BCA/PACPIC/05/2017/12

REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF COUNTY ASSEMBLY OF BOMET

FOR THE YEAR ENDED 30 JUNE 2016

BOMET COUNTY ASSEMBLY
TABLE & JOURNALS OFFICE
15 NOV 2017
P.O. Box 590 - 20400 BOMET

Tabled on 15/11/2017
at Giavan

COUNTY ASSEMBLY OF BOMET
(COUNTY GOVERNMENT OF BOMET)

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2016

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

(f) County Assembly of Bomet

Telephone: (254 727887146
E-mail: bometcountyassembly.go.ke
Website: www.bometassembly.go.ke

(g) County Assembly of Bomet Bankers

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

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

II. FORWARD BY THE CLERK OF THE ASSEMBLY

Article175 of the constitution of Kenya 2010 establishes a County Government consisting of a County Assembly and a County executive. Article 185 of the constitution vests the legislative Authority of a county Government on the County Assembly. The mandate of the County Assembly apart from legislation includes oversight and representation. The Article further states that a County Assembly may receive and approve plans and policies for the management and exploitation of the county's resources and the development and management of its infrastructure and institutions.

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

Budget Performance

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

Value for Money

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

Achievements

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

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

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

Isaac Kitur
Clerk of the Assembly

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of County Assembly of Bomet set out on pages 7 to 26 which comprise the statement of financial assets as at 30 June 2016 and the statement of receipts and payments, statement of cash flows, and statement of comparison of budget and actual amounts: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 48 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purposes of the audit.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on financial position of the County Assembly of Bomet as at 30 June 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards, and comply with the County Governments Act, 2012.

Other Matter

1.0 Budget Performance Appraisal

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

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

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

2.0 Legal Expenses

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

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

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

3.0 Unaccounted for Responsibility Allowance

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

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

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

Nairobi

15 August 2017

IV. STATEMENT OF FINANCIAL ASSETS

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

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

Clerk of the Assembly

Director Financial Services – County Assembly

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

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

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

Clerk of the Assembly

Director Financial Services– County Assembly

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

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

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

Clerk of the Assembly

Director Financial Services– County Assembly

IX. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

5 USE OF GOODS AND SERVICES

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

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

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