

REPUBLIC OF KENYA



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REPORT



OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
TAITA TAVETA COUNTY DATU  
SAWAZISHA FUND

FOR THE EIGHT-MONTH PERIOD  
ENDED 30 JUNE 2015

COUNTY GOVERNMENT OF TAITA TAVETA  
Reports and Financial Statements For Datu Sawazisha Fund  
For the period ended June 30, 2015

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COUNTY GOVERNMENT OF TAITA TAVETA  
DATU SAWAZISHA FUND  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED  
JUNE 30, 2015

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

COUNTY GOVERNMENT OF TAITA TAVETA  
Reports and Financial Statements For Datu Sawazisha Fund  
For the period ended June 30, 2015

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**COUNTY GOVERNMENT OF TAITA TAVETA**  
**Reports and Financial Statements For Datu Sawazisha Fund**  
**For the period ended June 30, 2015**

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**KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

Datu Sawazisha Fund was launched in the year 2014 by the Taita Taveta County Government under the Taita Taveta County Datu Sawazisha Fund Act 2014.

**DATU** is an acronym that stands for “**DAWIDA TUWETA**”, meaning the people of Taita and Taveta.

**(b) Key Management**

The Datu Sawazisha Fund’s day-to-day management is under the following key organs:

<b>Mr. Dr Boniface Mwandotto</b>	<b>- Board Chairman</b>
<b>Mr. Vitalis Kang’ero</b>	<b>- Board Member</b>
<b>Mr. Ramadhan Itambo</b>	<b>- Board Member</b>
<b>Mrs. Martha Kenio</b>	<b>- Board Member</b>
<b>Mr. Venant Mwabara</b>	<b>- Board Member</b>
<b>Mrs. Rosemary Mwazighe</b>	<b>- Board Member</b>
<b>Mr. Joel Shinga</b>	<b>- Board Member</b>
<b>Miss. Gladyness Maganga</b>	<b>- Board Member</b>
<b>Mrs. Juliah Mwale</b>	<b>- Board Member</b>

**(c) Fiduciary Management**

The key management personnel who held office during the period ended June 30, 2015 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Accounting Officer	- <b>Pamela Dio</b>
2.	Committee Secretary County Chief	- <b>Chalambo Salim Yassin</b>
3.	Officer-Finance & Planning	- <b>Bonaventure Mwakio</b>

**COUNTY GOVERNMENT OF TAITA TAVETA**  
**Reports and Financial Statements For Datu Sawazisha Fund**  
**For the period ended June 30, 2015**

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**(d) Fiduciary Oversight Arrangements**

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

1. *County Assembly Public Accounts Committee*
2. *Office of The Controller of Budget*

**KEY ENTITY INFORMATION AND MANAGEMENT (Continuation...)**

**(e) Entity Headquarters**

County Government of Taita Taveta Headquarter  
P.O. Box 1066 - 80304  
Wundanyi, KENYA.

**(f) Entity Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. Cooperative Bank of Kenya  
Elganga Plaza  
P.O. Box 770-80300  
Voi, Kenya
3. Kenya Commercial Bank  
P.O. Box 1067-80304  
Wundanyi, Kenya

**(g) Independent Auditors**

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

COUNTY GOVERNMENT OF TAITA TAVETA  
Reports and Financial Statements For Datu Sawazisha Fund  
For the period ended June 30, 2015

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**(h) Principal Legal Adviser**

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

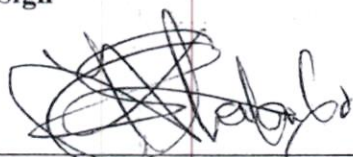
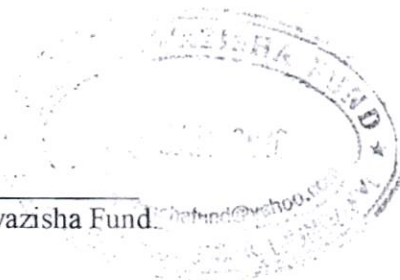
**I. FORWARD BY THE BOARD CHAIRPERSON**

Put the forward note by the FUND ADMINISTRATOR.....

Include the following:

<b>Budget performance</b>
<i>The fiscal performance in 2014/15 was generally satisfactory, all the funds expected were actually received.</i>
<b>Performance of key development projects</b>
<i>Loans were disbursed to groups</i>
<b>Comment on value-for-money achievements</b>
<i>The loans were distributed to all successful applicants identified at Ward level within the County</i>
<b>Challenges and Recommended Way Forward</b>
<i>Lack of enough Funds to offer loan to eligible groups in the County. Lack of proper structures to enable recovery of loans from the groups. Loans which have been disbursed are not insured hence possibility of default without any recourse</i>

Sign

Fund Administrator of Datu Sawazisha Fund

## STATEMENT OF MANAGEMENT RESPONSIBILITIES

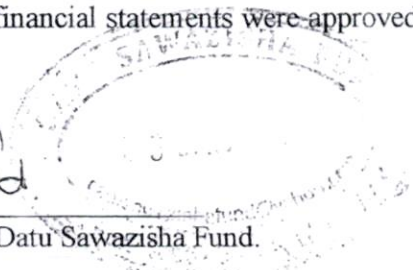
The Fund Administrator of the Fund is responsible for the preparation and presentation of the Datu Sawazisha Fund's financial statements, which give a true and fair view of the state of affairs of the Datu Sawazisha Fund for the period ended on June 30, 2015. This responsibility includes: (i) maintaining 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 Datu Sawazisha Fund; (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 Datu Sawazisha Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Fund Administrator accepts responsibility for the Datu Sawazisha Fund'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 Fund Administrator is of the opinion that the Fund's financial statements give a true and fair view of the state of the Datu Sawazisha Fund's transactions for the period ended June 30, 2015 and of its financial position as at that date. The Fund Administrator further confirms the completeness of the accounting records maintained for the Datu Sawazisha Fund 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 Fund Administrator confirms that the Fund has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the Datu Sawazisha 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 Fund Administrator confirms that the Funds' 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 Fund Administrator on 22<sup>nd</sup> December 2015.



Fund Administrator of the Datu Sawazisha Fund.

# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON TAITA TAVETA COUNTY DATU SAWAZISHA FUND FOR THE EIGHT (8)-MONTH PERIOD ENDED 30 JUNE 2015

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Taita Taveta County Datu Sawazisha Fund set out on pages 1 to 16, which comprise the statement of financial assets as at 30 June 2015, and the statement of receipts and payments, statement of cash flows, and statement of comparison of budget and actual amounts: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable the preparation and fair presentation of the 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. These standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the

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*Report of the Auditor-General on the Financial Statements of Taita Taveta County Datu Sawazisha Fund for the Eight-Month Period ended 30 June 2015*

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

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

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

#### **1. Late Submission of the Financial Statements**

The Taita Taveta County Datu Sawazisha Fund financial statements for the eight (8)-months period ended 30 June 2015 were submitted to the Auditor-General for audit on 6 February 2017, sixteen (16) months after the statutory deadline of 30 September 2015, contrary to the provisions of Section 47(1) of the Public Audit Act, 2015 which requires the management to submit the financial statements to the Auditor-General within three (3) months after the end of the financial year to which the accounts relate.

Consequently, the management is in breach of the Law.

#### **2. Presentation of the Financial Statements**

The financial statements for the eight (8)-month period ended 30 June 2015 presented for audit had the following anomalies:-

- 2.1 The financial statements have been prepared on IPSAS Cash Basis instead of IPSAS Accrual Basis to enhance completeness and disclosure as per IPSAS no.1 on presentation.
- 2.2 The financial statements headers refer to "for the period ended June 30, 2015" instead of "for the eight (8) month period ended 30 June 2015", contrary to Section 66 of International Public Sector Accounting Standard No.1 which requires disclosure of the reporting date or period covered by the financial statements.
- 2.3 Statement of Financial assets indicates "for the period ended" instead of "as at 30 June 2015", contrary to International Public Sector Accounting Standard No.1, on presentation.
- 2.4 Statement of comparison of budget and Actual amounts - recurrent and development combined do not have original and final budgeted amounts for

payments, nor percentage of utilization indicated in line with the Public Sector Accounting Standards Board financial template.

In the circumstances, the financial statements presented for the eight (8)-month period ended 30 June 2015 do not comply with International Public Sector Accounting Standards (Cash Basis) No.1 on presentation of financial statements as prescribed by the Public Sector Accounting Standards Board.

### **3. Inaccuracies in the Financial Statements**

The Financial Statements for the eight (8)-month period ended 30 June 2015 contained various variances of Kshs.12,711,981 as detailed below:

- 3.1 The statement of receipts and payments reflects total payments of Kshs.37,713,992 while re-casted figure is Kshs.35,713,992, resulting to unexplained/unreconciled variance of Kshs.2,000,000.
- 3.2 The statement of receipts and payments reflects a surplus of Kshs.26,620,494 while statement of financial assets reflects a surplus of Kshs.1,271,689, resulting to unexplained/unreconciled variance of Kshs.25,348,805.
- 3.3 The statement of financial assets reflects accounts receivable – outstanding imprests of Kshs.271,689 while note 14 reflects a nil balance, resulting to unexplained/unreconciled variance of Kshs.271,689.
- 3.4 The statement of receipts and payments reflects nil balance for compensation of employees while statement of comparison of budget and actual amounts-recurrent and development combined reflects Kshs.5,849,155, resulting to unexplained/unreconciled variance of Kshs.5,849,155.
- 3.5 The statement of receipts and payments reflects use of goods and services of Kshs.5,849,155 while statement of comparison of budget and actual amounts-recurrent and development combined reflects Kshs.12,739,670, resulting to unexplained/unreconciled variance of Kshs.6,890,515.

Consequently, the accuracy and completeness of these financial statements for the eight (8)-month period ended 30 June, 2015 could not be confirmed.

### **4. Bank Balance**

The statement of financial assets as at 30 June 2015 reflects bank balance of Kshs.25,348,805 which comprises of Kshs.2,592,481 in Kenya Commercial Bank Ltd Account and Kshs.22,756,324 in Co-operative Bank (K) Ltd Account. However, the supporting cash books and bank reconciliation statements as at the same date were not availed for audit verification.

Consequently, the validity, completeness and accuracy of bank balance of Kshs.25,348,805 as at 30 June 2015 could not be confirmed.

### 5. Unsupported Balances

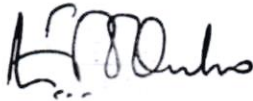
The financial statements for the eight (8)-month period ended 30 June 2015 had unsupported balances amounting to Kshs.122,659,852 as detailed below:-

Item	Financial Statement	Unsupported Balances (Kshs.)	Document not Availed
Accounts Receivable	Statement of Financial Assets	271,689	Management did not avail the support schedule/list of imprest holders for audit verification
Transfers from the County Treasury /Exchequer Releases	Statement of Receipts and Payments	58,742,005	Management did not avail the supporting bank statement for audit verification.
Other Receipts – Loans repayment.	Statement of Receipts and Payments	2,592,481	Management did not avail the support schedule for audit verification.
Other Payments	Statement of Receipts and Payments	29,855,717	The support schedule showing names of loanees, dates loans advanced, total repayments and outstanding balance including cheques dispatch register were not availed for audit verification.
Use of Goods and Services	Statement of Receipts and Payments	5,849,155	Management did not avail the support schedules for audit verification.
Fund balance brought forward	Statement of Financial Assets	25,348,805	Management did not avail the support schedules for audit verification.
<b>Total</b>		<b>122,659,852</b>	

Consequently, the propriety, accuracy and completeness of Kshs.122,659,852 for the eight (8)-months period ended 30 June 2015 could not be confirmed.

#### **Disclaimer of Opinion**

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



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

**Nairobi**

**13 November 2017**

COUNTY GOVERNMENT OF TAITA TAVETA  
 Reports and Financial Statements For Datu Sawazisha Fund  
 For the period ended June 30, 2015

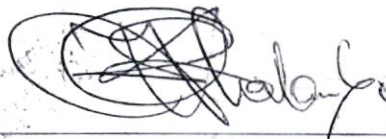
II. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2014/2015 Kshs
<b>RECEIPTS</b>		
Transfers from the County Treasury/Exchequer Releases	1	58,742,005.00
Proceeds from Sale of Assets	2	-
Other Receipts	3	2,592,481.00
<b>TOTAL RECEIPTS</b>		<b>61,334,486.00</b>
<b>PAYMENTS</b>		
Compensation of Employees	4	-
Use of goods and services	5	(5,849,155.00)
Subsidies	6	-
Transfers to Other Government Entities	7	-
Other grants and transfers	8	-
Social Security Benefits	9	-
Acquisition of Assets	10	-
Finance Costs	11	(9,120.00)
Other Payments	12	(29,855,717.00)
<b>TOTAL PAYMENTS</b>		<b>(37,713,992.00)</b>
<b>SURPLUS/DEFICIT</b>		<b>26,620,494.00</b>

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on **22<sup>nd</sup> December 2015** and signed by:



Board Chairperson



Fund Administrator – Datu Sawazisha Fund

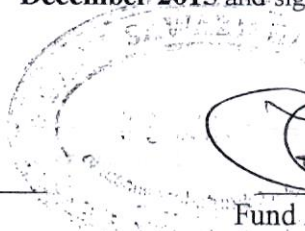

COUNTY GOVERNMENT OF TAITA TAVETA  
 Reports and Financial Statements For Datu Sawazisha Fund  
 For the period ended June 30, 2015

III. STATEMENT OF FINANCIAL ASSETS FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 2015

	Note	2014/2015
FINANCIAL ASSETS		Kshs
<b>Cash and Cash Equivalents</b>		
Bank Balances	13A	25,348,805.00
Cash Balances	13B	-
<b>Total Cash and cash equivalents</b>		<b>25,348,805.00</b>
Accounts receivables – Outstanding Imprests	14	271,689.00
<b>TOTAL FINANCIAL ASSETS</b>		<b>25,620,494.00</b>
<b>FINANCIAL LIABILITIES</b>		
Accounts Payables – Loans due for Disbursement	15	-
<b>NET FINANCIAL ASSETS</b>		<b>25,620,494.00</b>
<b>REPRESENTED BY</b>		
Fund balance b/fwd	16	25,348,805.00
Surplus/Deficit for the year		1,271,689.00
<b>NET FINANCIAL POSITION</b>		<b>25,620,494.00</b>

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on **22<sup>nd</sup> December 2015** and signed by:

  
 Board Chairperson

   
 Fund Administrator – Datu Sawazisha Fund

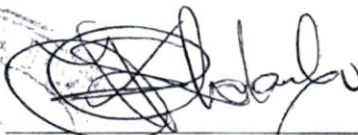
COUNTY GOVERNMENT OF TAITA TAVETA  
 Reports and Financial Statements For Datu Sawazisha Fund  
 For the period ended June 30, 2015

IV. STATEMENT OF CASHFLOW

	Note	2014/2015 Kshs
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Receipts from operating income</b>		
Transfers from the County Treasury/Exchequer Releases	1	58,742,005
Other Receipts	3	2,592,481
<b>Payments for operating expenses</b>		
Compensation of Employees	4	-
Use of goods and services	5	(5,849,155)
Subsidies	6	-
Transfers to Other Government Entities	7	-
Other grants and transfers	8	-
Social Security Benefits	9	-
Finance Costs	11	(9,120)
Other Payments	12	(29,855,717)
<b>Adjusted for:</b>		
Adjustments during the year		-
<b>Net cash flows from operating activities</b>		<b>25,620,494</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Assets	2	-
Acquisition of Assets	10	-
<b>Net cash flows from investing activities</b>		<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>25,620,494</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>-</b>
<b>Cash and cash equivalent at END of the year</b>		<b>25,620,494</b>
<b>As per statement of assets</b>		<b>25,620,494</b>
<i>Control</i>		<b>-</b>

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on **22<sup>nd</sup> December 2015** and signed by:

  
 Board Chairperson


  
 Fund Administrator – Datu Sawazisha Fund

COUNTY GOVERNMENT OF TAITA TAVETA  
 Reports and Financial Statements For Datu Sawazisha Fund  
 For the period ended June 30, 2015


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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of utilization difference to final budget
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>RECEIPTS</b>					
Transfers from the County Treasury/Exchequer Releases	60,000,000	-	58,742,005	58,742,005	90%
Proceeds from Sale of Assets					
Other Receipts			2,592,481	2,592,481	692%
<b>TOTAL</b>		-	<b>61,334,486</b>	<b>61,334,486</b>	<b>160%</b>
<b>PAYMENTS</b>					
Compensation of Employees		-		5,849,155	
Use of goods and services				12,739,670	
Finance Costs		-		9,120	
Other Payments				29,855,717	
<b>TOTAL</b>		-		<b>35,713,992</b>	

The Datu Sawazisha Fund financial statements were approved on **22<sup>nd</sup> December 2015** and signed by:

  
 Board Chairperson



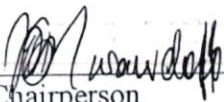
  
 Fund Administrator – Datu Sawazisha Fund

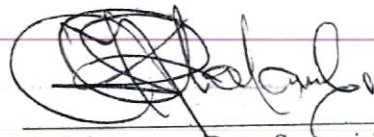
COUNTY GOVERNMENT OF TAITA TAVETA  
 Reports and Financial Statements For Datu Sawazisha Fund  
 For the period ended June 30, 2015

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of utilization difference to final budget
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>RECEIPTS</b>					
Transfers from the County Treasury/Exchequer Releases					
Proceeds from Sale of Assets					
Other Receipts					
<b>TOTAL</b>	-	-	-	-	-
<b>PAYMENTS</b>					
Compensation of Employees					
Use of goods and services					
Subsidies					
Transfers to Other Government Entities					
Other grants and transfers					
Social Security Benefits					
Acquisition of Assets					
Finance Costs					
Other Payments					
<b>TOTAL</b>					

The Datu Sawazisha Fund financial statements were approved on 22<sup>nd</sup> December 2015 and signed by:

  
 Board Chairperson

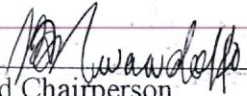
  
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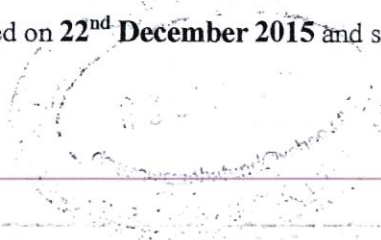
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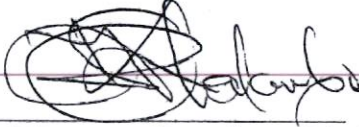
VII. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS: DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of utilization difference to final budget
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>RECEIPTS</b>					
Transfers from the County Treasury/Exchequer Releases	-	-	-	-	-
Proceeds from Sale of Assets	-	-	-	-	-
Other Receipts	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-
<b>PAYMENTS</b>					
Compensation of Employees	-	-	-	-	-
Use of goods and services	-	-	-	-	-
Subsidies	-	-	-	-	-
Transfers to Other Government Entities	-	-	-	-	-
Other grants and transfers	-	-	-	-	-
Social Security Benefits	-	-	-	-	-
Acquisition of Assets	-	-	-	-	-
Finance Costs	-	-	-	-	-
Other Payments	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-

The Datu Sawazisha Fund financial statements were approved on **22<sup>nd</sup> December 2015** and signed by:

  
 Board Chairperson



  
 Fund Administrator – Datu Sawazisha Fund

## VIII. 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 *Taita Taveta County Datu Sawazisha Fund*. 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 *Taita Taveta County Datu Sawazisha Fund* 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 *Taita Taveta County Datu Sawazisha Fund* 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 *Taita Taveta County Datu Sawazisha Fund* 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 *Taita Taveta County Datu Sawazisha Fund* 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. There was No in kind contribution during this period.

### 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 period ended of 30<sup>th</sup> June 2015.

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SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 *Taita Taveta County Datu Sawazisha Fund* 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 *Taita Taveta County Datu Sawazisha Fund'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 *Taita Taveta County Datu Sawazisha Fund'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.

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**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.

**IX. NOTES TO THE FINANCIAL STATEMENTS**

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

Description	2014/2015
	Kshs
Total Exchequer Releases for quarter 1	
Total Exchequer Releases for quarter 2	17,264,767
Total Exchequer Releases for quarter 3	20,000,000
Total Exchequer Releases for quarter 4	21,477,238
<b>Total</b>	<b>58,742,005</b>

**2 PROCEEDS FROM SALE OF ASSETS**

Description	2014/2015
	Kshs
Receipts from the Sale of Buildings	-
Receipts from the Sale of Vehicles and Transport Equipment	-
Receipts from the Sale Plant Machinery and Equipment	-
Receipts from Sale of Certified Seeds and Breeding Stock	-
Receipts from the Sale of Strategic Reserves Stocks	-
Receipts from the Sale of Inventories, Stocks and Commodities	-
Disposal and Sales of Non-Produced Assets	-
Receipts from the Sale of Strategic Reserves Stocks	-
<b>Total</b>	<b>-</b>



**COUNTY GOVERNMENT OF TAITA TAVETA**

**Reports and Financial Statements**

For the period ended 30<sup>th</sup> June 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued),

**3 OTHER RECEIPTS**

Description	2014/2015
	Kshs
Interest from Bank	
Other Receipts -	
Other Receipts III	
Other Receipts IV	
Other Receipts – loans repayments	2,592,481
<b>Total</b>	<b>2,592,481</b>

**4 COMPENSATION OF EMPLOYEES**

Description	2014/2015
	Kshs
Basic salaries of permanent employees	-
Basic wages of temporary employees	-
Personal allowances paid as part of salary	-
Personal allowances paid as reimbursements	-
Personal allowances provided in kind	-
Pension and other social security contributions	-
Compulsory national social security schemes	-
Compulsory national health insurance schemes	-
Social benefit schemes outside government	-
Other personnel payments	-
<b>Total</b>	<b>-</b>

**5 USE OF GOODS AND SERVICES**

Description	2014/2015
	Kshs
Utilities, supplies and services	-
Communication, supplies and services	-
Domestic travel and subsistence	2,370,397
Foreign travel and subsistence	-
Printing, advertising and information supplies & services	-
Rentals of produced assets	-
Training expenses	2,549,344
Hospitality supplies and services	-
Insurance costs	-
Specialized materials and services	-
Fuel Oil and Lubricant	-
Office and general supplies and services	-

**COUNTY GOVERNMENT OF TAITA TAVETA**  
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Description	2014/2015
	Kshs
Other operating expenses	929,414
Routine maintenance – vehicles and other transport equipment	-
Routine maintenance – other assets	-
<b>Total</b>	<b>5,849,155</b>

**6 SUBSIDIES**

Description	2014/2015
	Kshs
Subsidies to Public Corporations	
<i>See list attached</i>	
	-
	-
Subsidies to Private Enterprises	
<i>See list attached</i>	
	-
	-
<b>TOTAL</b>	<b>-</b>

**7 TRANSFERS TO OTHER GOVERNMENT ENTITIES**

Description	2014/2015
	Kshs
Transfers to National Government entities	
See attached list	-
Transfers to Counties	
County Assembly Mortgage Fund Account	-
(insert name of budget agency)	-
<b>TOTAL</b>	<b>-</b>



COUNTY GOVERNMENT OF TAITA TAVETA  
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 OTHER GRANTS AND TRANSFERS

Description	2014/2015
	Kshs
Scholarships and other educational benefits	-
Emergency relief and refugee assistance	-
Subsidies to small businesses, cooperatives, and self employed	-
Other current transfers, grants	-
Other capital grants and transfers	-
<b>Total</b>	-

9 SOCIAL SECURITY BENEFITS

Description	2014/2015
	Kshs
Government pension and retirement benefits	-
Social security benefits in cash and in kind	-
Employer Social Benefits in cash and in kind	-
<b>Total</b>	-

10 ACQUISITION OF ASSETS

Description	2014/2015
	Kshs
<b>Non-financial assets</b>	
Purchase of Buildings	-
Construction of Buildings	-
Refurbishment of Buildings	-
Construction of Roads	-
Construction and Civil Works	-
Overhaul and Refurbishment of Construction and Civil Works	-
Purchase of Vehicles and Other Transport Equipment	-
Overhaul of Vehicles and Other Transport Equipment	-
Purchase of Household Furniture and Institutional Equipment	-
Purchase of Office Furniture and General Equipment	-
Purchase of ICT Equipment, Software and Other ICT Assets	-
Purchase of Specialised Plant, Equipment and Machinery	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-

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Description	2014/2015
	Kshs
Purchase of Certified Seeds, Breeding Stock and Live Animals	-
Research, Studies, Project Preparation, Design & Supervision	-
Rehabilitation of Civil Works	-
Acquisition of Strategic Stocks and commodities	-
Acquisition of Land	-
Acquisition of Intangible Assets	-
<b>Financial Assets</b>	
Domestic Public Non-Financial Enterprises	-
Domestic Public Financial Institutions	-
Foreign financial Institutions operating Abroad	-
Other Foreign Enterprises	-
Foreign Payables – From Previous Years	-
<b>Total</b>	-

**11 FINANCE COSTS**

Description	2014/2015
	Kshs
Bank Charges	9,120
Exchange Rate Losses	-
Other Finance Costs	-
<b>Total</b>	<b>9,120</b>

**12 OTHER PAYMENTS**

Description	2014/2015
	Kshs
Budget Reserves	-
Civil Contingency Reserves	-
Capital Transfers to Non-Financial Public Enterprises	-
Capital Transfer to Public Financial Institutions and Enterprises	-
Capital Transfer to Private Non-Financial Enterprises	-
Other expenses – Loan groups	29,855,717
Grants to persons with Disabilities	-
<b>Total</b>	<b>29,855,717</b>

COUNTY GOVERNMENT OF TAITA TAVETA  
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13A BANK ACCOUNTS

Name of Bank, Account No. & Currency	Indicated whether recurrent or development	2014/2015
		Kshs
<i>Cooperative Bank of Kenya, Account No.0114122222000, Kshs ,Datu Sawazisha Fund</i>	Recurrent	22,756,324.00
<i>KENYA COMMERCIAL BANK AC No.1166131580</i>	Recurrent	2,592,481.00
<b>Total</b>		<b>25,348,805</b>

13B CASH IN HAND

Description	2014/2015
	Kshs
Cash in Hand – Held in domestic currency	-
Cash in Hand – Held In fixed deposit account	-
<b>Total</b>	<b>-</b>

Cash in hand should be analysed as follows:

Description	2014/2015
	Kshs
Location 1	-
Location 2	-
Location 3	-
<b>Total</b>	<b>-</b>

14 ACCOUNTS RECEIVABLE

Description	2014/2015
	Kshs
Government Imprests	-
Clearance Accounts	-
Staff Advances	-
Outstanding loans from groups	-
<b>Total</b>	<b>-</b>

\*See Annex 5 for a detailed analysis of the outstanding loans.

COUNTY GOVERNMENT OF TAITA TAVETA  
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 For the period ended June 30, 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 ACCOUNTS PAYABLE

Description	2014/2015
	Kshs
Loans due for disbursement	-
<b>Total</b>	-

16 FUND BALANCE BROUGHT FORWARD

Description	2014/2015
	Kshs
Bank accounts	
Cash in hand	
Accounts Receivables	
Accounts Payables	
<b>Total</b>	-

17 OTHER IMPORTANT DISCLOSURES

17.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

Description	2014/2015
	Kshs
Construction of buildings	-
Construction of civil works	-
Supply of goods	-
Supply of services	-
<b>Total</b>	-

17.2: PENDING STAFF PAYABLES (See Annex 2)

Description / Name of Staff	2014/2015
	Kshs
<b>Total</b>	



COUNTY GOVERNMENT OF TAITA TAVETA  
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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

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

Description	2014/2015
	Kshs
Amounts due to National Government entities	-
Amounts due to County Government entities	-
Amounts due to third parties	-
<b>Total</b>	-

COUNTY GOVERNMENT OF TAITA TAVETA

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For the period ended 30<sup>th</sup> June 2015

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

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

**COUNTY GOVERNMENT OF TAITA TAVETA**  
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**ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES**

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Comments
		a	b	c	d=a-c	
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
11.						
12.						
	<b>Sub-Total</b>					
	<b>Grand Total</b>					

**COUNTY GOVERNMENT OF TAITA TAVETA**

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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 2015	Comments
		a	b	c	d=a-c	
<b>Amounts due to National Govt Entities</b>						
1.						
2.						
3.						
	<b>Sub-Total</b>					
<b>Amounts due to County Govt Entities</b>						
4.						
5.						
6.						
	<b>Sub-Total</b>					
<b>Amounts due to Third Parties</b>						
7.						
8.						
9.						
	<b>Sub-Total</b>					
<b>Others (specify)</b>						
10.						
11.						
12.						
	<b>Sub-Total</b>					
	<b>Grand Total</b>					

COUNTY GOVERNMENT OF TAITA TAVETA  
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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost FY2014/2015 Kshs
Land	-
Buildings and structures	-
Transport equipment	-
Office equipment, furniture and fittings	-
ICT Equipment, Software and Other ICT Assets	-
Other Machinery and Equipment	-
Heritage and cultural assets	-
Intangible assets	-
<b>Total</b>	-

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ANNEX 5 – ANALYSIS OF OUTSTANDING IMPREST

*Government Imprest Holders*

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

ANNEX 6 – BANK RECONCILIATION

