

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
COUNTY ASSEMBLY OF MANDERA**

**FOR THE YEAR
ENDED 30 JUNE 2016**

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI

13 JUN 2017

RECEIVED



COUNTY ASSEMBLY OF MANDERA
(MANDERA COUNTY)

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2016

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

COUNTY ASSEMBLY OF MANDERA

Reports and Financial Statements

For the year ended June 30, 2016

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Key Management

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

1. County Assembly Service Board
2. County assembly Speaker
3. County Assembly Clerk

(c) Fiduciary Management

The key management personnel who held office during the year ended 30.06.2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Clerk To The Assembly	Ahmed Hassan Surow
2.	Deputy Clerk	Hassan Abdullahi Abdikadir
3.	Principal Finance Officer	Mohamed Hussein Kahia

(d) Fiduciary Oversight Arrangements

Here, provide a high-level description of the key fiduciary oversight arrangements covering (say):

- *County Assembly Service Board*
- *Audit and finance committee activities*
- *Parliamentary committee activities*
- *Development partner oversight activities*
- *Other oversight activities*

(e) Entity Headquarters

P.O. Box 408-70300
Mandera County Assembly
Mandera Bp1 Road
Mandera, KENYA

(f) Entity Contacts

Telephone: (254) 723 577 006

E-mail: manderaassembly.go.ke

Website: www.manderaassembly.go.ke

(g) Entity Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank
P.O. Box 275 – 70300
Mandera Branch
Mandera, 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

FORWARD BY THE CLERK

I do hereby take this opportunity to forward the financial statements of the Assembly. This being the 1st financial statements there are certain challenges which we faced in preparing the same. Opening balances were not availed to us yet by the Treasury and some data related to payrolls are still not available to us.

Budget performance

The assembly has utilized 96% of its recurrent budget and has largely been within the approved budget, save for domestic travel and allowances, it's important to note that the Assembly's development A/C is still been managed from the County Treasury.

Value –for-money achievements

Overall in running our programmes value for money has been attained and the envisaged goals of the Assembly have been achieved.



AHMED HASSAN SUROW

CLERK OF THE ASSEMBLY

COUNTY ASSEMBLY OF MANDERA

Reports and Financial Statements

For the year ended June 30, 2016

III. STATEMENT OF MANAGEMENT RESPONSIBILITIES

The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended on 30.06.2016. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Assembly; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the County Assembly; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Clerk accepts responsibility for the County Assembly's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Clerk is of the opinion that the County Assembly's financial statements give a true and fair view of the state of the County Assembly's transactions for the year ended 30.06.2016, and of its financial position as at that date. The Clerk further confirms the completeness of the accounting records maintained for the County Assembly which have been relied upon in the preparation of the its financial statements as well as the adequacy of the systems of internal financial control.

The Clerk confirms that the County Assembly has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Assembly's funds received during the year 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 Assembly's financial statements were approved and signed by the Clerk of the County Assembly on 13.04. 2017.



Clerk of the County Assembly

REPUBLIC OF KENYA

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Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.oagkenya.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of County Assembly of Mandera set out on pages 1 to 15, which comprise the statement of financial assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows and a summary 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 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standard (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 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 Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with 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 the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation

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

and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County Assembly's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Adverse Opinion

1. Fixed Assets Register

The statement of receipts and payments reflects acquisition of assets of Kshs.22,746,376 which agrees with Note 4 to the financial statements. However, the summary of fixed assets reflects a balance of Kshs.18,119,585.90 as at 30 June, 2016 which relates to purchase of fixed assets such as motor vehicle, furniture and Information Communication Technology (ICT) equipment which were procured during the financial year under review. The balances and nature of the fixed assets disclosed were not supported with sufficient evidence since the County Assembly did not maintain a fixed assets register as required by Section 136 of the Public Finance Management Regulations 2015.

Under the circumstances, it was therefore not possible to confirm the validity, completeness and accuracy of the assets balance of Kshs.18,119,586.

2. Unvouched and Unaccounted for Ward Fund Expenses

During the year under review, Mandera County Assembly paid Kshs.24,960,000 to Members of County Assembly (MCAs) as ward fund expenses for several months. However no ward offices petty cash books, cheque books, muster rolls and bank reconciliation statements were maintained for the funds received.

In view of the foregoing, it has not been possible to confirm the propriety, accountability and value for money for the expenditure of Kshs.24,960,000 incurred as ward fund expenses.

3. Unaccounted For Travel and Subsistence Allowances

Examination of payment vouchers and other supporting documents revealed that the County Assembly paid a total of Kshs.16,167,480 for travel and subsistence allowances to Members of the County Assembly and other officers who were on official duties away from their working stations. However, no supporting documents such as work tickets, invitation letters, training programs and attendance registers were attached to the payment vouchers. Further, in some cases the nature of training, dates and locations were not specified.

In addition, payments were made to some Members of the County Assembly who were on official duties in the sub-counties. The payments were however not supported with work tickets, signed payment schedules, work programs and Committee reports. Similarly some members were paid allowances while on official duties in Nairobi but also attended committee sessions in Mandera at the same period as shown in the signed attendance register an indication that they were in Mandera County.

Under the circumstances, it has not been possible to ascertain the propriety of the expenditure of Kshs.16,167,480 on travelling and subsistence allowances as at 30 June 2016.

4. Irregular Foreign Travel Expenditure

The County Assembly of Mandera spent Kshs.9,460,371 on travel and subsistence allowances for foreign trips undertaken by members of the County Assembly and officials. However, the payments were not supported with invitation letters, clearance from the County Assembly Service Board, Ministry of Devolution and Foreign Affairs, copies of the passports, visas and travel insurance for the members. Further, payments of Kshs.2,139,742 were made to the Centre for Corporate Studies being the cost of travel, tickets, local travel and half board accommodation for the Members. However, the members were in addition paid Kshs.242,550 each for five (5) days being subsistence allowances. The payment of full subsistence allowances to the members was irregular since they had already been paid half-board allowance through their travel agent.

The County Assembly also paid a total of Kshs.1,188,343 to two (2) Members of County Assembly being training fees and air tickets while attending Global Resilience Summit in the United Kingdom between 11 October 2015 and 16 October 2015. It was however noted that a copy of the visa for one of the Member of the County Assembly indicated that the respective trip was a business trip with the visa valid between 05 October 2015 and 5 April 2016, a period of seven months. Copies of the passport and visa for the other MCAs were not attached to the payment voucher or availed for audit review. Further, the members were not paid subsistence allowances while attending the said summit. It was therefore not clear how the MCAs financed their trip to attend the alleged summit. Further, although the foreign trips made by the MCAs were reportedly for educational and bench marking exercises, the payments were not supported with reports, hence there was no evidence to confirm that the MCAs travelled and attended the said functions.

Under the circumstances, the expenditure of Kshs.12,788,456 is an irregular charge to public funds.

5. Irregular Travel and Subsistence Allowances

Examination of payment vouchers No.0049 of 02 October 2015 for Kshs.4,697,000 and No.0112 of 2 November 2015 for Kshs.2,199,600 and the supporting documents revealed that Mandera County Assembly spent an amount of Kshs.6,896,600 on travel

and subsistence allowances for Members of County Assemblies and other staff while attending various training workshops in Nairobi. The entire 49 members of the County Assembly and other staff were allowed to attend workshop on the budget making process which was conducted between 25 September 2015 and 26 September 2015. There were no correspondences or invitation of the MCAs to the workshop therefore it was not clear why all MCAs attended a training that only the Budget Committee should have attended. Further, the training was for only two days but the MCAs and the staff were paid five (5) days allowances. Further, examination of the Finance Committee sitting register revealed that six members of the committee had a meeting at the same time on 26 September 2015 in Mandera. It was therefore not clear how the committee members could have been in Mandera and Nairobi at the same time.

The Assembly also paid Kshs.1,246,000 to MCAs and staff of the Liaison Committee as subsistence allowances while attending a meeting on reorganization structure of Mandera County Government between 18 September 2015 and 20 September 2015. The payment was however not supported with invitation letters and attendance registers. Further, the chairman and the vice-chairman of the Public Service, Cohesion and Integration Committee who are also members of the Liaison Committee attended two meetings on 18 September 2015 in Mandera, an indication that they attended two meetings on the same day one in Nairobi and the other in Mandera County which is doubtful.

Further, Iqra Travel Agency Limited, a local flight agency was paid Kshs.2,199,600 being air travel costs while ferrying MCAs and staff who were attending training in Nairobi. The transport agreement between the Assembly and the flight Agency supporting the payment was not signed by both parties. Invoice supporting the payment indicated that sixty (60) persons were flown from Mandera to Nairobi but the list of persons who travelled was not availed for audit verification.

In view of the foregoing, the expenditure of Kshs.10,342,200 incurred on Travel and Subsistence during the year ended 30 June 2016 cannot be confirmed as a proper charge on public funds.

6. Unsupported and Unaccounted Expenditure

The County Assembly incurred Kshs.28,822,285 on various expenses which were not supported and accounted for as detailed below:

6.1 ICT Expenditure

During the year under review, the County Assembly procured Information Communication Technology (ICT) equipment and other stores worth Kshs.8,079,037. However, the equipment were not entered in (S13) stores voucher and were not taken on charge in the stores ledger as required by Chapter 18.2 of the Government Financial Regulations and Procedures. Further, issue notes for the stores were not raised and as a result it was not possible to confirm the point of use.

In view of these anomalies it has not been possible to ascertain the propriety of the ICT expenditure of Kshs.8,079,037 as at 30 June 2016.

6.2 Payments for Training/Conference Expenses

The County Assembly of Mandera spent Kshs.16,231,166.00 on training during the year under review. The payments were however not supported with invitation letters, training programs and lists of participants. Further, the mode of transport used was not indicated as the payments were not supported with bus tickets, work tickets or air tickets.

Under the circumstances, it has not been possible to ascertain the propriety and value for money of the expenditure of Kshs.16,231,166 on training/conferences.

6.3 Motor Vehicle Repairs Payments

During the year under review, the County Assembly incurred Kshs.2,016,915 on motor vehicle repairs and maintenance. However, the repairs were not recorded in the GP.55 (logbook) and the work tickets of the respective vehicles were not availed for audit review. Further, there was no pre and post-inspection report issued from the mechanical department Ministry of Public works to establish the condition of the vehicles before and after the repairs.

Under the circumstances, it has not been possible to ascertain the propriety of the expenditure amounting to Kshs.2,016,915 reportedly incurred on repair of motor vehicles.

6.4 Car Hire Services Payments

During the year under review the Mandera County Assembly spent Kshs.2,495,167 on hire of transport services. However, no supporting documents such as signed contract agreements between suppliers were availed for verification. In addition, payments were not supported with temporary work tickets for the vehicles hired, logbooks, copies of driver's driving licenses and insurance cover details. Further, the services were mainly procured through request for quotations which did not show the opening date, time and the dates when the quotations were floated.

In view of these anomalies, it has not been possible to ascertain the propriety of the expenditure of Kshs.2,495,167 on hire of transport by the County Assembly.

Adverse Opinion

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly, the financial position of the County Assembly of Mandera as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with the Public Finance Management Act, 2012.

Other Matter

Budgetary Control and Performance

The County Assembly had an approved recurrent budget of Kshs.631,978,176 for the year under review. However, the County Executive transferred an amount of Kshs.603,979,363 or 95.6% of the budget to the County Assembly. Further, according to the annual expenditure returns as at 30 June 2016, the County Assembly spent Kshs.603,275,181 or 99.88% of the amounts transferred from the County Executive resulting to an under-expenditure of Kshs.704,182. The County Assembly therefore utilized nearly all the amount received from the County Executive and thus attained a good budget absorption rate during the year under review.



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

Nairobi

30 August 2017

COUNTY ASSEMBLY OF MANDERA**Reports and Financial Statements****For the year ended June 30, 2016****IV. STATEMENT OF RECEIPTS AND PAYMENTS**Not
e**RECEIPTS**Transfers from the County Treasury/Exchequer
Releases

1

2015/16
Kshs2014/15
Kshs

603,979,363

-

603,979,363**TOTAL RECEIPTS**

-

-

PAYMENTS

Compensation of Employees

2

249,124,100.90

-

-

Use of goods and services

3

331,640,551.40

-

-

Acquisition of Assets

4

22,746,376.00

-

603,511,028.30**TOTAL PAYMENTS**

-

468,334.70**SURPLUS/DEFICIT**

-

-

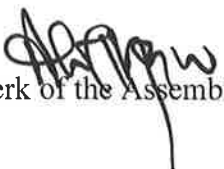

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 13.04. 2017 and signed by:


Clerk of the Assembly
Principal Finance Officer County Assembly

COUNTY ASSEMBLY OF MANDERA**Reports and Financial Statements****For the year ended June 30, 2016****V. STATEMENT OF FINANCIAL ASSETS**

	Note	2015/16 Kshs	2014/15 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	5	468,334.70	-
Total Cash and cash equivalents		468,334.70	-
TOTAL FINANCIAL ASSETS		468,334.70	-
FINANCIAL LIABILITIES			
NET FINANCIAL ASSETS		468,334.70 -	-
REPRESENTED BY			
Surplus for the year		468,334.70	-
NET FINANCIAL POSITION		468,334.70	-

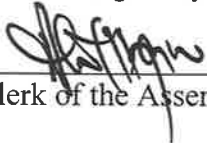
The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 13.04.20 2017 and signed by:


Clerk of the Assembly
Principal Finance Officer – County Assembly

VI. STATEMENT OF CASHFLOW

	Note	2015/16 Kshs	2014/15 Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from operating income			
Transfers from the County Treasury	1	603,979,363	-
Payments for operating expenses			
Compensation of Employees	2	249,124,100.90	-
Use of goods and services	3	331,640,551.40	-
Adjusted for:			
Adjustments during the year		-	-
Net cash flows from operating activities		23,214,710.70	-
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	4	22,746,376.00	-
Net cash flows from investing activities		468,334.70	-
NET INCREASE IN CASH AND CASH EQUIVALENT		468,334.70	-
Cash and cash equivalent at BEGINNING of the year		-	-
Cash and cash equivalent at END of the year		468,334.70	-

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 13.04. 2017 and signed by:



Clerk of the Assembly


Principal Finance Officer – County Assembly

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

Code	Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation Difference to Final Budget
		a	b	c=a+b	d	e=d-c	f=d/c %
	RECEIPTS						
	Tax Receipts						
	Social Security Contributions						
	Proceeds from Domestic and Foreign Grants						
	Exchequer releases			631,978,176	603,979,363	27,998,813	96%
	Total Receipts	-	-	631,978,176	603,979,363	27,998,813	96%
	Payments						
	Compensation of Employees			274,158,176	249,124,100.90	25,034,075.10	91%
	Use of goods and services			333,270,000	331,640,551.40	1,629,448.60	100%
	Acquisition of Assets			24,550,000	22,746,376	1,803,624	93%
Grand Total		-	-	631,978,176	603,979,363	27,998,813	96%

The entity financial statements were approved on 13.04. 2017 and signed by:

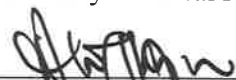

Clerk of the Assembly

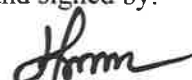

Principal Finance Officer – County Assembly

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

Code	Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation Difference to Final Budget
		a	b	c=a+b	d	e=d-c	f=d/c %
	RECEIPTS						
	Tax Receipts						
	Social Security Contributions						
	Proceeds from Domestic and Foreign Grants						
	Exchequer releases	694,978,176	-63,000,000	631,978,176	603,979,363	27,998,813	96%
	Total Receipts	694,978,176	-63,000,000	631,978,176	603,979,363	27,998,813	96%
	Payments						
	Compensation of Employees			274,158,176	249,124,100.90	25,034,075.10	91%
	Use of goods and services			333,270,000	331,640,551.40	1,629,448.60	100%
	Acquisition of Assets			24,550,000	22,746,376	1,803,624	93%
Grand Total		-	-	631,978,176	603,979,363	27,998,813	96%

The entity financial statements were approved on 13.04. 2017 and signed by:


 Clerk of the Assembly


 Principal Finance Officer – County Assembly

X. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of receipts and payments

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

3. In-kind contributions

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

4. Cash and cash equivalents

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

5. Accounts Receivable

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

6. Accounts Payable

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

7. 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.

8. Pending bills

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

9. Budget

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

10. Comparative figures

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

11. Subsequent events

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

COUNTY ASSEMBLY OF MANDERA
Reports and Financial Statements
For the year ended 30.06.2016

XI. NOTES TO THE FINANCIAL STATEMENTS

1 Transfers from the County Treasury/Exchequer Releases

	2015/16	2014/15
	Kshs	Kshs
Total Exchequer Releases for quarter 1	76,947.679	
Total Exchequer Releases for quarter 2	104,518,169	
Total Exchequer Releases for quarter 3	130,814,154	
Total Exchequer Releases for quarter 4	291,699,361	
Cumulative Amount	603,979,363	

COUNTY ASSEMBLY OF MANDERA
Reports and Financial Statements
For the year ended 30.06.2016

2 COMPENSATION OF EMPLOYEES

	2015/16	2014/15
	Kshs	Kshs
Basic salaries of permanent employees	34,442,455	
Basic wages of temporary employees	871,920	
Personal allowances paid as part of salary	122,801,479.30	
Personal allowances paid as reimbursements	67,539,736	
Pension and other social security contributions	23,468,510.60	
Total	249,124,100.90	

3 USE OF GOODS AND SERVICES

	2015/16	2014/15
	Kshs	Kshs
Utilities, supplies and services	913,126	
Communication, supplies and services	4,990,259.65	
Domestic travel and subsistence	82,126,648	
Foreign travel and subsistence	19,380,630	
Printing, advertising and information supplies & services	5,600,000	
Rentals of produced assets	1,500,000	
Capacity building	16,448,184	
Hospitality supplies and services	7,450,000	
Insurance costs	31,656,654	
Specialized materials and services	929,689.65	
Office and general supplies and services	4,860,488	
Other operating expenses	140,454,077.10	
Routine maintenance – vehicles and other transport equipment	12,024,670	
Routine maintenance – other assets	3,306,125	
Total	331,640,551.40	

*NOTES TO THE FINANCIAL STATEMENTS (Continued)***4 ACQUISITION OF ASSETS**

Non Financial Assets	2015/16	2014/15
	Kshs	Kshs
Refurbishment of Buildings	4,626,790	
Purchase of Vehicles and Other Transport Equipment	6,700,653	
Purchase of Office Furniture and General Equipment	6,977,298.10	
Purchase of ICT Equipment, Software and Other ICT ,	4,441,634.80	
Total	22,746,376	

COUNTY ASSEMBLY OF MANDERA**Reports and Financial Statements****For the year ended 30.06.2016****NOTES TO THE FINANCIAL STATEMENTS (Continued)****5 BANK ACCOUNTS**

Name of Bank, Account No. & Currency	Indicated whether recurrent or development	2015/16	2014/15
		Kshs	Kshs
Mandera County Assembly Recurrent Account, Central bank of Kenya.1000240897	Recurrent	352.35	-
<i>Mandera County Assembly Service Board Kenya Commercial Bank.1143310691</i>	Recurrent	467,982.36	-
Total		468,334.71	-

COUNTY ASSEMBLY OF MANDERA**Reports and Financial Statements****For the year ended June 30, 2016****OTHER IMPORTANT DISCLOSURES****8.1: PENDING ACCOUNTS PAYABLE (See Annex 1)**

	2015/16	2014/15
	Kshs	Kshs
Construction of buildings	47,866,776	-
Supply of goods	256,000	-
Supply of services	4,820,000	-
Total	52,942,776	-

ANNEX 1 – ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outs Ba 2
	A	b	c	d=a-c	
Construction of buildings					
1. Construction of County Assembly Headquarters-Bayan construction company Limited	185,438,634	2/4/2014	137,571,858	47,866,776	
Sub-Total	185,438,634			47,866,776	
Supply of goods					
2. General office supplies	256,000		0	256,000	
Sub-Total	256,000			256,000	
Supply of services					
3. Medical Insurance Cover	23405000		19,205,000	4200000	
4. Hire of Transport	620,000.		0	620000	
Sub-Total	24,025,000			4,820,000	
Grand Total	209,719,634			52,942,776	

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

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	2015/2016	2014/2015
Land		
Buildings and structures		
Transport equipment		
Office equipment, furniture and fittings	6,977,289.10	
ICT Equipment, Software and Other ICT Assets	4,441,634.80	
Other Machinery and Equipment	6,700,653.00	
Heritage and cultural assets		
Intangible assets		
Total	18,119,585.90	