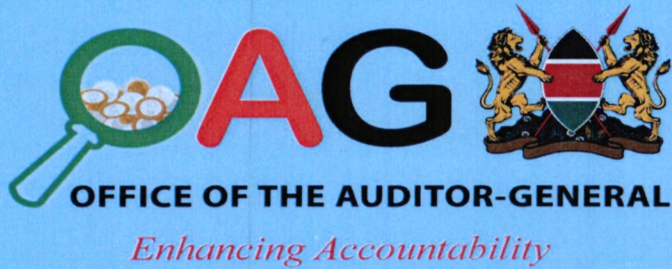


REPUBLIC OF KENYA



**REPORT**

PARLIAMENT  
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**OF**

**THE AUDITOR-GENERAL**

**ON**

**COUNTY ASSEMBLY OF  
ISIOLO**

**FOR THE YEAR ENDED  
30 JUNE, 2022**

PAPERS LAID	
DATE	23.03.2023
TABLED BY	Majority Leader
COMMITTEE	—
CLERK AT THE TABLE	Abdirahman Madim .



OFFICE OF THE AUDITOR GENERAL  
UPPER EASTERN REGIONAL OFFICE - ISIOLO  
050  
RECEIVED  
P.O. Box 1027 - 60300, ISIOLO



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**COUNTY ASSEMBLY OF ISIOLO.**  
**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**JUNE 30, 2022**

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

**COUNTY ASSEMBLY OF ISIOLO**  
**Reports and Financial Statements**  
**For the year ended June 30,2022**

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**Reports and Financial Statements**  
**For the year ended June 30, 2022**

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**1. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

The County Assembly is constituted as per the constitution of Kenya and headed by the Speaker, who is responsible for the general policy and strategic direction of the County Assembly. The County Assembly constitutes 10 Members of County Assembly (MCAs) elected and 7 (MCAs) nominated to represent members of the public from their respective wards. The MCAs are responsible for making any laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

**(b) Key Management**

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

- Clerks Department
- Accounts and Finance Department
- Human resource and Procurement Department
- Budget and Audit Department

**(c) Fiduciary Management**

The key management personnel who held office during the year ended 30<sup>th</sup> June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Salad Boru Guracha
2.	Principal Accountant	Issadin Muktar
3.	Principal Finance	Rahima Atikiya
4.	Principal Human Resource	Abubakar Ali Boru
5.	Principal Procurement	Tunu Abdi Tunu
6.	Senior Accountant	Abdullahi Kalthum Nuna
7.	Principal Budget	Yussuf Mohamed
8.	Principal Auditor	Hadija Yussuf

**(d) Fiduciary Oversight Arrangements**

- Audit and finance committee activities
- Parliamentary committee activities
- Development partner oversight activities
- Other oversight activities

**COUNTY ASSEMBLY OF ISIOLO**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

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**(e) Entity Headquarters**

P.O. Box 195 – 60300  
County Assembly Building  
Hospital Road  
Isiolo, KENYA

**(f) Entity Contacts**

Telephone: (254) 0719574394  
E-mail: [clerkisiolo@gmail.com](mailto:clerkisiolo@gmail.com).  
Website: [www.isiolo.go.ke](http://www.isiolo.go.ke)

**(g) Entity Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. Equity Bank Limited  
P.O. Box 197  
Isiolo

**(h) Independent Auditors**

Auditor General  
Office of The Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya

**(i) Principal Legal Adviser**

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

**COUNTY ASSEMBLY OF ISIOLO**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

**2.FORWARD BY THE CLERK OF THE ASSEMBLY**

Below kindly find; Budget performance, Operational performance, Performance of key development projects, comments on value for money, challenges and recommended way forward.

**Budget performance**

The total budget for County Assembly of Isiolo for FY 2021/2022 was Kshs. 550,252,680. The county exchequer disbursed to the assembly was a total sum of Kshs 505,133,255. comprising of Kshs 448,252,680 for recurrent and Kshs 56,880,575 for development. The actual expenditure of the assembly was Kshs 505,133,255 out of the total budget allocation which comprised of recurrent expenditure of Ksh 448,250,361 and development expenditure of Kshs 56,734,835.

**Operational Performance**

During the period under review the County Assembly approved the following policies and laws for the effective and efficient operations of the County Government and benefit to the locals

The County Assembly also approved the following budget policy documents in conformity with the requirement of the Public Finance Management Act, 2012

S/NO	DOCUMENTS	DATE APPROVED	
1.	The Annual Development Plan, 2022	4 <sup>th</sup> December, 2020	Ensure linkage of planning and budgeting as emphasized by M-TEF and take aspirations of local in the development planning of the County Government.
2.	The County Budget Review and Outlook Paper	14 <sup>th</sup> November, 2021	Review budget performance of the previous year to inform planning for the coming year
3.	The County Fiscal Strategy Paper, 2022	2 <sup>nd</sup> April, 2022	Trade off priority between for sectors for funding
4.	The Budget Estimates, 2022/2023	30 <sup>th</sup> June, 2022	Guide allocation of resources and county Government expenditure for the year while the locals enjoy services delivery.

Sn	COMMITTEES	FUNCTION
		All matters relating to agriculture, including crop and

**COUNTY ASSEMBLY OF ISIOLO**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

1	<b>Agriculture, Livestock, Fisheries &amp; Cooperatives</b>	animal husbandry, livestock sale yards, County abattoirs, plant and animal disease control; veterinary services (excluding regulation of the profession); animal control and welfare, including licensing of dogs and facilities for the accommodation, care and burial of animals; fisheries; and cooperative movement.
2	<b>County Assembly Business Committee</b>	(a) Prepare and, if necessary from time to time, adjust the County Assembly calendar with the approval of the County Assembly; (b) monitor and oversee the implementation of the County Assembly business and programmes; (c) implement the Standing Orders respecting the scheduling or programming of the business of the County Assembly and the functioning of the Committees of the County Assembly; (d) determine the order in which the reports of Committees shall be debated in the County Assembly; (e) take decisions and issue directives and guidelines to prioritize or postpone any business of the County Assembly acting with the concurrence of the Leader of the Majority Party or the Leader of the Minority Party, as the case may be; and (f) consider such matters as may, from time to time, arise in connection with the business of the County Assembly and shall have and perform such powers and functions as are conferred on and ascribed to it by these Standing Orders or from time to time by the County Assembly.
3	<b>Health Services,</b>	All matters relating to County health services, including, in particular County health facilities and pharmacies, ambulance services, promotion of primary health care, licensing and control of undertakings that sell food to the public, cemeteries, funeral parlours and crematoria and refuse removal, refuse dumps and solid waste disposal.
4	<b>Gender, Culture &amp; Community Services</b>	All matters relating to cultural activities and local heritage with keen interest on gender issues; public entertainment and public amenities, including cinemas, video shows and hiring; libraries, museums; County parks, beaches and recreation facilities; control of drugs and pornography; ensuring and coordinating the participation of communities and locations in governance at the local level and assisting communities and locations to develop the administrative capacity for the effective exercise of the functions and powers and participation in governance at the local level regardless of gender.



**COUNTY ASSEMBLY OF ISIOLO**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

5	<b>Transport and Public Works</b>	All matters relating to County transport, including County roads, street lighting, traffic and parking, public road transport and ferries and harbours, excluding the regulation of international and national shipping and matters related thereto; County public works and services including storm water management systems in built-up areas; electricity and gas reticulation and energy regulation; firefighting services and disaster management.
6	<b>Trade &amp; Tourism</b>	All matters relating to trade development and regulation including markets, trade licences (excluding regulation of professions), fair trading practices, betting, casinos and other forms of gambling, racing, liquor licensing; and local tourism.
7	<b>Early Childhood Education and Vocational Training</b>	All matters relating to pre-primary education, village polytechnics, home craft centres; special focus on children's rights especially their access to good quality education, security and childcare facilities.
8	<b>Labour and Social Welfare</b>	All matters relating to labour, trade union relations and human resource planning and development; social welfare, youth and sports activities and facilities; and National Youth Service.
9	<b>Lands, Housing and Urban Development</b>	All matters relating to lands, land survey, mapping, boundaries and fencing, housing and human settlement, physical planning and urban development
10	<b>Environment, Natural Resources and Water</b>	All matters relating to the implementation of specific National Government policies on natural resources and environmental conservation including mining, soil and water conservation and forestry, control of air, water and noise pollution, other public nuisances and outdoor advertising; Water for domestic use including sanitation services; and Irrigation.
11	<b>Committee on Appointments</b>	The Committee on Appointments shall consider, for approval by the County Assembly, appointments under Article 179(2) of the Constitution
12	<b>Public Accounts and Investments Committee</b>	examination of the accounts showing the appropriations of the sum voted by the House to meet the public expenditure and of such other accounts laid before the House as the Committee may think fit; and

**COUNTY ASSEMBLY OF ISIOLO**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

		examination of the working of the public investments
13	<b>County Finance, Budget and Appropriations Committee</b>	investigate, inquire into and report on all matters related to coordination, control and monitoring of the County budget; (b) discuss and review the estimates and make recommendations to the County Assembly; (c) examine the County Budget Policy Statement presented to the County Assembly; (d) examine Bills related to the County budget, including Appropriations Bills; and (e) evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays.
14	<b>County Assembly Procedure and Rules Committee</b>	The County Assembly Procedure and Rules Committee shall consider and report on all matters relating to these Standing Orders.
15	<b>Committee on Implementation</b>	The Committee shall scrutinize the resolutions of the County Assembly (including adopted Committee reports), Petitions and the undertakings given by the County Executive Committee and examine – (a) whether or not such decisions and undertakings have been implemented and where implemented, the extent to which they have been implemented; and whether such implementation has taken place within the minimum time necessary; and (b) whether or not legislation passed by the County Assembly has been operationalized and where operationalized, the extent to which such operationalization has taken place within the minimum time necessary.
16	<b>Committee on Delegated County Legislation</b>	The Committee shall consider in respect of any statutory instrument whether it- is in accord with the provisions of the Constitution, the Act pursuant to which it is made or other relevant written law; infringes on rights and fundamental freedoms of the public; contains a matter which in the opinion of the Committee should more properly be dealt with in an Act of the County Assembly; contains imposition of taxation; directly or indirectly bars the jurisdiction of the Courts;

**COUNTY ASSEMBLY OF ISIOLO**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

		<p>gives retrospective effect to any of the provisions in respect of which the Constitution or the Act does not expressly give any such power;</p> <p>involves expenditure from the County Revenue Fund or other public revenues;</p> <p>is defective in its drafting or for any reason the form or purport of the statutory instrument calls for any elucidation;</p> <p>appears to make some unusual or unexpected use of the powers conferred by the Constitution or the Act pursuant to which it is made;</p> <p>appears to have had unjustifiable delay in its publication or laying before County Assembly;</p> <p>makes rights , liberties or obligations unduly dependent upon non-reviewable decisions;</p> <p>makes rights , liberties or obligations unduly dependent upon insufficiently defined administrative powers;</p> <p>inappropriately delegates legislative powers;</p> <p>imposes a fine, imprisonment or other penalty without express authority having been provided for in the enabling legislation;</p> <p>appears for any reason to infringe on the rule of law;</p> <p>inadequately subjects the exercise of legislative power to County Assembly scrutiny; and,</p> <p>accords to any other reason that the Committee considers fit to examine.</p>
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**Performance of key development projects**

During FY 2021/2022 the assembly was able to undertake the capital projects which were budgeted. It was expected that the projects will have a positive outcome on service delivery by the county assembly. These development projects include;

- Construction of county assembly modern chamber

**Comment on value-for-money achievements**

- The chamber is still under construction but once completed it will undoubtedly improve the discharge of the mandate of the county assembly of Isiolo and enhance

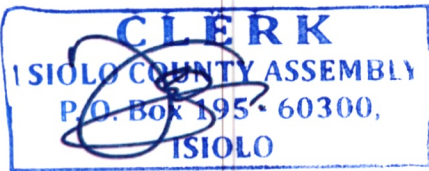
**COUNTY ASSEMBLY OF ISIOLO**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

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public participation in the affairs of county assembly.

**Challenges and Recommended Way Forward**

- Delay in disbursement of funds from the national treasury
- Limited budget resources vis a vis demand for the resources.



.....

**Name:** Salad Boru Guracha  
**Clerk of the County Assembly**

**COUNTY ASSEMBLY OF ISIOLO**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

**3.STATEMENT OF PERFORMANCE AGAINST COUNTY PREDETRMINED OBJECTIVES**  
**Introduction**

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

The key mandate of the County Assembly of Isiolo is legislation, oversight, and representation. To achieve this, the assembly's program was documented in terms of objective, key performance indicators, and output.

Below were the expected outputs of the assembly in FY 21/22

<b>Program 1</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Legislation, oversight and representation	Enhanced professional development of MCAs – Provide ongoing professional development of MCAs	Increased ability of MCA in legislation	No of bills passed in the County Assembly	<b>In FY 21/22 MCA were trained on</b> <ul style="list-style-type: none"> <li>• <b>Efficient and effective review and analysis of budget documents such as ADP,CFSP and estimates</b></li> <li>• <b>Process of legislative review and approval</b></li> </ul>
	Enhanced professional development of MCAs – Review standing orders	Review standing orders	% increase in efficient Assembly operation	<b>County Assembly of Isiolo standing orders were reviewed, amendment proposed and adopted by relevant committee awaiting county assembly approval</b>

**COUNTY ASSEMBLY OF ISIOLO**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

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**4. CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

Isiolo County Assembly exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on 4 pillars: putting the Citizen first, delivering legislative services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

**Sustainability Strategy and Profile -**

To improve and sustain the country's domestic and export performance, Isiolo County Assembly is addressing challenges and exploiting opportunities in the County and legislative framework.

**Environmental Performance**

- The County Assembly in partnership with key stakeholders planted a total of 20,000 indigenous trees in an effort to rehabilitate and conserve the Forest ecosystem in July 2019. Also as part of improving the tree cover in country, we partnered with the Ministry of Agriculture and distributed over 10,000 avocado seedlings to the farmers surrounding the Forest as part of promoting commercial farming for export business, boosting national food security and also supporting tree cover.

**Employee Welfare**

- The County Assembly has a staff establishment of 217 Employees. In the financial year under review the staff and family members were reached with the prescribed sensitization package for non-communicable diseases (NCDs) including Cancer (Breast, Cervical and Prostrate), Diabetes, Hypertension, Stress management and Mental health.
- All staff accessed the screening package for H.I.V, Cancer, Blood pressure, Blood sugar and BMI.
- Sensitization on HIV and AIDS for stakeholders/integrate HIV messages routine activities of people sensitized on reducing stigma and discrimination towards HIV in the workplace
- The Assembly also participated in the OSH training where the staff were sensitized on the safety requirements and their associated rights and cases of work place injury compensation under WIBA and their NHIF

**Market place practices-**

- The Assembly has an established Complaints Management and Access to Information Framework and appointed officers to the Complaints Committee to address public complaints.
- A Corruption Prevention Committee is being established to address incidences of corruption from within and without. The committee developed a Corruption Risk Assessment and mitigation plan was developed. Measures emanating from the Corruption Risk Mitigation Plan were implemented.

**Community Engagements-**

- The Assembly is actively engaged in the community recognizing it as a key stakeholder in its operating environment in the year under review as part of its social initiative in order to help protect the community mitigate the effects of drought in the County we managed to pull our resources together and distributed water and water tanks to various communities

**COUNTY ASSEMBLY OF ISIOLO**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

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**5. STATEMENT OF MANAGEMENT RESPONSIBILITIES**

Sections 164 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer of the County Assembly to prepare financial statements in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

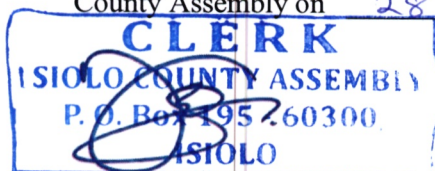
The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended June 30, 2022. This responsibility includes: (i) maintaining adequate financial 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 June 30, 2022, 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 its financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

The County Government's financial statements were approved and signed by the Clerk of the County Assembly on 28/12/2022 2022.

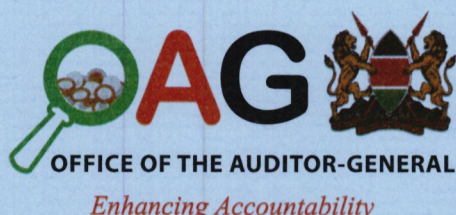


**Name:** Salad Boru Guracha

**Clerk of the County Assembly**

# REPUBLIC OF KENYA

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**HEADQUARTERS**  
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P.O. Box 30084-00100  
NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF ISIOLO FOR THE YEAR ENDED 30 JUNE, 2022

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### PREAMBLE

I draw your attention to the contents of my report which is in three parts;

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines, and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient, and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Isiolo set out on pages 1 to 20, which comprise of the statement of financial assets and liabilities

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*Report of the Auditor-General on County Assembly of Isiolo for the year ended 30 June, 2022*



as at 30 June, 2022, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of County Assembly of Isiolo as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the County Governments Act, 2012.

## **Basis for Qualified Opinion**

### **1.0 Unexplained Prior Year Adjustments**

The statement of financial assets and liabilities under Note 9 to the financial statements reflects a negative prior year adjustment of Kshs.1,019,410.

However, no explanation was provided to describe the nature and the basis for the prior year adjustment contrary to the Public Sector Accounting Standards Board reporting template.

In the circumstances, the accuracy, and validity of the prior year adjustment of Kshs.1,019,410 could not be confirmed.

### **2.0 Summary of Fixed Assets**

Annex 4 to the financial statements reflects Kshs.516,270,846 in respect to summary of fixed assets. However, as reported in the previous year, the fixed asset register availed has not been updated since 2018. Although the County Assembly acquired assets during the financial year under review totaling to Kshs.1,983,960, the same was not recorded in the asset register.

In addition, the value of fixed assets reflected in the fixed assets register provided for audit review was Kshs.101,595,202 while the total value of assets disclosed in the financial statements was Kshs.516,270,846, resulting to unexplained variance of Kshs.414,675,644.

In the circumstance, the accuracy, completeness and validity of Kshs.516,270,846 in respect to the summary of fixed assets could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the County Assembly of Isiolo Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities

in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

### **Other Matter**

#### **1.0 Budgetary Controls and Performance**

The statement of comparison of budget and actual amounts: recurrent and development combined for the year ended 30 June, 2022 reflects a final receipts budget of Kshs.550,252,680 and an actual receipt of Kshs.505,133,255 respectively resulting to underfunding of Kshs.45,119,425 or 8 % of the budget.

The under funding affected the planned activities of the Assembly and may have impacted negatively on service delivery to the public.

#### **2.0 Unresolved Prior Year Matters**

The audit report for the previous year highlighted several issues in respect of the financial statements, lawfulness, and effectiveness in use of public resources. Management has not resolved the issues nor disclosed the prior year matter as required by the Public Sector Accounting Standards Board reporting template and the circular REF: AG.4/16/3/VOL.II(66) of 6 July, 2022.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES<sup>1</sup>**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1.0 Lack of a Procurement Plan**

As reported in the previous year, the County Assembly did not have an approved procurement plan in place. This is contrary to Section 45(3)(a) of the Public Procurement

and Asset Disposal Act, 2015 which states that all procurement processes shall be within the approved budget of the procuring entity and shall be planned by the procuring entity concerned through an annual procurement plan.

In the circumstances, Management was in breach of the law.

### **3.0 Lack of a Public Finance Management Standing Committee**

As reported in the previous year, the Assembly did not have the Public Finance Management Committee (Standing Committee) in place. This is contrary to Section 18(1) of the Public Finance Management (County Governments) Regulations, 2015, which stipulates that there is established in every County Government entity a Public Finance Management Standing Committee to provide strategic guidance to the entity on Public Finance Management matters.

In the circumstances, Management is in breach of the law.

### **4.0 Failure to Prepare and Publish Quarterly Financial Reports**

As reported in the previous year, the County Assembly did not prepare, publish and publicize quarterly financial reports as required by Section 166(1) of the Public Finance Management Act, 2012 which states that an Accounting Officer for a County Government entity shall prepare a report for each quarter of the financial year in respect of the entity. Further, Section 166(4)(c) states that not later than one month after the end of each quarter, the County Treasury shall publish and publicize them.

In the circumstances, Management was in breach of the law.

### **5.0 Irregular Procurement of Motor Vehicle Repair Services**

The statement of receipts and payments and Note 3 to the financial statements reflects Kshs.132,904,916 in respect to use of goods and services which includes Kshs.463,316 paid to a firm for servicing of a motor vehicle. However, the documentary evidence including requisition for the repair services from the user department were not provided for audit review contrary to Section 71(1) of Public Procurement Regulations, 2020 which requires the user department to initiate the procurement process.

Further, pre-inspection report to determine the defects of the vehicle and post inspection report on the repaired motor vehicle to ascertain that the defects identified were repaired were also not provided for audit.

In addition, there was no evidence that the service provider was sourced competitively contrary to Section 112 (2) of the Public Procurement and Asset Disposal Regulations, 2020 which requires the head of the procurement function to prepare a request for quotation or proposal or tender to source and identify the service providers competitively.

In the circumstances, the Management was in contravention of Sections 71(1) and 112(2) of the Public Procurement and Asset Disposal Act, 2015.

## **6.0 Unlawful Contributions to Society of Clerks at the Table (SOCATT)**

The statement of receipts and payments and Note 3 to the financial statements reflects Kshs.132,904,916 which includes Kshs.1,750,000 in respect to other operating expenses which further includes Kshs.750,000 paid to the Society of Clerks at The Table (SOCATT).

However, a review of SOCATT operations reveal that this body do not draw their mandate from the Constitution of Kenya or an Act of Parliament. In addition, the final approved budget for the period 2021-2022 does not have a provision for the payment of these subscriptions. Therefore, the basis of the payments made to this institution is not legally supported and is contrary to Regulations 105 (1) of the Public Finance Management (County Governments) Regulations, 2015 which explains that an Accounting Officer may authorize payment vouchers provided such expenditure is in respect of and within the provision of the services in a County Treasury Warrant and in accordance with the law and regulations.

In the circumstances, Management was in breach of the law.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, except for the matters described in the Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls were not operating in an effective way.

### **Basis for Conclusion**

#### **1.0 Lack of a Functional Audit Committee**

Review of records availed revealed that the County Assembly had an Audit Committee which was appointed on 19 October, 2020 as evidenced by the appointment letters presented. However, under review contrary to Section 172(1) of the Public Finance

Management (County Governments) Regulations 2015 which requires them to meet at least once every three months.

Further, contrary to Regulation 159(2) of the Public Finance Management (County Governments) Regulations, 2015, the Committee did not publish an annual report on the review of the independence, performance, and competence of the Internal Audit Unit. The law provides that in each financial year, the Audit Committee shall carry out an annual review of the independence, performance and competence of the Internal Audit Unit and comment on its effectiveness in an annual report.

In the circumstances, the effectiveness of the audit committee in discharging its mandate could not be ascertained.

## **2.0 Facilitation of Internal Audit Department**

A review of the County Assembly's internal audit function revealed that it was not adequately staffed and lacked requisite tools such as audit system and analytical techniques to effectively deliver on its mandate contrary to Regulation 155(2) of the Public Finance Management(County Governments) Regulations, 2015 which requires an accounting officer to ensure that the organizational structure of the internal audit facilitates the entity to accomplish its internal audit responsibilities.

Further, although the internal audit department had developed a work plan for the financial year under review, there was no evidence that it was approved by the audit committee and included in the County Assembly's budget in line with Regulation 163(2) of the Public Finance Management(County Governments) Regulations, 2015 which requires the annual work plan to be approved by the audit committee and shared with the accounting officer for the inclusion in the budget.

There was no evidence of trainings/seminars for the internal audit staff or the internal audit committee in the year under review.

In the circumstances, the ability of the Internal audit department to deliver on its mandate and provide an independent appraisal of the operations of the Assembly had been inhibited.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **Responsibilities of Management and those Charged with Governance**

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 maintaining effective internal controls as Management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Assembly's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Assembly or cease operations.

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.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Assembly's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Assembly policies and procedures may deteriorate.

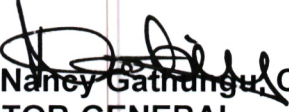
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Assembly's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Assembly to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Assembly to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.

  
CPA Nancy Gathungu CBS  
AUDITOR-GENERAL

Nairobi

27 February, 2023

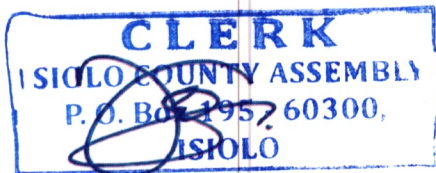


**COUNTY ASSEMBLY OF ISIOLO**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

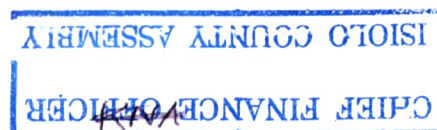
**7. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2021/22 KShs	2020/21 KShs
<b>RECEIPTS</b>			
Transfers from the County Treasury/Exchequer Releases	1	505,133,255	521,346,338
<b>TOTAL RECEIPTS</b>		<b>505,133,255</b>	<b>521,346,338</b>
<b>PAYMENTS</b>			
Compensation of Employees	2	252,720,958	240,774,037
Use of goods and services	3	132,904,916	154,033,281
Social Security Benefits	4	62,624,487	25,626,532
Acquisition of Asset	5	1,983,960	39,472,156
Other Payments	6	54,750,875	60,420,922
<b>TOTAL PAYMENTS</b>		<b>504,985,196</b>	<b>520,326,928</b>
<b>SURPLUS/DEFICIT</b>		<b>148,059</b>	<b>1,019,410</b>

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 28/12 2022 and signed by:



Clerk of the Assembly  
 Name: Salad Boru Guracha



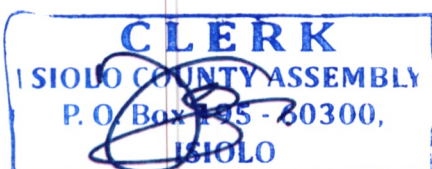
Accountant – County Assembly  
 Name: Abdullahi Kalthum Nuna  
 ICPAK Member Number: 29827

**COUNTY ASSEMBLY OF ISIOLO**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

**8. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30 JUNE 2022**

		2021/22	2020/21
<b>FINANCIAL ASSETS</b>	<b>Note</b>	<b>KShs</b>	<b>KShs</b>
<b>Cash and Cash Equivalents</b>			
Bank Balances	7A	148,059	1,019,410
<b>Total Cash and cash equivalents</b>		<b>148,059</b>	<b>1,019,410</b>
<b>TOTAL FINANCIAL ASSETS</b>		<b>148,059</b>	<b>1,019,410</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	8	<b>1,019,410</b>	<b>20,965,903</b>
Surplus/Deficit for the year		148,059	1,019,410
Prior Year Adjustment	9	(1,019,410)	(20,965,903)
<b>NET FINANCIAL POSITION</b>		<b>148,059</b>	<b>1,019,410</b>

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 28/12 2022 and signed by:



Clerk of the Assembly  
 Name: Salad Boru Guracha



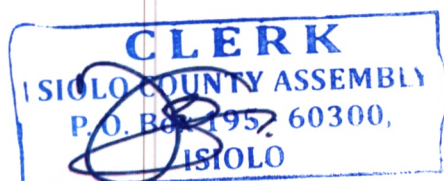
Accountant – County Assembly  
 Name: Abdullahi Kalthum Nuna  
 ICPAK Member Number: 29827

**COUNTY ASSEMBLY OF ISIOLO**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

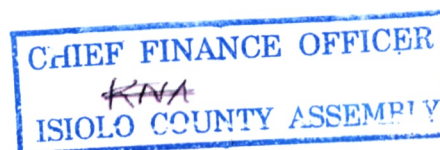
**9. STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2022**

	Note	2021/22 KShs	2020/21 KShs
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts from operating income</b>			
Transfers from the County Treasury/Exchequer Releases	1	505,133,255	521,346,338
<b>Payments for operating expenses</b>			
Compensation of Employees	2	252,720,958	240,774,037
Use of goods and services	3	132,904,916	154,033,281
Social Security Benefits	4	62,624,487	25,626,532
Other Payments		54,750,875	60,420,922
		<b>503,001,236</b>	<b>479,661,819</b>
<b>Adjusted for:</b>			
Prior year adjustment	9	(1,019,410)	(20,965,903)
<b>Net cash flows from operating activities</b>		<b>1,112,609</b>	<b>41,684,519</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	5	1,983,960	39,472,156
<b>Net cash flows from investing activities</b>		<b>(1,983,960)</b>	<b>(40,665,109)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
		<b>(871,351)</b>	<b>1,019,410</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	7	<b>1,019,410</b>	<b>20,965,903</b>
<b>Cash and cash equivalent at END of the year</b>		<b>148,059</b>	<b>1,019,410</b>

The financial statements were approved on 28/12/ 2022 and signed by



Clerk of the Assembly  
Name: Salad Boru Guracha



Accountant – County Assembly  
Name: Abdullahi Kalthum Nuna  
ICPAK Member Number: 29827

**COUNTY ASSEMBLY OF ISIOLO**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

**10. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT AND DEVELOPMENT  
 COMBINED FOR THE YEAR ENDED 30 JUNE 2022**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization difference
	KShs	KShs	c=a+b	e=d-e	KShs
<b>RECEIPTS</b>					
Transfers from the County Treasury/Exchequer Releases	528,252,680	22,000,000	550,252,680	505,133,255	92%
<b>TOTAL</b>	<b>528,252,680</b>	<b>22,000,000</b>	<b>550,252,680</b>	<b>505,133,255</b>	<b>92%</b>
<b>PAYMENTS</b>					
Compensation of Employees	271,392,061	(18,671,103)	252,720,958	252,720,958	100%
Use of goods and services	118,406,764	14,500,471	132,907,235	132,904,916	99%
Social Security Benefits	51,534,303	11,090,184	62,624,487	62,624,487	100%
Acquisition of Assets	86,919,552	(84,935,592)	1,983,960	1,983,960	100%
Other Payments	0	100,016,040	100,016,040	54,750,875	55%
<b>TOTAL</b>	<b>528,252,680</b>	<b>22,000,000</b>	<b>550,252,680</b>	<b>504,985,196</b>	<b>92%</b>
<b>SURPLUS/ DEFICIT</b>				<b>148,059</b>	

The entity financial statements were approved on 28/12/2022 2022 and signed by:



Clerk of the Assembly  
 Name: Salad Boru Guracha



Accountant – County Assembly  
 Name: Abdullahi Kalthum Nuna  
 ICPAK Member Number: 29827

**COUNTY ASSEMBLY OF ISIOLO**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

**11. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: RECURRENT FOR THE YEAR ENDED 30 JUNE 2022**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilisation difference
	A	b	c=a+b	e=d-c	
<b>RECEIPTS</b>					
Transfers from the County Treasury/ Exchequer Releases	448,252,680	0	448,252,680	448,252,680	100%
<b>TOTAL</b>	<b>448,252,680</b>	<b>0</b>	<b>448,252,680</b>	<b>448,252,680</b>	<b>100%</b>
<b>PAYMENTS</b>					
Compensation of Employees	271,392,061	(18,671,103)	252,720,958	252,720,958	100%
Use of goods and services	118,406,764	14,500,471	132,907,235	132,904,916	99%
Social Security Benefits	51,534,303	11,090,184	62,624,487	62,624,487	100%
Acquisition of Assets	6,919,552	(6,919,552)	0	0	0%
<b>TOTAL</b>	<b>448,252,680</b>	<b>0</b>	<b>448,252,680</b>	<b>448,250,361</b>	<b>99%</b>
<b>Surplus/ Deficit</b>				<b>2,319</b>	

The entity financial statements were approved on 28/12/ 2022 and signed by:

**CLERK**  
**ISIOLO COUNTY ASSEMBLY**  
**P. O. Box 1060300,**  
**ISIOLO**

Clerk of the Assembly  
 Name: Salad Boru Guracha

**CHIEF FINANCE OFFICER**  
*KNA*  
**ISIOLO COUNTY ASSEMBLY**

Accountant – County Assembly  
 Name: Abdullahi Kalthum Nuna  
 ICPAK Member Number: 29827

**COUNTY ASSEMBLY OF ISIOLO**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

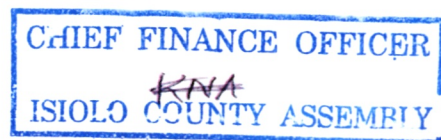
**12. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: DEVELOPMENT FOR THE YEAR ENDED 30 JUNE 2022**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization difference
	KShs	KShs	c=a+b	e=d-c	KShs
<b>RECEIPTS</b>					
Transfers from the County Treasury/ Exchequer Releases	80,000,000	22,000,000	102,000,000	56,880,575	56%
<b>TOTAL</b>	<b>80,000,000</b>	<b>22,000,000</b>	<b>102,000,000</b>	<b>56,880,575</b>	<b>56%</b>
<b>PAYMENTS</b>					
Acquisition of Assets	80,000,000	(78,016,040)	1,983,960	1,983,960	100%
Other Payments	0	100,016,040	100,016,040	54,750,875	55%
<b>TOTAL</b>	<b>80,000,000</b>	<b>22,000,000</b>	<b>102,000,000</b>	<b>56,734,835</b>	<b>56%</b>
<b>SURPLUS/ DEFICIT</b>				<b>145,740</b>	

The entity financial statements were approved on 28/12/ 2022 and signed by:



Clerk of the Assembly  
 Name: Salad Boru Guracha



Accountant – County Assembly  
 Name: Abdullahi Kalthum Nuna  
 ICPAK Member Number: 29827

**COUNTY ASSEMBLY OF ISIOLO**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

**13. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES FOR THE YEAR ENDED 30 JUNE 2022**

<b>Programme/Sub-programme</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual on comparable basis</b>	<b>Budget utilization difference</b>
	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
<b>Programme 1</b>					
<b>Administration Support Services</b>	259,347,638	8,085,448	267,433,086	267,430,767	2,319
<b>Programme 2</b>					
<b>Legislative service</b>	188,905,042	-8,085,448	180,819,594	180,819,594	0
<b>Programme 3</b>					
<b>Infrastructure support</b>	80,000,000	22,000,000	102,000,000	56,734,835	45,265,165
<b>Total</b>	<b>528,252,680</b>	<b>22,000,000</b>	<b>550,252,680</b>	<b>504,985,196</b>	<b>45,267,484</b>

## **14. SIGNIFICANT ACCOUNTING POLICIES**

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

### **1. Statement of compliance and basis of preparation**

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

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

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

### **2. Reporting entity**

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

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

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

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

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

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



**COUNTY ASSEMBLY OF ISIOLO**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Other Receipts**

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

**b) Recognition of payments**

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

**Compensation of employees**

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

**Use of goods and services**

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

**Acquisition of fixed assets**

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

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

**4. In-kind contributions**

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

**COUNTY ASSEMBLY OF ISIOLO**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**5. Third Party Payments**

This relates to payments done directly to supplier on behalf of the county governments such as; national government may fund the operation of health or education program; a donor may pay directly for construction of a given market etc. Details of payments by third parties on behalf of the county government is detailed in the notes to this financial statement.

**6. Cash and cash equivalents**

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

**Restriction on cash**

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

**7. Accounts Receivable**

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

**8. Accounts Payable**

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

**COUNTY ASSEMBLY OF ISIOLO**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**9. 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.

**10. 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.

**11. Contingent Liabilities**

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
  - (i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships,

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Annex 6 of this financial statement is a register of the contingent liabilities in the year.

**COUNTY ASSEMBLY OF ISIOLO**  
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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**12. Contingent Assets**

The County Assembly of Isiolo does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the County Assembly of Isiolo in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**13. Budget**

The budget is prepared on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County Assembly of Isiolo's budget was approved as required by Law. The original budget was approved by the County Assembly on 30<sup>th</sup> June 2021 for the period 1<sup>st</sup> July 2021 to 30<sup>th</sup> June 2022 as required by law. There was one supplementary budget passed in the year. The supplementary budgets was approved on 03/04/2022. A high-level assessment of the County Assembly of Isiolo actual performance against the comparable budget for the financial year under review has been included in the Statement of Comparison between actual and budgeted amounts included in these financial statements.

**14. Comparative figures**

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

**15. Subsequent events**

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

**16. Errors**

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

**COUNTY ASSEMBLY OF ISIOLO**  
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**17. Related party transactions**

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

**COUNTY ASSEMBLY OF ISIOLO**  
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**15. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM THE COUNTY TREASURY/EXCHEQUER RELEASES**

	<b>2021/22</b>	<b>2020/21</b>
	<b>KShs</b>	<b>KShs</b>
Transfers from the County Treasury for Q1	74,999,998	34,523,376
Transfers from the County Treasury for Q2	112,354,391	154,265,709.5
Transfers from the County Treasury for Q3	111,999,999	80,132,488
Transfers from the County Treasury for Q4	205,778,867	252,424,764
<b>Cumulative Amount</b>	<b>505,133,255</b>	<b>521,346,337.5</b>

**2. COMPENSATION OF EMPLOYEES**

	<b>2021/22</b>	<b>2020/21</b>
	<b>KShs</b>	<b>KShs</b>
Basic salaries of permanent employees	138,080,196	128,715,829
Basic wages of temporary employees	5,256,360	6,120,000
Personal allowances paid as part of salary	109,384,402	105,420,408
Social benefit schemes outside government		517,800
Other personnel payments		
<b>Total</b>	<b>252,720,958</b>	<b>240,774,037</b>

**COUNTY ASSEMBLY OF ISIOLO**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**3. USE OF GOODS AND SERVICES**

	<b>2021/22</b>	<b>2020/21</b>
	<b>KShs</b>	<b>KShs</b>
Utilities, supplies and services	1,107,500.00	662,000.00
Communication, supplies and services	1,699,200.00	3,381,000.00
Domestic travel and subsistence	75,674,694.90	85,279,457.00
Foreign travel and subsistence	-	-
Printing, advertising and information supplies & services	606,000.00	250,000.00
Rentals of produced assets	10,650,000.00	10,900,000.00
Training expenses	8,500,000.00	15,053,200.00
Hospitality supplies and services	209,000.00	7,272,100.00
Insurance costs	25,948,605.50	20,032,832.00
Specialized materials and services	-	-
Office and general supplies and services	6,267,100.00	1,054,000.00
Fuel Oil and Lubricants	-	-
Other operating expenses	1,750,000.00	9,800,000.00
Routine maintenance – vehicles and other transport equipment	463,316.00	348,692.00
Routine maintenance – other assets	29,500.00	-
<b>Total</b>	<b>132,904,916.40</b>	<b>154,033,281.00</b>

**COUNTY ASSEMBLY OF ISIOLO**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. SOCIAL SECURITY BENEFITS**

	2021/22	2020/21
	KShs	KShs
Government pension and retirement benefits	62,624,487	25,626,532
<b>Total</b>	<b>62,624,487</b>	<b>25,626,532</b>

**5. ACQUISITION OF ASSETS**

<b>Non- Financial Assets</b>	2021/22	2020/21
	KShs	KShs
Purchase of Buildings	-	-
Construction of Buildings	1,983,960	39,472,156
Refurbishment of Buildings	-	-
Construction of Roads	-	-
Construction and Civil Works	-	-
Purchase of Office Furniture and Equipment	-	-
Research, Studies, Project Preparation, Design & Supervision	-	-
<b>Total purchase of non-financial assets</b>	<b>1,983,960</b>	<b>39,472,156</b>

**6. OTHER PAYMENTS**

	2021/22	2020/21
	KShs	KShs
Budget Reserves	-	-
Civil Contingency Reserves	-	-
Capital Transfers to Non-Financial Public Enterprises	-	-
Capital Transfer to Public Financial Institutions and Enterprises	-	-
Capital Transfers to Private Non-Financial Enterprises	-	-
Other Expenses	54,750,875	60,420,922
<b>Total</b>	<b>54,750,875</b>	<b>60,420,922</b>

(Provide detailed explanations for other payments)



**COUNTY ASSEMBLY OF ISIOLO**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**7. CASH AND BANK BALANCES**

**7A. BANK BALANCES**

<b>Name of Bank, Account No. &amp; Currency</b>	<b>Indicated whether recurrent or development</b>	<b>2021/22</b>	<b>2020/21</b>
		<b>KShs</b>	<b>KShs</b>
Central Bank of Account No. 1000195746	Development	145,740	1,006,922
Central Bank of Account No. 1000195738	Recurrent Acc	2,319	12,488
Equity Bank Limited Account No. O410261437860	Commercial Bank Accs.	0	0
<b>Total</b>		<b>148,059</b>	<b>1,019,410</b>

**8. FUND BALANCE BROUGHT FORWARD**

<b>Description</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>KShs</b>	<b>KShs</b>
Bank accounts	1,019,410	20,965,903
<b>Total</b>	<b>1,019,410</b>	<b>20,965,903</b>

**9. PRIOR YEAR ADJUSTMENTS**

	<b>Balance b/f FY 2020/2021 as per Financial statements</b>	<b>Adjustments</b>	<b>Adjusted Balance b/f FY 2021/2022</b>
<b>Description of the error</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Bank Account Balances	1,019,410	(1,019,410)	-
<b>Total</b>	<b>1,019,410</b>	<b>(1,019,410)</b>	<b>-</b>

The prior year adjustment for the year under review relates to changes in estimates in the financial position of the County assembly of Isiolo since the adjustment was necessitated by the refund of the unspent balances to the County revenue fund Account.

**COUNTY ASSEMBLY OF ISIOLO**  
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**7.10. OTHER DISCLOSURES**

**1. PENDING ACCOUNTS PAYABLE (See Annex 1)**

	Balance b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings	0.00	0.00	0.00	0
Other Payments	0.00	0.00	(0.00)	0
Supply of goods	0.00	0.00	(0.00)	0
Supply of services	0.00	0.00	(0.00)	0
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>(0.00)</b>	<b>0</b>

**1. PENDING STAFF PAYABLES (See Annex 2)**

	Balance b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
Description	Kshs	Kshs	Kshs	Kshs
Senior management	0.00	0.00	(0.00)	0.00
Middle management	0.00	0.00	(0.00)	0.00
Unionisable employees	0.00	0.00	(0.00)	0.00
Others	0.00	0.00	(0.00)	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>(0.00)</b>	<b>0.00</b>

**2. OTHER PENDING PAYABLES (See Annex 3)**

	Balance b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government entities	0.00	0.00	(0.00)	0.00
Amounts due to County Government entities	1,019,410	0.00	0.00	1,019,410
Amounts due to third parties	0.00	45,267,484	(0.00)	45,267,484
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>(0.00)</b>	<b>46,286,894</b>

**COUNTY ASSEMBLY OF ISIOLO**  
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**3. RELATED PARTY DISCLOSURES**

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS. The following comprise of related parties to the County Assembly:

- Members of County Assembly;
- Key management personnel that include the Clerk of the Assembly and heads of departments;
- The County Executive;

**Related party transactions:**

	<b>2021- 2022</b>	<b>2020- 2021</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Compensation to Key Management</b>		
Compensation to the Speaker, Deputy Speaker and the MCAs	71,019,360	71,019,360
Key Management Compensation (Clerk and Heads of departments)	35,562,360	35,562,360
<b>Total Compensation to Key Management</b>	<b>106,581,720</b>	<b>106,581,720</b>
<b>Transfers from related parties</b>		
Transfers from the County Executive- Exchequer	505,133,255	521,346,338
<b>Total Transfers from related parties</b>	<b>505,133,255</b>	<b>521,346,338</b>

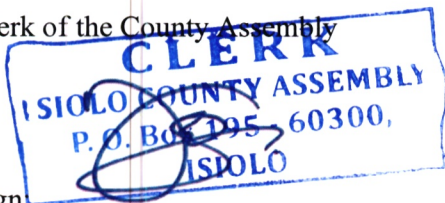
**COUNTY ASSEMBLY OF ISIOLO**  
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**16. PROGRESS ON FOLLOW ON PRIOR YEAR AUDITOR'S  
RECOMMENDATIONS**

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

Prior year auditor recommendations have been handled in the prior year's financial statement and for the financial year 2020/2021 the county assembly is yet to receive the audited certificate from the auditor general and hence no audit recommendations to report on.

Clerk of the County Assembly



Sign

Date: 28/12/2022

**COUNTY ASSEMBLY OF ISIOLO**  
**Reports and Financial Statements**  
**For the year ended June 30, 2022**

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**17. ANNEXES**

**ANNEX 1 – ANALYSIS OF PENDING ACCOUNTS PAYABLE**

<b>Supplier of Goods or Services</b>	<b>Original Amount</b>	<b>Date Contracted</b>	<b>Amount Paid To-Date</b>	<b>Outstanding Balance 2019/20</b>	<b>Outstanding Balance 2018/19</b>	<b>Comments</b>
	A	b	c	d=a-c		
<b>Construction of buildings</b>						
1.						
2.						
3.						
<b>Sub-Total</b>						
<b>Construction of civil works</b>						
4.						
5.						
6.						
<b>Sub-Total</b>						
<b>Supply of goods</b>						
7.						
8.						
9.						
<b>Sub-Total</b>						
<b>Supply of services</b>						
10.						
11.						
12.						
<b>Sub-Total</b>						
<b>Grand Total</b>						

**COUNTY ASSEMBLY OF ISIOLO**  
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**ANNEX 2- ANALYSIS OF PENDING STAFF PAYABLES**

<b>Name of Staff</b>	<b>Job Group</b>	<b>Original Amount</b>	<b>Date Payable Contracted</b>	<b>Amount Paid To-Date</b>	<b>Outstanding Balance 2019/20</b>	<b>Outstanding Balance 2018/19</b>	<b>Comments</b>
		A	B	C	d=a-c		
1. N/A							
2.							
<b>Sub-Total</b>							
<b>Grand Total</b>							

The County Assembly had no pending staff payables outstanding for the period under review.

**COUNTY ASSEMBLY OF ISIOLO**  
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**ANNEX 3 – ANALYSIS OF OTHER PENDING PAYABLES**

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2021/22	Outstanding Balance 2021/22	Comments
		a	b	c	d=a-c		
1. Amounts Due To County Govt Entities	Unspent funds	1,019,410	1Jul 22		1,019,410	-	These are unutilized funds for the year
2. Equilibrium Investment	Construction of buildings	4,993,156	29/6/2015	4,393,156	600,000		
3. Masala General Agencies	Construction of buildings	4,919,443	29/6/2015	3,674,536	1,244,907		
4. Bakal Agencies	Construction of buildings	4,970,670	29/6/2015	3,674,228.08	1,296,442		
5. Lesapur Company Ltd	Construction of buildings	2,854,836	19/6/2018	1,070,000	1,784,836		
6. Sun Spike Construction Co.	Construction of buildings	4,919,443	29/6/2018	2,639,443	2,280,000		
7. Mumtahina Construction Co.	Construction of civil works	1,540,000	7/5/2018	0	1,540,000		
8. Vista Valley	Construction of buildings	4,980,000	19/6/2018	4,120,000	860,000		
9. Mirage 2019 Enterprises Limited	Construction of civil works	681,423.20	27/4/2020	0	681,423.20		

**COUNTY ASSEMBLY OF ISIOLO**

**Reports and Financial Statements**

**For the year ended June 30, 2022**

<b>Name</b>	<b>Brief Transaction Description</b>	<b>Original Amount</b>	<b>Date Payable Contracted</b>	<b>Amount Paid To-Date</b>	<b>Outstanding Balance 2021/22</b>	<b>Outstanding Balance 2021/22</b>	<b>Comments</b>
10. Mfi Document Solutions Limited	Supply of goods	949,541.40	29/3/2020	0	949,541.40		
11. Elsa Hotel Ltd	Supply of service	982,758.60	7/5/2017	0	982,758.60		
12. Dikco Limited	Supply of goods	1,101,672.40	20/2/2020	0	1,101,672.40		
13. S And S Company Limited	Supply of service	1,474,137.95	19/5/2021	0	1,474,137.95		
14. Sulidi Company Limited	Supply of service	1,483,277.60	8/6/2020	0	1,483,277.60		
15. Dikco Limited	Supply of goods	1,518,362.05	7/5/2021	0	1,518,362.05		
16. Sazar Investment Limited	Supply of service	1,694,423.30	02/8/2021	0	1,694,423.30		
17. Dere And Sons Transporters and Supp	Supply of service	1,768,965.50	18/7/2020	0	1,768,965.50		
18. Neilsprit Investments Limited	Supply of goods	1,788,620.70	29/3/2018	0	1,788,620.70		
19. Snow Ship Limited	Supply of goods	1,792,551.70	7/08/2020	0	1,792,551.70		
20. Trans-Bach Limited	Supply of goods	2,260,344.85	27/6/2021	0	2,260,344.85		
21. Japrim Transport Solution	Supply of service	2,358,620.70	07/9/2020	0	2,358,620.70		
22. Trans-Bach Limited	Supply of goods	2,358,620.70	07/07/2019	0	2,358,620.70		



**COUNTY ASSEMBLY OF ISIOLO**  
**Reports and Financial Statements**  
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<b>Name</b>	<b>Brief Transaction Description</b>	<b>Original Amount</b>	<b>Date Payable Contracted</b>	<b>Amount Paid To-Date</b>	<b>Outstanding Balance 2021/22</b>	<b>Outstanding Balance 2021/22</b>	<b>Comments</b>
23. Japrim Transport Solution	Supply of service	2,993,256.40	13/9/2021	0	2,993,256.40		
24. Kotile General Contractors Limited	Construction of civil works	3,555,172.40	07/8/2021	0	3,555,172.40		
25. Talas Transporters	Supply of service	3,751,724.15	07/2/2018	0	3,751,724.15		
26. Office Ideals Limited	Supply of goods	3,147,825.00	25/11/2018	0	3,147,825.00		
<b>Sub-Total</b>					<b>46,286,893.6</b>		

**COUNTY ASSEMBLY OF ISIOLO**  
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**ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER**

<b>Asset class</b>	<b>Historical Cost b/f (KShs) 2021/2</b>	<b>Additions during the year (KShs)</b>	<b>Disposals during the year (KShs)</b>	<b>Transfers in/(out)</b>	<b>Historical Cost c/f (KShs) 2022/23</b>
Land					
Buildings and structures	433,000,389	1,983,960			<b>434,984,349</b>
Transport equipment	20,610,396				<b>20,610,396</b>
Office equipment, furniture and fittings	28,434,181				<b>28,434,181</b>
ICT Equipment					
Machinery and Equipment	25,241,920				<b>25,241,920</b>
Intangible assets	7,000,000				<b>7,000,000</b>
Work In Progress					
<b>Total</b>	<b>514,286,886</b>	<b>1,983,960</b>			<b>516,270,846</b>