordance with Art. 185 of the Constitution;
- Approve the budget and expenditure of the County Government in accordance with Article 207 of the Constitution, and the legislation contemplated in Article 220(2) of the Constitution, guided by Articles 201 and 203 of the Constitution;
- Approve the borrowing by the County Government in accordance with Article 212 of the Constitution;
- Approve the County Development Planning;
- Perform any other role as may be set out under the Constitution or legislation.

The Assembly in this financial year had challenges in late disbursements of funds and major budget cuts by the Commission on Revenue Allocation which affected the performance and deliver on services of the Assembly.

During the year, the Assembly embarked in the Construction of the Speaker's House and continuous improvement of the Assembly building. All development projects are currently undertaken by the County executive.

In general, the Assembly performed exemplary based on the budget allocation for this financial year.

Sign



**Clerk of the County Assembly**

**TURKANA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

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**STATEMENT OF MANAGEMENT RESPONSIBILITIES**

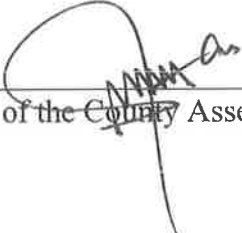
The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended on 30 June 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Assembly; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Assembly; (v) selecting and applying appropriate accounting policies; 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 30 June 2017, 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 \_\_\_\_\_ 2017.

  
\_\_\_\_\_  
Clerk of the County Assembly

# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

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

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#### REPORT ON THE FINANCIAL STATEMENTS

#### **Disclaimer of Opinion**

I have audited the accompanying financial statements of County Assembly of Turkana set out on pages 1 to 31, which comprise the statement of financial assets as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

I do not express an opinion of the accompanying financial statements. Because of the significance of the matter described in the basis for Disclaimer Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. Accordingly, I do not express an audit opinion on the financial statements.

In addition, as required by Article 229(6) of the Constitution, I have not been able to obtain sufficient appropriate audit evidence to confirm that public money has been applied lawfully and in an effective way.

#### **Basis for Disclaimer of Opinion**

##### **1.0 Transfer from the County Treasury/Exchequer Releases**

The statement of receipts and payments for the year ended 30 June 2017 reflects transfer from the County Treasury /Exchequer Releases of Kshs.763,428,475 which is at variance with the figure of Kshs.1,016,430,000 as indicated in the report of controller of budget for the same period comprising of recurrent exchequer of Kshs.763,430,000 and development exchequer releases of Kshs.253,000,000 and therefore resulting in unexplained difference of Kshs.253,001,525. Consequently, the validity, accuracy and completeness of the transfer from county treasury/exchequer Releases of Kshs.763,428,475 reflected in the statement of receipts and payments for the year ended 30 June 2017 could not be confirmed.

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*Report of the Auditor-General on the Financial Statements of Turkana County Assembly for the year ended 30 June 2017*



## **2.0 Use of Goods and Services**

### **2.1 Office and General Supplies and Services**

Included in the use of goods and services figure of Kshs.402,328,776 reflected in the statement of receipts and payments for the year ended 30 June 2017 is Kshs.35,129,463 and as disclosed in note 5 to the financial statements in respect of office and general supplies and services expenses. However, out of this figure of Kshs.35,129,463, an amount of Kshs.17,502,228 was not supported by procurement records such as requisitions from the users, quotations, opening, evaluation and award committee minutes and inspection and acceptance committee reports. Consequently, the propriety of expenditure totaling to Kshs.17,502,228 incurred on office and general supplies and services for the year ended 30 June 2017 could not be confirmed,

### **2.2 Hospitality Supplies and Services**

Included in the use of goods and services figure of Kshs.402,328,776 and as disclosed under note 5 of the financial statements, is Kshs.11,171,455 incurred on hospitality supplies and services. However, no evidence was provided for audit verification to show that the services were subjected to competitive bidding process.

Consequently, the propriety of expenditure of Kshs.11,171,455 on hospitality supplies and services during the year under review could not be confirmed.

### **2.3 Hire of Motor Vehicles**

Included also in the use of goods and services figure of Kshs.402,328,776 and as disclosed under note 5 of the financial statements is Kshs.77,719,989 in respect of other operating expenses out of which an amount of Kshs.10,704,743 was incurred on hire of motor vehicles. However, no evidence was provided to show how the procurement process was undertaken to hire the motor vehicles. Consequently, the propriety of expenditure of Kshs.10,704,743 incurred on hire of motor vehicles for the year ended 30 June 2017 could not be confirmed.

### **2.4 Hire of Legal Services**

Included in the use of goods and services figure of Kshs.402,328,776 reflected in the statement of receipts and payments is a figure of Kshs.35,129,463 in respect of office and general supplies and services expenses out of which Kshs.5,248,000 was paid to a law firm for providing legal services. However, available information revealed that the law firm was not among those prequalified to provide legal services to the County Assembly. It was therefore not possible to confirm how the firm was identified as the lowest bidder. Further, documentary evidence showing the exact legal services provided by the law firm was not provided for audit verification. Consequently, the

propriety of expenditure of Kshs.5,248,000 incurred on legal services for the year ended 30 June 2017 could not be confirmed.

## **2.5 Routine Maintenance-Vehicles and Other Transport Equipment**

Included in the use of goods and services figure of Kshs.402,328,776 reflected under note 5 of the financial statements is Kshs.10,397,768 in respect of routine maintenance –vehicles and other transport equipment. However, examination of payments vouchers provided for audit review revealed that out of the balance of Kshs.10,397,768, an amount of Kshs.6,662,205 was not supported by electronic tax receipts (ETR), local purchase order, local service orders, and procurement records such as quotations, evaluation minutes and inspection and acceptance committee report.

Consequently, the propriety of the expenditure of Kshs.6,662,205 on routine maintenance – vehicles and other transport equipment for the year ended 30 June 2017 could not be confirmed.

## **2.6 Unsupported Domestic Travel and Subsistence**

Included in the use of goods and services figure of Kshs.402,328,776 reflected under note 5 of the financial statements is expenditure of Kshs.190,388,579 on domestic travel and subsistence. Included in this figure is an amount of Kshs.27,226,655 whose supporting documents such as requisitions, invitation letters, work programs, evidence of means of travel and attendance registers were not provided for audit review.

Consequently, the propriety of the expenditure of Kshs.27,226,655 on domestic travel and subsistence for the year ended 30 June 2017 could not be confirmed.

## **2.7 Unsupported Foreign Travel and Subsistence**

Included in the use of goods and services balance of Kshs.402,328,776 reflected in the statement of receipts and payments is Kshs.15,333,497 in respect of foreign travel and subsistence allowance out of which an amount of Kshs.1,193,648 was paid to two officers of the County Assembly to cater for their travel to Malaysia for an Institute of Certified Public Accountants of Kenya (ICPAK) international seminar. However, the expenditure was not supported with invitation letters, workshop and activity program, air tickets, boarding passes, copy of passports and attendance register. In addition, Cheque No 2401 dated 23 January 2017 for Kshs.2,212,200 was drawn for an overseas travel and subsistence allowance for six (6) Members of the County Assembly to travel to South Africa for a training on public policy on child care and child rights as per the invitation letter from Cynar Kenya Co Ltd. According to the South African Program, the members were to meet with Members of Executive Council for Gauteng Province in South Africa. However, examination of the

supporting documents revealed that the members never travelled to South Africa. Consequently, the propriety of expenditure totaling Kshs.3,405,848 on foreign travel and subsistence allowance for the year ended 30 June 2017 could not be confirmed.

### **3.0 Compensation of Employees**

#### **3.1 Excess Mileage Claim**

The statement of receipts and payments reflects compensation of employee's balance of Kshs.459,401,490 which include Kshs.59,933,531 in respect of extra commuter allowance paid as part of salaries to members of the County Assembly (MCAs) out of which an amount of Kshs.47,690,092 was in respect of excess mileage claims to the members of the County Assembly over and above the ninety Kilometers (90 km). However, the details of how the excess claims were arrived at was not availed for audit review. In addition, no logbooks were availed for audit verification to confirm cubic capacity of the vehicles contrary to SRC Circular ref number SRC/TS/CGGOVT/3/16 dated 27 November 2013 which requires members whose areas of representation are situated beyond the 45 kilometers return journey (90 km) to make a weekly reimbursable claim of the extra mileage when they travel to their area of representation at applicable AA rates based on the cubic capacity of the vehicle per extra kilometer, subject to a maximum of 52 weeks in a year.

Consequently, the propriety of expenditure of Kshs.47,690,092 on excess mileage claim for the year ended 30 June 2017 could not be confirmed.

### **4.0 Cash and Cash Equivalents**

#### **4.1 Bank balances**

##### **4.1.1 Recurrent Account Number 1148564594**

The statement of financial assets reflects bank balance of Kshs.41,535,899 comprising of Kshs.86 for recurrent account number 1148564594 at Kenya commercial Bank-Lodwar and Kshs.41,535,813 for recurrent account number 1148564594 at Central Bank of Kenya. However, bank reconciliation statements, bank confirmation certificates for the two accounts and bank statements for central Bank of Kenya account were not availed for audit verification.

#### **4.2 Lack of Cash Book**

Note 13A to the financial statements reflects Central Bank of Kenya Account balance of Kshs.41,535,813 as at 30 June 2017. However, the cash book for this account was not availed for audit review.

Consequently, the accuracy and completeness of the bank balance of Kshs.41,535,899 reflected in the statement of assets as at 30 June 2017 could not be confirmed. Further, the validity of these financial statements could not be confirmed in the absence of Central Bank of Kenya cash book.

#### **4.3 Cash in Hand**

The statement of financial assets reflects nil cash in hand. However, no board of survey report was availed for audit verification.

Consequently, the accuracy and completeness of the nil cash in hand balance reflected in the statement of assets as at 30 June 2017 could not be confirmed.

#### **4.4 Unaccounted for Cash Withdrawal for Office Use**

A review of the County Assembly's cash book for recurrent account number 1148564594 for the year ended 30 June 2017 revealed that various staff of the County Assembly withdrew cash totalling to Kshs.55,656,397 for office use and was indicated in the cash book as contra entries. However, no supporting documents were availed for audit review to show how this amount was spent. It was further observed that cheque number 2150 for Kshs.14,500,000 was issued to withdraw cash for office use and the same debited in County Assembly bank Account. However, scrutiny of the cash book revealed that it was recorded as Kshs.500,000 in the cash book. It is not clear and the management has not explained how Kshs.14,000,000 was accounted for since no supporting documents were provided for audit verification. Under the circumstances, the propriety of Kshs.14,000,000 cash withdrawn could not be confirmed and hence the accuracy of the bank balance of Kshs.41,535,899 as at 30 June 2017 could not be ascertained

#### **4.5 Maintenance of Cash Book**

Examination of the cash book maintained by the County Assembly revealed that the cash book for recurrent bank account number 1148564594 at Kenya commercial Bank-Lodwar operated by the County Assembly was not closed at the end of the year. Also it was observed that the cash book was not regularly reviewed by an authorized officer who should ensure that the cash book is written up to date and balanced daily and cash in hand verified. In addition, no board of survey reports were provided for audit verification as evidence that the board of survey was conducted at the close of the year. In the circumstance, the County Assembly breached the law and the accuracy and completeness of bank balance of Kshs.41,535,899 as at 30 June 2017 could not be confirmed.

#### **5.0 Outstanding Imprest**

The statement of financial assets as at 30 June 2017 reflects outstanding imprest balance of Kshs.10,557,066. However, the management does not maintain an

imprest register to record details of imprests issued indicating the date of issue, name of imprest holder, purpose and date due. In addition, the outstanding imprest included multiple imprests amounting to Kshs.1,192,500 issued to two employees of the County Assembly contrary to Public Financial Management Act Regulations which require officers to surrender or account for previous imprest before they are issued with new imprest and section 93(5) which states that imprest should be accounted for within seven days after performance of duties for which they were issued. Consequently, the accuracy and propriety of the outstanding imprest of Kshs.10,557,066 as at 30 June 2017 could not be confirmed.

## **6.0 Construction of Ward Offices**

Records availed for audit examination indicated that the County Assembly had a budget of Kshs.180,000,000 for the construction of twenty-five (25) ward offices. Available information revealed that the construction of wards offices were awarded and contract signed with a total cost of Kshs.300,019,008 which exceeded the budgeted amount by Kshs.120,019,008. However, the contract agreements signed did not indicate the date of the commencement of works and the expected date of completion. In addition, section II of the contracts paragraph 2.2 indicates that the contractor shall begin carrying out the works immediately and not more than 14 days after the date the contract becomes effective. Physical verification during the year under audit revealed that only 10 out of 25 projects have started. Consequently, there is a risk of the projects not being implemented or delayed implementation due to lack of funds denying the people of Turkana the much needed services.

## **7.0 Construction of New County Assembly Offices**

Records availed for audit examination indicated that the County Assembly had budget of Kshs.77,000,000 for the construction of new County Assembly offices. Tender records indicate that the construction of new County Assembly was awarded to a construction company at a cost of Kshs.179,736,282 and a contract signed on 26 June 2016. However, the contract price exceeded the budgeted amount by Kshs.102,736,282. Further, the contract agreements signed did not indicate the date of the commencement of works and the expected date of completion. In addition, section II of the contracts paragraph 2.2 indicates that the contractor shall begin carrying out the works immediately and not more than 14 days after the date the contract becomes effective but the works had not start during the year under review. There is a risk of the projects not being implemented or delayed implementation due to lack of funds denying the residents of Turkana the much needed services.

## **8.0 Unused Gymnasium Equipment**

As reported in the previous year, payment vouchers and records availed for audit examination revealed that the County Assembly awarded a contract to a firm for the supply and delivery of gym equipment and paid a total of Kshs.7,500,000 for the supply and delivery of gym equipment. However, the payment voucher lacked

important support documents such as bid documents, contract agreements, report of the inspection and acceptance committee to confirm that the goods received had the correct specification and the right quantities as per the tender documents and evidence of any testing on the equipment was conducted to confirm they were working before effecting the payment. Audit review during 2016/2017 financial year revealed that the County Assembly did not have a gym room and the equipment were lying idle and had not been installed. Under the circumstances, the objective of the procurement of the gym equipment has not been achieved and the propriety of expenditure of Kshs.7,500,000 incurred on the supply and delivery of gym equipment could not be confirmed.

## 9.0 Budgetary Control and Performance

### 9.1 Budget Absorption

During the year under review, Turkana County Assembly had a total budget of Kshs.1,209,158,100 comprising of development budget of Kshs.306,260,000 and recurrent budget of Kshs.902,898,101 or 75% as summarized below:

Item	Approved Budget for 2016/2017 (Kshs)	Actual Expenditure for 2016/2017 (Kshs)	Under Absorption (Kshs)	Under Absorption (%)
Development Budget	306,260,000	0	306,260,000	100
Recurrent Budget	902,898,101	861,730,266	41,167,835	5
<b>Total</b>	<b>1,209,158,101</b>	<b>861,730,266</b>	<b>347,427,835</b>	<b>29</b>

According to the report of the controller of budget, development exchequer issues of Kshs.253 million was released to the county Assembly. However, the amount was not released by the County executive.

### 9.2 Expenditure budget

Expenditure records availed for audit review indicated that Turkana County Assembly exceeded the budget by Kshs.220,242,330 on three expenditure heads as detailed below:

<b>Recurrent Item</b>	<b>Budget Amount</b>	<b>Actual Expenditure</b>	<b>Over expenditure</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Domestic Travel and subsistence	60,157,500	190,388,579	(130,231,079)
Office General Supplies	8,200,000	35,129,463	(26,929,463)
Other Operating Expenses	14,638,201	77,719,989	(63,081,788)
<b>Total</b>	<b>82,995,701</b>	<b>303,238,031</b>	<b>(220,242,330)</b>

However, no evidence was provided to show that the same was regularized through supplementary estimates as required by Section 154 of the Public Finance Management Act, 2012.

Consequently, the propriety of the over expenditure of Kshs.220,242,330 could not be confirmed.

#### **10.0 Failure to Establish Audit Committee**

As previously reported, the County Assembly has not established an audit committee contrary to Section 167(1) of the Public Finance Management (County Governments) Regulations 2015 which require county government entities to establish audit committees in accordance with prescribed regulations to monitor the entity governance and accountability processes and control systems, offer objective advice on issues concerning risk, control, and regulatory requirements as well as governance of the Assembly. The County Assembly is therefore in breach of the law.

#### **11.0 Irregular Employment of Staff**

Turkana County Assembly recruited 25 (twenty-five) staff and were placed in various cadres/scales of the County Assembly during the financial year under review. However, there was no evidence of advertisement, shortlisting or interviews for the recruited employees contrary to Section 64(3)(f) of the County Government Act, 2012 which require need for an open and transparent recruitment of public servants. Section 64 (4) states that; If a public office is to be filled, the County Public Service Board shall invite applications through advertisement and other modes of communication so as to reach as wide a population of potential applicants as possible and especially persons who for any reason have been or may be disadvantaged. Further, the appointment letters of the employed staff were found to have been signed by the Assembly Speaker instead of the Clerk and no minutes of the County Assembly Service Board for the hiring were provided for audit review contrary to contrary Section 8 I (b) of the County Assembly Human Resource Manual which requires that appointments of all job scales shall be made by the Clerk of the County Assembly as a result of a public advertisement on the recommendation of the County Assembly Service Board (CASB).

## **12.0 Irregular Staffing**

According to the Commissioner on Revenue Allocation (CRA), the recommended total number of staff Turkana County Assembly which is in category II with 30 wards is 88. However, as at 30 June 2017, the Assembly had a total of 214 staff excluding the Hon members and therefore the Assembly is over staffed by 126 staff members. Further, there was no service scheme developed by the Assembly to regulate grading structures and remunerations leading to irregular remunerations. For instance, the Deputy Clerk of the Assembly whose job scale is 12 earns a basic salary of Kshs.144,928 as compared to the Clerk of the Assembly who is on scale 13 but earns a basic salary of Kshs.132,249 being Kshs.12,679 lower than his deputy. The County is therefore in breach of the law.

## **13.0 Failure to Comply with One Third Net Salary**

Included in the statement of receipts and payments is compensation of employees' amount of Kshs.459,401,490 out of which Kshs.104,237,134 related to basic salaries of permanent employees. Audit review of the County Assembly payroll revealed that during the month of July 2016, forty-seven (47) members of the County Assembly (MCAs) earned net salaries that were less than a third of their respective basic salaries with two members, earning nil net salaries contrary to the provisions of Section 19(3) of the Employment Act, 2007 which states that without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of subsection (1), may be made by an employer from the wages of his employee at any one time shall not exceed two thirds of such wages or such additional or other amount as may be prescribed by the Minister either generally or in relation to a specified employer or employee or class of employers or employees or any trade or industry. The County Assembly is in breach of the law.

## **14.0 Failure to Observe One Third Rule in Staff Establishment and Recruitment**

A review of the personnel records availed for audit revealed that Turkana County Assembly had a staff establishment of two hundred and fourteen (214) out of whom two hundred and five (205) or 95 % were from one dominant ethnic community leaving only nine (9) or 5% from other ethnicities. Further review of records indicated that Turkana County Assembly during the year under review, recruited 25 (twenty five) new officers at various cadres all of whom were from one ethnic community against the recommended threshold of 30% as required by Section B.7 of the County Public Services Human Resource Manual, 2013 and Section 65(1)(e) of the County Governments Act, 2012 which requires that in selecting candidates for appointment, the County Public Service Board shall consider the need to ensure that at least thirty (30) percent of the vacant posts at entry level are filled by candidates who are not



from the dominant ethnic community in the county. Consequently, the management is in breach of the law.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Turkana County Assembly 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. Because of the significance of the matter described in the basis for Disclaimer Opinion. However, I am not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

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

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

In preparing the financial statements, management is responsible for assessing the County Assembly's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the management either intends to cease operations. Those charged with governance are responsible for overseeing the County Assembly's financial reporting process.

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

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

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

My responsibility is to conduct an audit of the county assembly's financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAs) 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 I compliance with Article 229(7) of the Constitution. However, because of the matter described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

I am independent of County Assembly of Turkana 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.



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

**Nairobi**


**16 July 2018**


**TURKANA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

**III. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED JUNE, 30 2017**

	Note	2016/17 Kshs	2015/16 Kshs
<b>RECEIPTS</b>			
Transfers from the County Treasury/Exchequer			
Releases	1	763,428,475	977,899,732
Proceeds from Sale of Assets	2	-	-
Other Receipts- Borrowings	3	146,245,505	-
<b>TOTAL RECEIPTS</b>		<b>909,673,980</b>	<b>977,899,732</b>
<b>PAYMENTS</b>			
Compensation of Employees	4	459,401,490	489,003,152
Use of goods and services	5	402,328,776	484,747,329
Subsidies	6	-	-
Transfers to Other Government Entities	7	-	-
Other grants and transfers	8	-	-
Social Security Benefits	9	-	-
Acquisition of Assets	10	-	-
Finance Costs	11	-	-
Other Payments	12	-	-
<b>TOTAL PAYMENTS</b>		<b>861,730,266</b>	<b>973,750,481</b>
<b>SURPLUS/DEFICIT</b>		<b>47,943,714</b>	<b>4,149,251</b>

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

  
 \_\_\_\_\_  
 Clerk of the Assembly  
 Name:


  
 \_\_\_\_\_  
 Chief Finance Office – County Assembly  
 Name:  
 ICPAK Member Number:


**TURKANA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

**IV. STATEMENT OF FINANCIAL ASSETS AS AT JUNE, 30 2017**

	Note	2016/2017 Kshs	2015/16 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances – KCB Lodwar	13A	86	-
Bank Balances – CBK Nairobi		41,535,813	7,338
Cash Balances	13B	-	-
<b>Total Cash and cash equivalents</b>		<b>41,535,899</b>	<b>7,338</b>
Accounts receivables – Outstanding Imprests	14	10,557,066	4,141,913
<b>TOTAL FINANCIAL ASSETS</b>			<b>4,149,251</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payables – Deposits and retentions	15	-	-
<b>NET FINANCIAL ASSETS</b>		<b>52,092,965</b>	<b>4,149,251</b>
<b>REPRESENTED BY</b>			
<b>Fund balance b/fwd</b>	16	4,149,251	-
<b>Surplus/Deficit for the year</b>		47,943,714	-
<b>NET FINANCIAL POSITION</b>		<b>52,092,965</b>	<b>4,149,251</b>

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

  
 \_\_\_\_\_  
 Clerk of the Assembly  
 Name:

  
 \_\_\_\_\_  
 Chief Finance Officer – County Assembly  
 Name:  
 ICPAK Member Number:

**TURKANA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

**V. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUN, 30 2017**

	Note	2016/17 Kshs	2015/16 Kshs
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts from operating income</b>			
Transfers from the County Treasury/Exchequer Releases	1	763,428,475	977,899,732
Other Receipts (B)	3	146,245,505	
<b>Payments for operating expenses</b>			
Compensation of Employees	4	459,401,490	489,003,152
Use of goods and services	5	402,328,776	484,747,329
Subsidies	6	-	-
Transfers to Other Government Entities	7	-	-
Other grants and transfers	8	-	-
Social Security Benefits	9	-	-
Finance Costs	11	-	-
Other Payments	12	-	-
<b>Adjusted for:</b>			
Adjustments during the year	17	-	-
<b>Net cash flows from operating activities</b>		<b>47,943,714</b>	<b>4,149,251</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	-	-
<b>Net cash flows from investing activities</b>		<b>-</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
<b>Cash and cash equivalent at BEGINNING of the year</b>	13	<b>4,149,251</b>	<b>4,149,251</b>
<b>Cash and cash equivalent at END of the year</b>		<b>52,092,965</b>	<b>4,149,251</b>

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

\_\_\_\_\_  
Clerk of the Assembly  
Name:

\_\_\_\_\_  
Chief Finance Office – County Assembly  
Name:  
ICPAK Member Number

**TUPVANA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

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

<b>Receipt/Expense Item</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>% of Utilisation difference to final budget</b>
	Kshs	Kshs	c=a+b	e=d-c	Kshs
<b>RECEIPTS</b>					
Transfers from the County Treasury/Exchequer Releases	1,263,158,101	54,000,000	1,209,158,101	909,673,980	25
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	-	-
<b>TOTAL</b>	<b>1,263,158,101</b>	<b>54,000,000</b>	<b>1,209,158,101</b>	<b>909,673,980</b>	<b>25</b>
<b>PAYMENTS</b>					
Compensation of Employees	525,186,251	12,000,000	513,186,251	459,401,490	9
Use of goods and services	423,711,850	34,000,000	389,711,850	402,328,776	3
Subsidies	-	-	-	-	-
Transfers to Other Government Entities	-	-	-	-	-
Other grants and transfers	-	-	-	-	-
Social Security Benefits	-	-	-	-	-
Acquisition of Assets	-	-	306,260,000.00	-	-
Finance Costs	-	-	-	-	-

**TURKANA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

Other Payments	-	-	-	-	-
<b>TOTAL</b>	<b>948,898,101</b>	<b>46,000,000</b>	<b>1,209,158,101</b>	<b>861,730,266</b>	-
SURPLUS/ DEFICIT				<b>47,943,714</b>	

(NB: the total under actual on comparable basis should be the same as the totals under the statement of receipts and payments, where the two statements are not in agreement, a reconciliation of these two statements should be prepared as required under IPSAS and presented hereunder)

*[Provide below a commentary on significant underutilization (below 10% of utilization) and any overutilization]*

- (a) n/a
- (b) n/a
- (c) n/a
- (d) n/a
- (e) n/a
- (f) n/a

*(Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23) .Where the result of the statement of receipts and payments is a deficit, the Assembly should explain how the deficit was funded.*

The entity financial statements were approved on \_\_\_\_\_ 2017 and signed by:

\_\_\_\_\_  
 Clerk of the Assembly  
 Name:

\_\_\_\_\_  
 Chief Finance Office – County Assembly  
 Name:  
 ICPAK Member Number:

**TUPVANA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

**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	948,898,100.70	46,000,000.00	902,898,100.70	763,428,475	15
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	146,245,505	0
<b>TOTAL</b>	<b>948,898,100.70</b>	<b>46,000,000.00</b>	<b>902,898,100.70</b>	<b>909,673,980</b>	<b>-1</b>
<b>PAYMENTS</b>					
Compensation of Employees	525,186,251	12,000,000	513,186,251	459,401,490	10
Use of goods and services	423,711,850	34,000,000	389,711,850	402,328,776	-3
Subsidies	-	-	-	-	-
Transfers to Other Government Entities	-	-	-	-	-
Other grants and transfers	-	-	-	-	-
Social Security Benefits	-	-	-	-	-
Acquisition of Assets	-	-	-	-	-
Finance Costs	-	-	-	-	-
Other Payments	-	-	-	-	-
<b>TOTAL</b>	<b>948,898,101</b>	<b>46,000,000</b>	<b>902,898,101</b>	<b>861,730,266</b>	<b>-</b>



**TURKANA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

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*[Provide below a commentary on significant underutilization (below 10% of utilization) and any overutilization]*

- (a) N/A
- (b) N/A
- (c) N/A
- (d) N/A
- (e) N/A

*(Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23)*

The entity financial statements were approved on \_\_\_\_\_ 2017 and signed by:

\_\_\_\_\_  
Clerk of the Assembly  
Name:

\_\_\_\_\_  
Chief Finance Office – County Assembly  
Name:  
ICPAK Member Number:

**TUPUANA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

**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	314,260,000.00	8,000,000.00	306,260,000.00	0	0
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	314,260,000.00	8,000,000.00	306,260,000.00	0	0
Finance Costs	-	-	-	-	-
Other Payments	-	-	-	-	-
<b>TOTAL</b>	314,260,000.00	8,000,000.00	306,260,000.00	0	0
<b>SURPLUS/ DEFICIT</b>					

*[Provide below a commentary on significant underutilization (below 10% of utilization) and any overutilization]*

**TURKANA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

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- (a) N/A
- (b) N/A
- (c) N/A
- (d) N/A
- (e) N/A

*(Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23)*

The entity financial statements were approved on \_\_\_\_\_ 2017 and signed by:

\_\_\_\_\_  
Clerk of the Assembly  
Name:

\_\_\_\_\_  
Chief Finance Office – County Assembly  
Name:  
ICPAK Member Number:

**IX. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES**

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	20xx		20xx	Date, 20xx	
	Kshs	Kshs	Kshs	Kshs	Kshs
Programme 1					
Sub-programme 1					
Sub-programme 2					
Sub-programme 3					
Programme 2					
Sub-programme 1					
Sub-programme 2					
Sub-programme 3					

(NB: This statement is a disclosure statement indicating the utilisation in the same format at the County budgets which are programmatic)

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

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

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

### **2. Reporting entity**

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

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

#### **a) Recognition of receipts**

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

#### **Tax receipts**

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

#### **Transfers from the Exchequer/ County Treasury**

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

#### **Other Receipts**

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

**TURKANA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

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**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b) Recognition of payments**

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

**Compensation of employees**

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

**Use of goods and services**

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

**Acquisition of fixed assets**

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

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

**4. In-kind contributions**

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

**5. Cash and cash equivalents**

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

**Restriction on cash**

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

There were no restrictions on cash during the year

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**6. Accounts Receivable**

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

**7. Accounts Payable**

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

**8. Non-current assets**

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

**9. Pending bills**

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

**10. Budget**

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

**TURKANA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

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**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**11. Comparative figures**

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

**12. Subsequent events**

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

**13. Errors**

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

**14. Related party transactions**

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



**TURKANA COUNTY ASSEMBLY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

**XI. NOTES TO THE FINANCIAL STATEMENTS**

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

	<b>2016/17</b>	<b>2015/16</b>
	<b>Kshs</b>	<b>Kshs</b>
Transfers from the County Treasury for Q1	207,922,940	156,464,095
Transfers from the County Treasury for Q2	200,870,969	213,524,435
Transfers from the County Treasury for Q3	257,634,566	118,961,767
Transfers from the County Treasury for Q4	97,000,000	488,949,435
<b>Cumulative Amount</b>	<b>763,428,475</b>	<b>977,899,732</b>

(Where money is transferred to the County Assembly on a monthly basis, include the months instead of quarters. A detailed annex showing the reconciliation of transfers between the County Treasury and County Assembly is included in this report.)

**2 PROCEEDS FROM SALE OF ASSETS**

	<b>2016/17</b>	<b>2015/16</b>
	<b>Kshs</b>	<b>Kshs</b>
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>	<b>-</b>	<b>-</b>

**3 OTHER RECEIPTS**

	<b>2016/17</b>	<b>2015/16</b>
	<b>Kshs</b>	<b>Kshs</b>
Tender fees received	-	-
Other Receipts- Borrowings	146,245,505	-
Other Receipts III	-	-
Other Receipts IV	-	-
Other Receipts	-	-
<b>Total</b>	<b>146,245,505</b>	<b>-</b>

**Turkana County Assembly  
Reports and Financial Statements  
For the year ended June 30, 2017**

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**4 COMPENSATION OF EMPLOYEES**

	<b>2016/17</b>	<b>2015/16</b>
	<b>Kshs</b>	<b>Kshs</b>
Basic salaries of permanent employees	459,401,490	489,003,152
Basic wages of temporary employees		-
Rental House allowances paid as part of salary		-
Gross salary for MCAs		-
Personal allowances (Hardship and responsibility allowance)		-
Pension and other social security contributions		-
Members and staff Commuter and health Allowances		-
Members of County Assembly sitting allowance		-
MCAs Extra Commuter Allowance paid as part of Salaries		-
Other personnel payments		-
<b>Total</b>	<b>459,401,490</b>	<b>489,003,152</b>

(Provide detailed explanation with regard to the number of employees recruited by the Assembly, new employees and resignations. Explain what other personnel costs relate to)

**5 USE OF GOODS AND SERVICES**

	<b>2016/17</b>	<b>2015/16</b>
	<b>Kshs</b>	<b>Kshs</b>
Utilities, supplies and services	2,256,418.30	5,160,000
Communication, supplies and services	4,294,950	2,180,000
Domestic travel and subsistence	190,388,579	121,817,229
Foreign travel and subsistence	15,333,497	69,070,593
Printing, advertising and information supplies & services	5,095,436	14,151,986
Rentals of produced assets	0	8,100,000
Training expenses	10,866,595	51,649,987
Hospitality supplies and services	11,171,455	19,401,136
Insurance costs	23,771,634	90,769,492
Specialized materials and services	0	8,960,000
Office and general supplies and services	35,129,463	8,588,553
Other operating expenses	77,719,989	52,347,161
Fuel	13,603,920	
Routine maintenance – vehicles and other transport equipment	10,397,768	13,199,281
Routine maintenance – other assets	2,299,072	23,499,931
<b>Total</b>	<b>402,328,776</b>	<b>488,895,349</b>

**Turkana County Assembly  
Reports and Financial Statements  
For the year ended June 30, 2017**

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**6 SUBSIDIES**

<b>Description</b>	<b>2016/17</b>	<b>2015/16</b>
	<b>Kshs</b>	<b>Kshs</b>
Subsidies to County Corporations		
<i>See list attached</i>	-	-
(insert name)	-	-
Subsidies to Private Enterprises		
<i>See list attached</i>	-	-
(insert name)	-	-
<b>TOTAL</b>	-	-

(Provide explanations as to what subsidies relate to)

**7 TRANSFERS TO OTHER GOVERNMENT ENTITIES**

<b>Description</b>	<b>2016/17</b>	<b>2015/16</b>
	<b>Kshs</b>	<b>Kshs</b>
Transfers to National Government entities		
<i>See attached list</i>	-	-
Transfers to Counties		
(insert name of budget agency)	-	-
(insert name of budget agency)	-	-
<b>TOTAL</b>	-	-

(Explain what the transfers relate to and whether they are to be refunded by the institution referred to)

**Turkana County Assembly  
Reports and Financial Statements  
For the year ended June 30, 2017**

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**8 OTHER GRANTS AND TRANSFERS**

	<b>2016/17</b>	<b>2015/16</b>
	<b>Kshs</b>	<b>Kshs</b>
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>	-	-

(Give explanations on what other grants and transfers relate to and who the beneficiaries are)

**9 SOCIAL SECURITY BENEFITS**

	<b>2016/17</b>	<b>2015/16</b>
	<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>	-	-

(Give explanations and distinguish between NSSF benefits and contributions made to other entities on behalf of staff.)

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**10 ACQUISITION OF ASSETS**

<b>Non Financial Assets</b>	<b>2016/17</b>	<b>2015/16</b>
	<b>Kshs</b>	<b>Kshs</b>
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Construction of Roads	-	-
Construction and Civil Works	-	-
Overhaul and Refurbishment of Construction and Civil Works	-	-
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialised Plant, Equipment and Machinery	-	-
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	-	-
<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>	-	-

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**11 FINANCE COSTS**

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

(Provide detailed explanation on finance costs and whether they relate to borrowings on bank overdraft)

**12 OTHER PAYMENTS**

	<b>2016/17</b>	<b>2015/16</b>
	<b>Kshs</b>	<b>Kshs</b>
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>	-	-

(Provide detailed explanations for other payments)

**13 A BANK ACCOUNTS**

<b>Name of Bank, Account No. &amp; Currency</b>	<b>Indicated whether recurrent or development</b>	<b>2016/17</b>	<b>2015/16</b>
		<b>Kshs</b>	<b>Kshs</b>
N/A	CRF Acc	-	-
N/A	Development Acc	-	-
Central bank of Kenya, A/c 1000244248, KES	Recurrent Acc	41,535,813	7,338
N/A	Deposits Acc	-	-
Kenya Commercial Bank A/c 1148594596, KES	Commercial Bank Accs.	86	-
<b>Total</b>		<b>41,535,899</b>	<b>7,338</b>

(NB: all bank accounts operated by the County Assembly should be included in this note.)

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**13 B CASH IN HAND**

	<b>2016/17</b>	<b>2015/16</b>
	<b>Kshs</b>	<b>Kshs</b>
Cash in Hand – Held in domestic currency	-	-
Cash in Hand – Held in foreign currency	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**13 C Cash in hand should be analysed as follows:**

	<b>2016/17</b>	<b>2015/16</b>
	<b>Kshs</b>	<b>Kshs</b>
Location 1	-	-
Location 2	-	-
Location 3	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

(Provide locations where cash in hand is held e.g head office, cashier's office, cash office etc)

**14 ACCOUNTS RECEIVABLE**

	<b>2016/17</b>	<b>2015/16</b>
	<b>Kshs</b>	<b>Kshs</b>
Government Imprests	10,557,066	4,141,913
Clearance Accounts	-	-
Staff Advances	-	-
Other Advances	-	-
<b>Total</b>	<b>-</b>	<b>4,141,913</b>

*\*See Annex 6 for a detailed analysis of the outstanding imprests.*

**15 ACCOUNTS PAYABLE**

	<b>2016/17</b>	<b>2015/16</b>
	<b>Kshs</b>	<b>Kshs</b>
Borrowings from Car loan and Mortgage	100,000,000	-
Borrowings from Turkana County Executive	46,245,505	-
<b>Total</b>	<b>146,245,505</b>	<b>-</b>

(NB: Amount under deposits and retentions should tie to cash held in deposit account)

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**16 FUND BALANCE BROUGHT FORWARD**

	<b>2016/17</b>	<b>2015/16</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts	Xxx	Xxx
Cash in hand	Xxx	Xxx
Accounts Receivables	Xxx	Xxx
Accounts Payables	Xxx	Xxx
<b>Total</b>	<b>Xxx</b>	<b>Xxx</b>

**17 PRIOR YEAR ADJUSTMENT**

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

(Explain whether the prior year relates to errors noted in prior year, changes in estimates or accounting policy.)



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**DISCLOSURE NOTES**

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

	<b>2016/17</b>	<b>2015/16</b>
	<b>Kshs</b>	<b>Kshs</b>
Construction of buildings	Xxx	xxx
Construction of civil works	Xxx	xxx
Supply of goods	Xxx	xxx
Supply of services	Xxx	xxx
<b>Total</b>	<b>Xxx</b>	<b>xxx</b>

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

	<b>2016/17</b>	<b>2015/16</b>
<b>Name of Staff</b>	<b>Kshs</b>	<b>Kshs</b>
Xxx	Xxx	xxx
Xxx	Xxx	xxx
<b>Total</b>	<b>Xxx</b>	<b>xxx</b>

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

	<b>2016/17</b>	<b>2015/16</b>
	<b>Kshs</b>	<b>Kshs</b>
Amounts due to National Government entities	Xxx	xxx
Amounts due to County Government entities	Xxx	xxx
Amounts due to third parties	Xxx	xxx
<b>Total</b>	<b>Xxx</b>	<b>xxx</b>

**19 RELATED PARTY DISCLOSURES**

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

The following comprise of related parties to the County Assembly.

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

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**Related party transactions:**

	<b>2016/2017</b>	<b>2015/2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Compensation to the MCAs	xxx	xxx
Key Management compensation	xxx	xxx
	=====	=====
Transfers from the County Treasury	xxx	xxx
Transfers to/ from other County Government entities	xxx	xxx
Transfers to/ from County Ministries and Departments	xxx	xxx
Payments made in favour of other related parties	xxx	xxx
Payments made by related parties on behalf of Assembly	xxx	xxx
	=====	=====

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**XII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

Clerk of the County Assembly  
 Sign.....  
 Date.....

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

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

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**XIV. 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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**XV. ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES**

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2017	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.	Borrowing Turkana County Executive	46,245,505		0.00		46,245,505	
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.	Borrowing from Car Loan and Mortgage Scheme	100,000,000		0.00		100,000,000	
11.							
12.							
	<b>Sub-Total</b>						
	<b>Grand Total</b>					<b>146,245,505</b>	

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

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

NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the County Assembly since its inception. Additions during the year should tie to note 10 on acquisition of assets during the year and subsequently the statement of receipts and payments

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**XVII. ANNEX 5 – ANALYSIS OF OUTSTANDING IMPREST**

***Government Imprest Holders***

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>Name of Officer or Institution</i>	dd/mm/yy	xxx	xxx	Xxx
<i>Name of Officer or Institution</i>	dd/mm/yy	xxx	xxx	Xxx
<i>Name of Officer or Institution</i>	dd/mm/yy	xxx	xxx	Xxx
<i>Name of Officer or Institution</i>	dd/mm/yy	xxx	xxx	Xxx
<i>Name of Officer or Institution</i>	dd/mm/yy	xxx	xxx	Xxx
<i>Name of Officer or Institution</i>	dd/mm/yy	xxx	xxx	Xxx
<b>Total</b>				<b>Xxx</b>



**XVIII. ANNEX 6 – BANK RECONCILIATION/FO 30 REPORT**

*(Attach FO 30 Report from IFMIS)*