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KENYA NATIONAL AUDIT OFFICE

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
COUNTY GOVERNMENT OF ISIOLO

FOR THE SIXTEEN (16) MONTHS
PERIOD ENDED 30 JUNE 2014

*Paper laid by the Chairman of
the Select Committee on County
Public Accounts and Investments
(Sen. Khawari) on 14/10/2015*

[Signature]



REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-Mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON ISIOLO COUNTY GOVERNMENT FOR THE SIXTEEN (16) MONTHS PERIOD ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Isiolo County Government set out on pages 8 to 22, which comprise the statement of assets and liabilities as at 30 June 2014, and the statement of receipts and payments, statement of cash flows, summary statements of appropriation for the period 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.

Management's Responsibility for the Financial Statements

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

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 4(4) of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Article 229 (7) of the Constitution of Kenya, 2010. The audit was conducted in accordance with International Standards on Auditing. 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 assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County Government'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.

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

1. Non Submission of Separate Financial Statements

The County Government of Isiolo did not prepare and submit for audit separate annual financial statements in respect of the County Executive and the County Assembly as required by section 163. (1) of the Public Finance Management Act, 2012. Although, the County Treasury prepared combined financial statements for the County Government, no separate financial statements were prepared for the County Executive and County Assembly. It was therefore, not clear how the balances reflected in the consolidated financial statements were determined.

In the circumstances, the County Treasury of Isiolo did not comply with the provisions of the Public Finance Management Act, 2012.

2. Accuracy and completeness of the Financial Statements

The County Government also did not prepare a trial balance which is a pre-requisite to the preparation of financial statements, thus casting doubt on the accuracy and completeness of the financial statements for the sixteen months period ended 30 June 2014. Further, the opening balances of Kshs.5.9 million in respect of 2012/2013 were not supported.

As a result, the validity, accuracy and completeness of the financial statements for the sixteen months period ended 30 June 2014 could not be ascertained.

3. Budgetary Control and Performance

During the year 2013/2014, the County had an approved budget of Kshs.2.78 billion composed of Kshs.1.74 billion for recurrent and Kshs.1.04 billion for development. Further, the annual revenue for the County Government was projected at Kshs.2.78 billion comprising of Kshs.2.4 billion from the national equitable share, Kshs.360 million from local revenue sources and Kshs.5.9 million as balance brought forward from the previous year 2012/2013.

However, records made available for audit indicated that the County Government received Kshs.2.2 billion as the national equitable share and collected Kshs.125 million from the local revenue sources. This resulted in an under collection of Kshs.235 Million from the local revenue sources. In addition, the County Government spent Kshs.1.74 billion from the Kshs.2.2 billion received, resulting in an under absorption of Kshs.0.46 billion. Reasons for the under absorption of funds allocated were not explained.

4. Cost Sharing Revenue

During the period under review, the County Government of Isiolo had not taken over the cost sharing revenue at the Isiolo District Hospital as expected, although a total of Kshs.25,943,982 was collected and spent by the hospital. In the circumstance, the County Revenue for the period is understated by the above amount not recognized in the County Government financial statements.

5. Non-Current Assets

The County Government did not maintain a fixed assets register and it was still relying on the Fixed Asset Register that was used by the defunct Isiolo County Council which was not complete or accurate. The value of the fixed assets of the defunct local authority as at 28 February 2013 amounted to Kshs.14, 155,106,914 as per the last audited accounts. Further, the assets acquired by the County Government valued at Kshs.567,607,410 had not been recorded in the fixed assets register as at 30 June 2014. In addition, the verified, validated and audited assets and liabilities of the defunct local authorities have not been handed over by the Transition Authority and incorporated in the County Government fixed assets register.

No explanation was given for failure to maintain an updated fixed assets register which is complete and incorporates assets of the defunct local authorities.

6. Creditors and Pending Accounts Payables

The County Government did not maintain any record of creditors such as creditor's ledger or register. Further, the statement of assets and liabilities as at 28 February 2013 prepared by the defunct Isiolo County Council reflected creditors totaling Kshs.165,878,929 but by 30 June 2014, the creditor's balances had decreased to Kshs.147,033,156 as per the schedules made available for audit. However, the County Government has only disclosed Kshs.84, 072,170 (Note 10) as payable for the period ended 30 June 2014. No records have been provided for audit review to show how payables totaling Kshs.81, 806,759 were settled.

In the circumstance, it has not possible to ascertain the correctness and accuracy of the payables balance of Kshs.84,072,170.

7. Accounts Receivables

The accounts receivables balances of Kshs.62,960,986 (Note 11) as at 30 June 2014 were as per LAIFOM schedule made available for audit in respect of outstanding plot rent and rates. It was however observed that:-

- i. The County Government did not age its accounts receivables.
- ii. There were no demand notes (or Invoices) issued to debtors.
- iii. The County Government does not have any credit policy for debtors.

In the circumstances, it has not been possible to confirm the accuracy and recoverability of the accounts receivables balance of Kshs.62,960,986.

8. Un-vouched Expenditure

An expenditure totaling Kshs.166,046,039 incurred by the County Executive was not examined as the records relating to the expenditure were collected by the Ethics and Anti-Corruption Commission for investigations on 20 August and 21 August 2014 and 18 September and 26 September 2014. The records had not been returned as at the time of audit in February 2015.

Consequently, the propriety of the expenditure of Kshs.166,046,039 as at 30 June 2014 could not be confirmed.

9. Foreign Travel and Accommodation Allowances

Included in the use of Goods and Services balance of Kshs.647,181,566 as at 30 June 2014, is an amount of Kshs.27,706,367 for foreign travel and subsistence. However, no documents were provided for audit verification to show the countries visited and the benefits obtained from the visits. Further, no reports from such trips were tabled in the County Assembly by those who made the trips.

In the circumstances, the benefits from such trips and the value for money of the expenditure of Kshs.27,706,367 could not be ascertained.

10. Seminars and Workshops

The County Government spent Kshs.1,208,800 on tuition fees for six officers without complying with relevant Government regulations. Further, there was no training policy in place or a training committee that could establish the training needs of the County staff. Under the circumstances, it was not possible to ascertain the propriety of the training expenses of Kshs.1,208,800 as a proper charge to public funds.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

Emphasis of Matter

I draw your attention to the following financial improprieties observed during the audit of the sixteen months period ended 30 June 2014:-

(i) Emergency Fund

The County Government of Isiolo did not establish an emergency fund as provided under the Public Finance Management (PFM) Act, 2012. In the circumstance, the County budget did not meet the requirements of the PFM Act.

(iii) Staff Establishment

The County Government carried out a staff recruitment without an established and approved staff establishment. Consequently, it was difficult to establish the adequacy, appropriateness, existence and the necessity to fill the vacancies or the possible staff progression.

(iv) Audit Committee

The County Government did not establish an Audit Committee as required by the Public Finance Management Act, 2012. During the period, it was therefore operating contrary to the requirements of the Act.

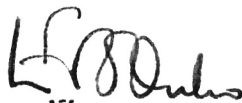
My opinion is however not qualified in respect of these matters.

Other Matter

Revenue

The County had targeted to raise Kshs.360,000,000 from local sources in the financial year ended 30 June 2014. However, only Kshs.125 million or 31.3 per cent of the annual local revenue was realized. The failure to meet the set target was attributed to reduced tourist numbers leading to a collection of Kshs.84,772,849 from the parks against a budget of Kshs.210,000,000.

No efforts appear to have been made to enhance local revenue collection. My opinion is not qualified in respect of this matter.



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

Nairobi

10 August 2015

KENYA NATIONAL AUDIT OFFICE
EMBU A/C/B

04 JUN 2015

Tel: 068 - 30260

P. O. BOX 113, EMBU



ISIOLG COUNTY GOVERNMENT

REPORTS AND FINANCIAL STATEMENTS

FOR THE SIXTEEN MONTHS ENDED

JUNE 30, 2014

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



ISIOLO COUNTY GOVERNMENT

Reports and Financial Statements

For the Sixteen Months ended June 30, 2014 (Kshs)

Table of Content

Page

I. KEY ENTITY INFORMATION AND MANAGEMENT	1
II. FORWARD BY THE CEC FINANCE AND ECONOMIC PLANNING	3
III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES	4
IV. REPORT OF THE INDEPENDENT AUDITORSON THEISIOLO COUNTY GOVERNMENT	6
V. STATEMENT OF RECEIPTS AND PAYMENTS	8
VI. STATEMENT OFFINANCIAL ASSETS AND LIABILITIES	9
VII. STATEMENT OF CASHFLOW	10
VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED	11
IX. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT	12
X. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT	13
XI. SUMMARY STATEMENT OF PROVISIONINGS	14
XII. SIGNIFICANT ACCOUNTING POLICIES	15
XIII. NOTES TO THE FINANCIAL STATEMENTS	17



I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Key Management

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

- The executive
- County Assembly;and
- The public service board

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2014 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	County Secretary	Ibrahim Wako Boru
2	CEC Finance and Economic Planning	Asha Abdi
3	Accounting Officer	Ali WarioSarite

(d) Entity Headquarters

P.O. Box 36-60300
County Government offices Building
Hospital Road
Isiolo, KENYA

(e) Entity Contacts

Telephone:(254)
E-mail:info.isiolo.go.ke
Website: www.isiolo.go.ke

ISIOLO COUNTY GOVERNMENT

Reports and Financial Statements

For the Sixteen Months ended June 30, 2014 (Kshs)

(f) Entity Bankers

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

(g) Independent Auditors

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

(h) Principal Legal Adviser

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

ISILOLO COUNTY GOVERNMENT

Reports and Financial Statements

For the Sixteen Months ended June 30, 2014 (Kshs)

II. FORWARD BY THE CEC FINANCE AND ECONOMIC PLANNING

Isiolo County Government total allocation in the Financial year 2013/2014 for both Recurrent and Development votes was Kshs. 2,596,731,401 where a total expenditure of Kshs. 2,142,767,302 was realized being 82.5% utilization.

Recurrent Allocation for the financial year was Kshs. 1,740,684,871 where a total expenditure of Kshs. 1,648,517,505 thus the utilization level was 94.7%; the Development Vote on the other hand had an allocation of Kshs. 856,046,530 with an expenditure of Kshs. 361,796,733 making a 46% utilization.

The Revenue allocation for the period was Kshs. 360,000,000, however, the total collection was Kshs. 125,062,068 which translated to 35%. The poor performance in the collection was brought about by the Global economic crunch as well the insecurity concerns in the country which reduced the number of tourists visiting our park. The other factor was expected revenue from the Devolved National Government sectors performed dismally due to delay in the restructuring process.

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

Isiolo Town has also benefited with street lights and construction of car parks which will be a source of improved revenue collection stream.

The challenges that the County encountered were the Release of funds from the National Government as some funds were released as late as 30th June 2014. The County also delayed in the employment of key staff like the Sector Chief Officers who were meant to execute the Sectorial projects.



Sign

Asha Abdi

CEC Finance and Economic Planning

Isiolo County Government

ISILOLO COUNTY GOVERNMENT

Reports and Financial Statements

For the Sixteen Months ended June 30, 2014 (Kshs)

III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

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

The Accounting Officer in charge of the Isiolo County Government is responsible for the preparation and presentation of the Isiolo County Government financial statements, which give a true and fair view of the state of affairs of the Isiolo County Government for and as at the end of the financial year (period) ended on June 30, 2014. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Isiolo County Government (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the Isiolo County Government accepts responsibility for the Isiolo County Government financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2014, and of the Isiolo County Government financial position as at that date. The Accounting Officer in charge of the Isiolo County Government further confirms the completeness of the accounting records maintained for the Isiolo County Government which have been relied upon in the preparation of the Isiolo County Government financial statements as well as the adequacy of the systems of internal financial control.

ISIOLO COUNTY GOVERNMENT

Reports and Financial Statements

For the Sixteen Months ended June 30, 2014 (Kshs)

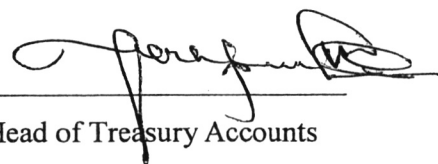
The Accounting Officer incharge of the Isiolo County Government confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible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

Approval of the financial statements

The Isiolo County Government financial statements were approved and signed by the Accounting Officer on 23/4/ 2015.



Chief Officer



Head of Treasury Accounts

ISIOLO COUNTY GOVERNMENT

Reports and Financial Statements

For the Sixteen Months ended June 30, 2014 (Kshs)

IV. REPORT OF THE INDEPENDENT AUDITORSON THEISIOLO COUNTY GOVERNMENT

We have audited the accompanying (consolidated) financial statements of Isiolo county Government for the year ended June 30, 2014, which comprise: (i)a statement of receipts and payments; (ii) a statement of financial assets and liabilities; (iii) a statement of comparative budget and actual amounts; (iv) a statement of pending bills as at June 30, 2014; and (v) a summary of significant accounting policies and other explanatory information.

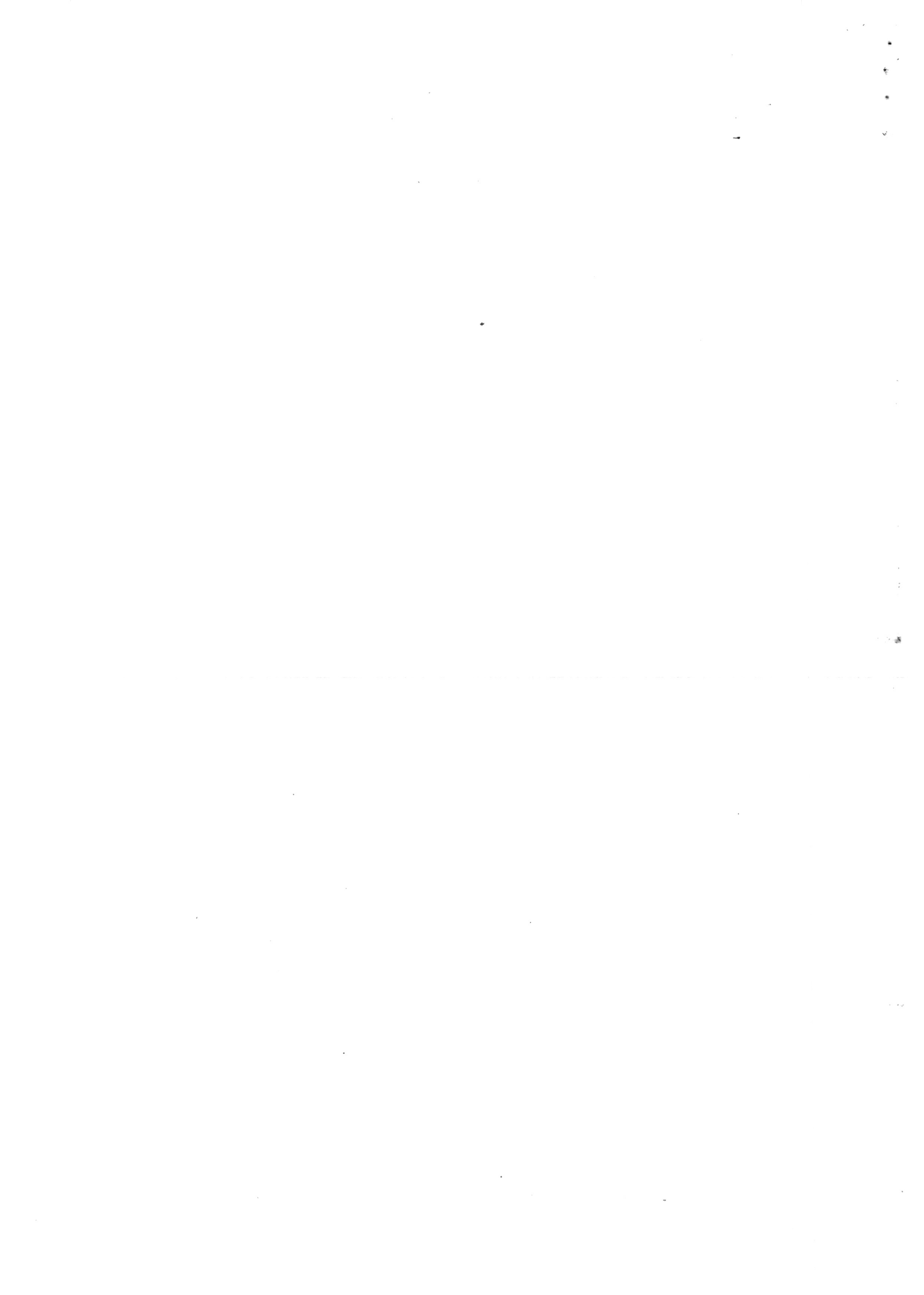
Management’s responsibility for the financial statements

The Isiolo County Government’sManagement is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit 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 auditors’ judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Isiolo County Government’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 entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used



ISIOLO COUNTY GOVERNMENT

Reports and Financial Statements

For the Sixteen Months ended June 30, 2014 (Kshs)

and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at June 30, 2014, and its receipts and payments, as well as cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Auditor General

Date

ISIOLO COUNTY GOVERNMENT

Reports and Financial Statements

For the Sixteen Months ended June 30, 2014 (Kshs)

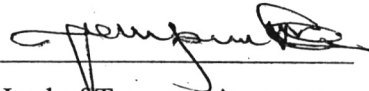
V. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2013-2014 Kshs
RECEIPTS		
Tax Revenues	1	16,208,923
Transfers from National Treasury	2	2,275,852,030
Transfers from Other Government Entities	3	61,685,200
Other Revenues	4	131,200,377
TOTAL REVENUES		2,484,946,530
PAYMENTS		
Compensation of Employees	5	791,805,606
Use of goods and services	6	647,181,566
Other grants and transfers	7	140,667,742
Acquisition of Assets	8	567,607,410
TOTAL PAYMENTS		2,147,262,324
SURPLUS/DEFICIT		337,684,206

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 23/4/ 2015 and signed by:



Chief Officer



Head of Treasury Accounts

ISIOLO COUNTY GOVERNMENT


Reports and Financial Statements

For the Sixteen Months ended June 30, 2014 (Kshs)

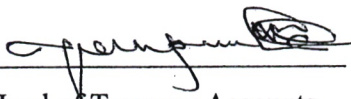
VI. STATEMENT OFFINANCIAL ASSETS AND LIABILITIES

	Note	2013-2014 Kshs
FINANCIAL ASSETS		
Cash and Cash Equivalent		
Bank Balances	9	337,681,422
Cash Balances	9	2,784
TOTAL FINANCIAL ASSETS		337,684,206
REPRESENTED BY		
Surplus/Deficit for the year		337,684,206
NET FINANCIAL POSSITION		337,684,206

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 23/4/15 2015 and signed by:



Chief Officer- Finance



Head of Treasury Accounts

ISIOLO COUNTY GOVERNMENT


Reports and Financial Statements

For the Sixteen Months ended June 30, 2014 (Kshs)

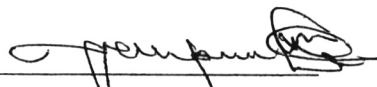
VII. STATEMENT OF CASHFLOW

	Note	2013 – 2014 Kshs
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts for operating income		
Tax Revenues	1	16,208,923
Transfers from National Treasury	2	2,275,852,030
Transfers from Other Government Entities	3	61,685,200
Other Revenues	4	131,200,377
Payments for operating expenses		
Compensation of Employees	5	- 791,805,606
Use of goods and services	6	- 647,181,566
Other grants and transfers	7	- 140,667,742
Adjusted for:		
Adjustments during the year		
Net cashflow from operating activities		905,291,616
CASHFLOW FROM INVESTING ACTIVITIES		
Acquisition of Assets	8	- 567,607,410
Net cash flows from Investing Activities		- 567,607,410
NET INCREASE IN CASH AND CASH EQUIVALENT		
Cash and cash equivalent at BEGINNING of the year		-
Cash and cash equivalent at END of the year	9	337,684,206

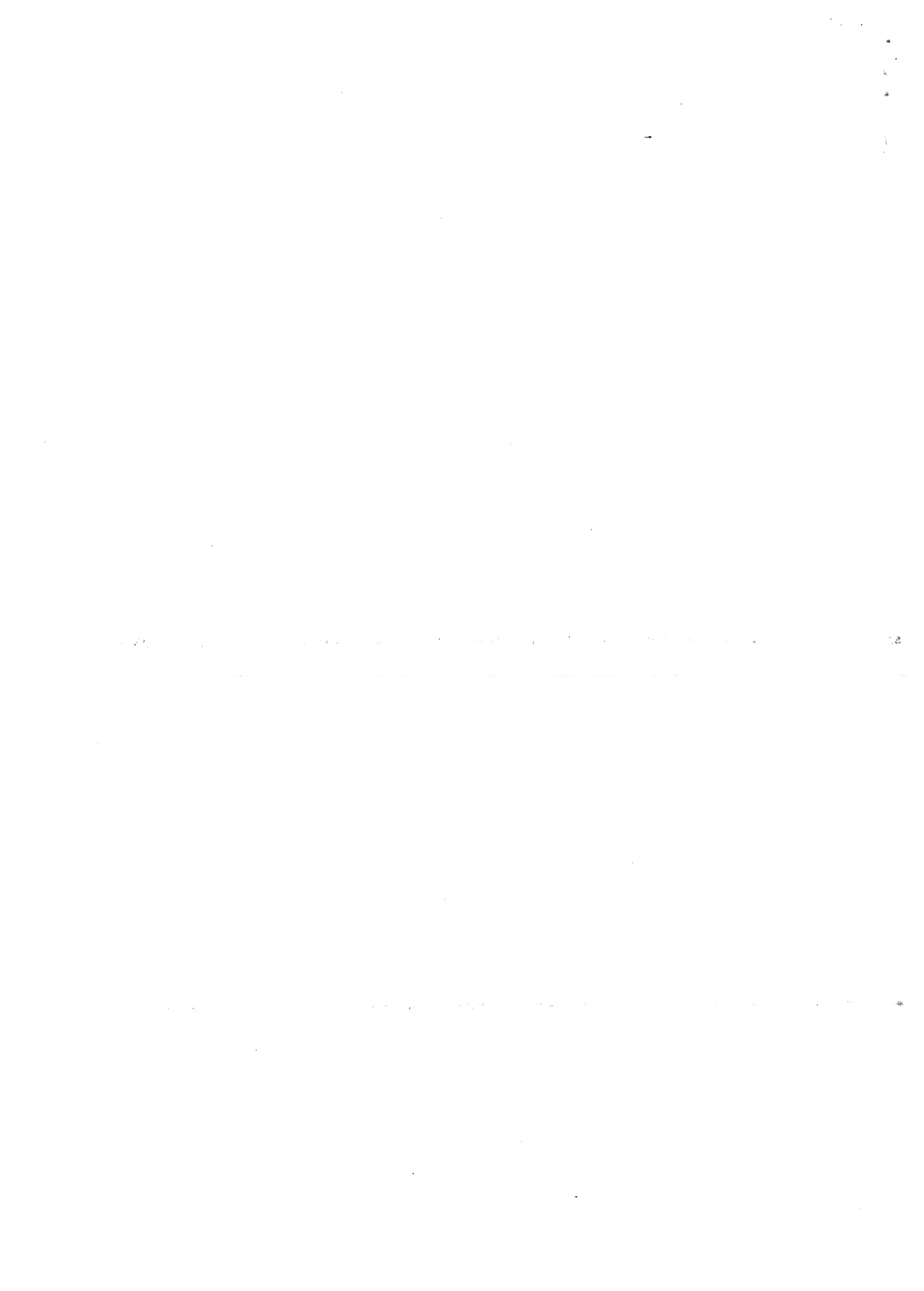
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Chief Officer- Finance




Head of Treasury Accounts

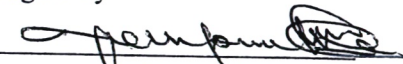


VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Code	Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
		a	b	c=a+b	d	e=c-d	f=d/c %
	RECEIPTS						
11	Tax Receipts	89,700,000	-	89,700,000	16,208,923	73,491,077	0.180701483
9910301	Exchequer releases	3,241,191,751	644,460,350	2,596,731,401	2,275,852,030	320,879,371	0.876429510
133	Transfers from Other Government Entities	75,092,200	-	75,092,200	61,685,200	13,407,000	0.821459486
14	Other Receipts	256,800,000	-	256,800,000	131,200,377	125,599,623	0.510904895
	TOTAL RECEIPTS	3,662,783,951	644,460,350	3,018,323,601	2,484,946,530	533,377,071	
	PAYMENTS						
21	Compensation of Employees	587,123,134	270,404,560	857,527,694	791,805,606	65,722,088	0.923358641
22	Use of goods and services	743,519,600	24,446,601	767,966,201	647,181,566	120,784,635	0.842721418
261/2/4	Other grants and transfers	90,000,000	51,362,582	141,362,582	140,667,742	694,840	0.995084696
30&40	Acquisition of Assets	2,078,388,640	990,674,093	1,087,714,547	567,607,410	520,109,137	0.521848980
28	Total Payments	3,499,031,374	644,460,350	2,854,571,024	2,147,262,324	707,308,700	0.752218817
	SURPLUS/DEFICIT	163,752,577	-	163,752,577	337,684,206	173,931,629	2.062161171

The entity financial statements were approved on 23/4/2015 and signed by


 Chief Officer


 Head of Treasury Accounts

ISILOLO COUNTY GOVERNMENT

Reports and Financial Statements

For the Sixteen Months ended June 30, 2014 (Kshs)

IX. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Code	Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
		a	b	c=a+b	d	e=c-d	f=d/c %
	RECEIPTS						
11	Tax Receipts	89,700,000	-	89,700,000	16,208,923	73,491,077	0.180701483
9910301	Exchequer releases	1,524,567,251	216,117,620	1,740,684,871	1,561,852,030	178,832,841	0.897262943
133	Transfers from Other Government Entities	13,500,000	-	13,500,000	93,000	13,407,000	0.006888889
14	Other Receipts	256,800,000	-	256,800,000	131,200,377	125,599,623	0.510904895
	TOTAL RECEIPTS	1,884,567,251	216,117,620	2,100,684,871	1,709,354,330	391,330,541	0.811573088
	PAYMENTS						
21	Compensation of Employees	587,123,134	269,404,560	856,527,694	791,581,760	64,945,934	0.924175325
22	Use of goods and services	743,519,600	14,253,399	729,266,201	617,004,314	112,261,887	0.846061854
261/2/4	Other grants and transfers	90,000,000	60,000,000	30,000,000	29,305,160	694,840	0.976838667
30&40	Acquisition of Assets	361,764,140	20,966,459	382,730,599	215,112,747	167,617,852	0.562047423
	TOTAL PAYMENTS	1,782,406,874	216,117,620	1,998,524,494	1,653,003,981	345,520,513	0.824867301
	SURPLUS / DEFICIT	102,160,377	-	102,160,377	56,350,349	45,810,028	0.551503476

The entity financial statements were approved on 23/4/ 2015 and signed by:

Chief Officer

Head of Treasury Accounts

ISIOLO COUNTY GOVERNMENT


Reports and Financial Statements

For the Sixteen Months ended June 30, 2014 (Kshs)

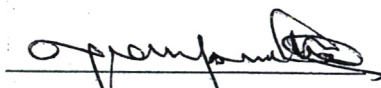
X. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Code	Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
		a	b	c=a+b	d	e=c-d	f=d/c %
	RECEIPTS						
9910301	Exchequer releases	1,716,624,500	860,577,970	856,046,530	714,000,000	142,046,530	0.834066812
133	Transfers from Other Government Entities		61,592,200	61,592,200	61,592,200	-	1
	TOTAL RECEIPTS	1,716,624,500	798,985,770	917,638,730	775,592,200	142,046,530	0.8452043
	PAYMENTS						
21	Compensation of Employees	-	1,000,000	1,000,000	217,300	782,700	0.2173
22	Use of goods and services	-	38,700,000	38,700,000	30,177,252	8,522,748	0.779773953
261/2/4	Other grants and transfers	-	111,362,582	111,362,582	111,362,582	-	1
30&40	Acquisition of Assets	1,716,624,500	1,011,640,552	704,983,948	352,494,663	352,489,285	0.500000977
28	TOTAL PAYMENTS	1,716,624,500	860,577,970	856,046,530	494,251,797	361,794,733	0.577363239
	SURPLUS /DEFICIT	-	61,592,200	61,592,200	281,340,403	219,748,203	4.567825195

The entity financial statements were approved on 23/4/15 2015 and signed by:



 Chief Officer



 Head of Treasury Accounts

ISIOLO COUNTY GOVERNMENT

Reports and Financial Statements

For the Sixteen Months ended June 30, 2014 (Kshs)

XI. SUMMARY STATEMENT OF PROVISIONINGS

- Details of General Accounts On Vote

	2013 - 2014
	Kshs
Exchequer	2,596,731,401
Expenditure	-2,147,262,324
Under collection	-182,129,552
under issues	-93,869,454
Total	173,470,071

- Details of Exchequer Account

	2013 - 2014
	Kshs
GAV	2,596,731,401
Exchequer releases	-2,275,852,030
Revenue collection	-147,409,300
Total	173,470,071

XII. 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. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the *entity* and all values are rounded to the nearest thousand (Kshs'000). 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. The cash basis of accounting recognises transactions and events only when cash is received or paid by the County.

2. Recognition of revenue and expenses

The County recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the County. In addition, the County recognises all expenses when the event occurs and the related cash has actually been paid out by the County.

3. In-kind contributions

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

ISIOLO COUNTY GOVERNMENT

Reports and Financial Statements

For the Sixteen Months ended June 30, 2014 (Kshs)

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

5. 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 recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the County at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

6. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County'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 County's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

7. Comparative figures

There are no comparative figures as this is the first year of operation and reporting.

8. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2014.

ISIOLO COUNTY GOVERNMENT

Reports and Financial Statements

For the Sixteen Months ended June 30, 2014 (Kshs)

XIII. NOTES TO THE FINANCIAL STATEMENTS

1 TAX RECEIPTS

2013-2014

	Kshs
Taxes on Property	9,146,253
Taxes on Goods and Services	7,062,670
Total	16,208,923

2 EXCHQUER RELEASES

Description and reference of the transfer	2013 - 2014
	Kshs
1st quarter transfer	102,775,000
2nd quarter transfer	290,000,000
3rd quarter transfer	678,077,030
4th quarter transfer	1,205,000,000
Total	2,275,852,030

3 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2013 - 2014
	Kshs
Transfers from National Government entities	
Revenue from devolved functions	93,000
Transition Authority	61,592,200
TOTAL	61,685,200

ISIOLO COUNTY GOVERNMENT

Reports and Financial Statements

For the Sixteen Months ended June 30, 2014 (Kshs)

4 OTHER RECEIPTS

	2013 - 2014
	Kshs
Receipts from Administrative Fees and Charges	128,216,546
Revenue in Consolidated Bank	2,978,831
Fines Penalties and Forfeitures	<u>5,000</u>
Total	<u>131,200,377</u>

5 COMPENSATION OF EMPLOYEES

	2013 - 2014
	Kshs
Basic salaries of permanent employees	656,308,042
Basic wages of temporary employees	20,492,416
Personal allowances paid as part of salary	103,511,066
Personal allowances paid as reimbursements	<u>2,292,015</u>
Pension and other social security contributions	<u>9,202,067</u>
Total	<u>791,805,606</u>

ISIOLO COUNTY GOVERNMENT

Reports and Financial Statements

For the Sixteen Months ended June 30, 2014 (Kshs)

6 USE OF GOODS AND SERVICES

	2013 - 2014
	Kshs
Utilities, supplies and services	13,230,271
Communication, supplies and services	13,290,544
Domestic travel and subsistence	125,388,303
Foreign travel and subsistence	27,706,367
Printing, advertising and information supplies & services	65,662,697
Rentals of produced assets	17,461,370
Training expenses	22,928,768
Hospitality supplies and services	64,478,346
Insurance costs	33,535,927
Specialised materials and services	44,798,884
Office and general supplies and services	29,119,758
Fuel Oil and Lubricants	61,978,492
Other operating expenses	71,254,110
Routine maintenance – vehicles and other transport equipment	24,402,273
Routine maintenance – other assets	31,945,456
Total	647,181,566



ISIOLO COUNTY GOVERNMENT

Reports and Financial Statements

For the Sixteen Months ended June 30, 2014 (Kshs)

7 OTHER GRANTS AND OTHER PAYMENTS

	2013 - 2014
	Kshs
Scholarships and other educational benefits	9,996,450
Emergency relief and refugee assistance	120,691,792
Other current transfers, grants	9,979,500
Total	140,667,742

8 ACQUISITION OF ASSETS

	2013 - 2014
	Kshs
<u>Non Financial Assets</u>	
Construction of Buildings	4,427,508
Refurbishment of Buildings	24,417,482
Overhaul and Refurbishment of Construction and Civil Works	33,596,029
Purchase of Vehicles and Other Transport Equipment	182,889,596
Overhaul of Vehicles and Other Transport Equipment	7,953,544
Purchase of Office Furniture and General Equipment	54,150,190
Purchase of Specialised Plant, Equipment and Machinery	24,134,370
Purchase of Certified Seeds, Breeding Stock and Live Animals	3,815,395
Research, Studies, Project Preparation, Design & Supervision	20,878,693
Rehabilitation of Civil Works	211,344,603
Total	567,607,410

ISIOLO COUNTY GOVERNMENT

Reports and Financial Statements

For the Sixteen Months ended June 30, 2014 (Kshs)

9 A: Bank Accounts

Name of Bank, Account No. & currency	2013 - 2014 Kshs
KCB	2,589,430
RECURRENT	763,110
DEVELOPMENT	319,973,583
REVENUE	11,376,468
CONSOLIDATED BANK	<u>2,978,831</u>
Total	<u>337,681,422</u>

9 B: CASH IN HAND

	2013 - 2014 Kshs
Location 1	<u>2,784</u>
Total	<u>2,784</u>

ISIOLO COUNTY GOVERNMENT ENTITY
Reports and Financial Statements
For the Year Ended June, 2014 (Kshs)

10 PENDING ACCOUNTS PAYABLE (See Annex 1)

Amounts due To Third Parties

2013-2014

Kshs.

84,072,170.00

84,072,170.00

11 OUTSTANDING ACCOUNTS RECEIVABLES

Amounts due from Third Parties

62,960,986.00

62,960,986.00

ISIOLO COUNTY GOVERNMENT ENTITY
Reports and Financial Statements
For the Year Ended June, 2014 (Kshs)

ANNEX 1- ANALYSIS OF OTHER PENDING PAYABLE

Name	Brief Transaction Description	Original Amount	Date Payable	Amount Paid To Date	Outstanding Balance 2013	Comments
Amounts due to Third Parties						
1. Local Authority Provident Fund	Staff Pension deductions	84,072,170.00	due	-	-	Long outstanding
Grand Total		84,072,170.00				

ISIOLO COUNTY GOVERNMENT ENTITY
Reports and Financial Statements
For the Year Ended June, 2014 (Kshs)

ANNEX 2 SUMMARY OF FIXED ASSET REGISTER

Assets Class	Historical Cost (Kshs) 2013/2014	Historical Cost (Kshs) 2012/2013
Land	13,904,747,490.00	-
Building and Sites Works	173,102,641.00	-
Civil works and Infrastructure	304,906,825.00	-
Residential Housing Schemes	8,802,800.00	-
Community Assets	32,215,580.00	-
Computer and Accessories	709,733.00	-
Motor Vehicle and Other Assets	213,873,160.00	-
Furniture and Fittings	84,356,094.00	-
Total	14,722,714,323.00	-

ISIOLO COUNTY GOVERNMENT ENTITY
Reports and Financial Statements
For the Year Ended June, 2014 (Kshs)

ANNEX 3- OUTSTANDING ACCOUNTS RECEIVABLE

Name	Brief Transaction Description	Original Amount	Date Payable	Amount Paid To Date	Outstanding Balance 2013	Comments
Amounts due to Third Parties						
1. Plot Rate/Rents	Debtors for all zones	50,613,196.00	due	-	-	Long outstanding
2. Plot Rate/Rents-	Uncollected Allotement Letters	12,347,790.00				
Grand Total		62,960,986.00				

