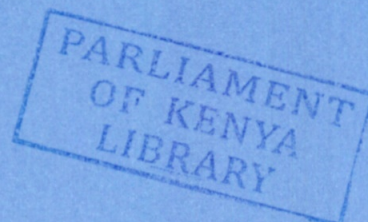


REPUBLIC OF KENYA



Enhancing Accountability

REPORT



PAPERS LAID	
DATE	16/04/2024
TABLED BY	MAJORITY LEADER
COMMITTEE	FINANCE & BUDGET
AT THE TABLE	G. CHEROP

OF

THE AUDITOR-GENERAL

ON

COUNTY ASSEMBLY OF ISIOLO

**FOR THE YEAR ENDED
30 JUNE, 2023**



ISIOLO COUNTY ASSEMBLY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2023

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

County Government of Isiolo
Isiolo County Assembly
Annual Report and Financial Statements For the year ended 30th June 2023

TABLE OF CONTENTS

1. Acronyms and Glossary of Terms	ii
2. Key Entity Information and Management.....	iii
3. Governance Statement.....	vi
4. Foreword by the Clerk of The Assembly.....	x
5. Statement of Performance Against County Assembly Predetermined Objectives.....	xvi
6. Corporate Social Responsibility Statement/Sustainability Reporting	xvii
7. Statement of Management Responsibilities	xviii
8. Report Of the Independent Auditor County Assembly of Isiolo for the year ended 30 th June 2023.....	xix
9. Statement of Receipts and Payments for The Year Ended 30 th June 2023.....	1
10. Statement Of Financial Assets and Liabilities As At 30 th June 2023.....	2
11. Statement of Cash Flows for The Period Ended 30 th June 2023	3
12. Statement of Comparison of Budget & Actual Amounts: Recurrent and Development for year ended 30 th June 2023	4
12A Statement of Comparison Of Budget & Actual Amounts: Recurrent for the year ended 30 th June 2023	5
12B Statement Of Comparison of Budget & Actual Amounts: Development for the year ended 30 th June 2023	6
13. Budget Execution by Programmes and Sub-Programmes	7
14. Significant Accounting Policies.....	8
15. Notes to the Financial Statements.....	14
16. Progress on Follow on Prior Year Auditor's Recommendations	25
17. Annexes	27

1. Acronyms and Glossary of Terms

a) Acronyms

ADP	Annual Development Plan
AIE	Authority to Incur Expenditure
CA	County Assembly
CARA	County Allocation of Revenue Act
CECM	County Executive Committee Member
CE	County Executive
CG	County Government
CIDP	County Integrated Development Plan
CRA	Commission on Revenue Allocation
CRF	County Revenue Fund
CT	County Treasury
IPSAS	International Public Sector Accounting Standards
MCA	Member of County Assembly
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
NT	National Treasury
WB	World Bank
Kshs	Kenya Shillings

b) Glossary of Terms

Comparative FY	Means the financial year preceding the current financial year.
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2. Key Entity Information and Management

(a) Background information

The County is constituted as per the constitution of Kenya is headed by the Speaker of the County Assembly, who is responsible for the general policy and strategic direction of the Assembly. The County Assembly constitutes 17 Members of County Assembly (MCAs) elected to represent members of the public from their respective wards. The MCAs are responsible for making laws for effective performance of the County Government, approving plans and policies and playing the oversight role over the County Executive.

(b) Key Management Team

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

No.	Designation	Name
1.	Speaker of the County Assembly	Mohamed Roba Qoto
2.	Clerk of the County Assembly	Salad Boru Guracha
3.	Deputy Clerk of the County Assembly	Abdullahi Mohamud Halake
4.	Director Finance and Accounting services	Rahima Atikiya Sora
5.	Director Human Resource and Admin	Abubakar Ali Boru
6.	Director ICT and Hansard	Yussuf Mohamed Rashid

(c) Fiduciary Management

The key management personnel who held office during the year ended 2022/2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer- Clerk	Salad Boru Guracha
2.	Director Finance and Accounting services	Rahima Atikiya Sora
3.	Principal Accountant	Issadin Muktar Daud
4.	Director Human Resource and Admin	Abubakar Ali Boru
5.	Asst Deputy Director Account	Kaltuma Nuna Abdullahi

Key Entity Information and Management (Continued)

(d) Fiduciary Oversight Arrangements

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

- **Audit committee activities**
Its mandate is to advise the County Government on institutional risk management and compliance.
- **Finance committee activities**
Its mandate is to investigate, inquire into and report on all matters related to coordination, control and monitoring of the County budget
- **Public Accounts and Investment committee**
Its mandate is to examine the accounts showing the appropriations of the sum voted by the House to meet the public expenditure
- **Budget and Appropriation committee**
Its mandate is to examine Bills related to the County budget, including Appropriations Bills

(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.
Website: 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

County Government of Isiolo
Isiolo County Assembly
Annual Report and Financial Statements For the year ended 30th June 2023

Isiolo

(h) Independent Auditor

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

3. Governance Statement

The County Assembly

The County Assembly is constituted by the MCAs of Isiolo county government. It is headed by the Speaker who is elected by the MCAs. The speaker is also the chairperson of the county assembly service board while the county assembly clerk is the secretary.

Section 10 (4) of the county governments 2012 provides that a county assembly shall observe the following order of precedence.

- a) The speaker of the county assembly.
- b) The leader of the majority party; and
- c) The leader of the minority party.

The Roles of the county assembly are outlined in Section 8 of the County Governments Act 2012 and they include:

- a) Vet and approve nominees for appointment to county public office as may be provided for in this Act or any other law.
- b) Perform the roles set out under Article 185 of the Constitution.
- c) Approve the budget and expenditure of the county government in accordance with Article 207 of the Constitution, and the legislation contemplated in Article 220(2) of the Constitution, guided by Articles 201 and 203 of the Constitution.
- d) Approve the borrowing by the county government in accordance with Article 212 of the Constitution.
- e) Approve county development planning; and
- f) Perform any other role as may be set out under the Constitution or legislation.

The County Assembly Executes its mandate, through committees which are broadly classified into two.

a) Select Committees

Select committees are generally responsible for overseeing the work of government departments and agencies.

b) Sectoral Committees

The mandate of Sectoral Committees is in respect to the subject matter assigned by the Standing Orders and is exercised within the limits contemplated under Part 2 of the Fourth Schedule to the Constitution.

The County Assembly has the following Select and Sectoral committees:

- a) Committee of Powers and Privileges
- b) Audit Committee
- c) Public Accounts/Investment Committee
- d) Budget and Appropriations Committee
- e) Early childhood, Education and vocational training committee
- f) Ethics, Justice, Legal Affairs Committee
- g) Health Services Committee
- h) Liaison Committee

County Government of Isiolo

Isiolo County Assembly

Annual Report and Financial Statements For the year ended 30th June 2023

a) Committee of Powers and Privileges

There is established committee known as the Committee of Powers and Privileges consisting of the Speaker, who shall be the chairperson of the Committee; and such other members of the county assembly as may be provided in the Standing Orders of the county assembly. The functions of the Committee of Powers and Privileges shall be to inquire into the conduct of a member whose conduct is alleged to constitute a breach of privileges accorded to the county assembly members by any legislation or standing orders and perform such other functions as may be specified by enabling legislation. The committee held 46 meetings in FY 2022/23. The committee members during FY 2022/23 were:

Member	Designation	Ward
Hon. Mohamed Roba	Chairperson	Speaker
Hon. David Lemantile	Vice Chairperson	Oldonyiro
Hon. Abdinur Jillo	Member	Kinna
Hon. Halima Goole	Member	Cherab
Hon. Abdirashid Ali	Member	Garbatulla

b) Audit Committee

The audit committee was constituted in 1st October 2021. Its mandate is to advise the County Government on institutional risk management and compliance. The committee held Three meetings in FY 2022/23. The committee members during FY 2022/23 were:

Member	Designation
Abdia Mohamed	Chairperson
Adan Hatari	Vice-chairperson
Richard Ciira	Member
Hadija Yussuf	Secretary

c) Public Accounts/Investment Committee

The committee was formed to provide oversight on the County's finances. The committee held quarterly mandatory meetings during the year. Additionally, it also held 18 extra sittings to deal with arising matters. The members who served in the committee during the year were:

Member	Designation	Ward
Hon. Rahima Abdikadir	Chairperson	Nominated
Hon. Fozia Jibril Bore	Vice chairperson	Nominated
Hon. David Waithaka	Member	Bulapesa
Hon. Nicholas Lorot Ewoton	Member	Burat
Hon. Salesio Kiambi	Member	Wabera

d) Budget and Appropriations Committee

The budget and appropriations committee provide guidance in the budgetary process. It is charged with the budget making process and ensuring that there is public participation in the budget process. The members who served in the committee during the period were:

Member	Designation	Ward
Hon. Abdirashid Ali Diba	Chairperson	Garbatulla
Hon. Rahima Abdikadir	Vice Chairperson	Nominated
Hon. Peter Losu Loya	Member	Ngaremara
Hon. David Lemantile Lrtisian	Member	Oldonyiro
Hon. Dekha Bonja Halake	Member	Nominated

e) Early childhood, Education and vocational training Committee

The committee provides guidance to 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.

Member	Designation	Ward
Hon. David Waithaka	Chairperson	Bulapesa
Hon. Salesio Kiambi	Vice Chairperson	Wabera
Hon. Rahima Abdikadir	Member	Nominated
Hon. Kamila Warsame	Member	Nominated
Hon. Kelvin Mbuthia	Member	

Communication with all Stakeholders

The County is committed to ensuring that all its stakeholders are provided with full and timely information about its programmes and performance. They are also given an opportunity to give feedback. In this regard, the County held an Annual consultative meeting in xxx where the different stakeholders were invited for information sharing. This communication is important in ensuring that stakeholder expectations are aligned to the County's service delivery charter.

Risk management

- Are there effective arrangements for risk management and internal control?
- Are there formal processes to identify and assess risks?
- Are there formal processes to analyse risks as a basis for how they should be managed?
- Are there formal processes to assess changes in the internal and external environments which could give rise to risks?
- Risks identified and analysed in the period and how they were managed.

Compliance

The entity should identify the relevant laws and regulations that governs it and disclose its compliance to these laws. There should also be a disclosure whether reports emanating from such compliance are prepared and discussed at the relevant levels or other government offices.

County Government of Isiolo

Isiolo County Assembly

Annual Report and Financial Statements For the year ended 30th June 2023

4. Foreword 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 2022/2023 was Kshs. 597,252,680. The county exchequer disbursed to the assembly was a total sum of Kshs 593,536,657. comprising of Kshs 444,536,657.00 for recurrent and Kshs 149,000,000 for development. The actual expenditure of the assembly was Kshs 593,489,245 out of the total budget allocation which comprised of recurrent expenditure of Ksh 444,494,923 and development expenditure of Kshs 148,997,322.

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, 2023	4 th December, 2022	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	12 th November, 2022	Review budget performance of the previous year to inform planning for the coming year
3.	The County Fiscal Strategy Paper, 2023	11 th April, 2023	Trade off priority between for sectors for funding
4.	The Budget Estimates, 2023/2024	30 th June, 2023	Guide allocation of resources and county Government expenditure for the year while the locals enjoy services delivery.

Sn	COMMITTEES	FUNCTION
1	Agriculture, Livestock, Fisheries & Cooperatives	All matters relating to agriculture, including crop and 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	County Assembly Business Committee	(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	Health Services,	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	Gender, Culture & Community Services	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.
5	Transport and Public Works		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	Trade & Tourism		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	Early Childhood Education and Vocational Training		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	Labour and Social Welfare		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	Lands, Housing and Urban Development		All matters relating to lands, land survey, mapping, boundaries and fencing, housing and human settlement, physical planning and urban development
10	Environment, Natural Resources and Water		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.

County Government of Isiolo

Isiolo County Assembly

Annual Report and Financial Statements For the year ended 30th June 2023

11	Committee on Appointments	The Committee on Appointments shall consider, for approval by the County Assembly, appointments under Article 179(2) of the Constitution
12	Public Accounts and Investments Committee	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 examination of the working of the public investments
13	County Finance, Budget and Appropriations Committee	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	County Assembly Procedure and Rules Committee	The County Assembly Procedure and Rules Committee shall consider and report on all matters relating to these Standing Orders.
15	Committee on Implementation	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	Committee on Delegated County Legislation	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; gives retrospective effect to any of the provisions in respect of which the Constitution or the Act does not expressly give any such power; involves expenditure from the County Revenue Fund or other public revenues; is defective in its drafting or for any reason the form or purport of the statutory instrument calls for any elucidation; appears to make some unusual or unexpected use of the powers conferred by the Constitution or the Act pursuant to which it is made; appears to have had unjustifiable delay in its publication or laying before County Assembly; makes rights, liberties or obligations unduly dependent upon non-reviewable decisions; makes rights, liberties or obligations unduly dependent upon insufficiently defined administrative powers; inappropriately delegates legislative powers; imposes a fine, imprisonment or other penalty without express authority having been provided for in the enabling legislation; appears for any reason to infringe on the rule of law; inadequately subjects the exercise of legislative power to County Assembly scrutiny; and, accords to any other reason that the Committee considers fit to examine.
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Count Government of Isiolo

Isiolo County Assembly

Annual Report and Financial Statements For the year ended 30th June 2023

Performance of key development projects

During FY 2022/2023 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;

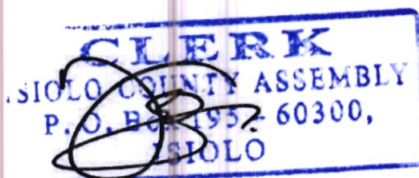
- Construction of county assembly modern chamber

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 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

5. Statement of Performance Against County Assembly Predetermined Objectives**Guidance**

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.

Strategic development 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 22/23

Program 1	Objective	Outcome	Indicator	Performance	Remarks (Explain the reasons underperformance/ Overperformance)
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	In FY 22/23 MCA were trained on • Efficient and effective review and analysis of budget documents such as ADP, CFSP and estimates • Process of legislative review and approval	Performance within the range
	Enhanced professional development of MCAs – Review standing orders	Review standing orders	% increase in efficient Assembly operation	County Assembly of Isiolo standing orders were reviewed, amendment proposed and adopted by relevant committee awaiting county assembly approval	Performance within the range

6. Corporate Social Responsibility Statement/Sustainability Reporting

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 2022. 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 Prostate), 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

7. 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.

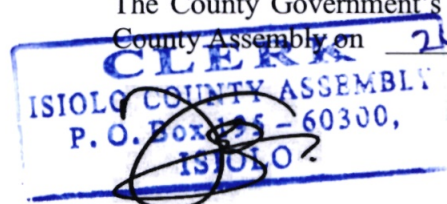
The Clerk of the County Assembly is responsible for the preparation and presentation of the County Assembly's financial statements, which give a true and fair view of the state of affairs of the County Assembly for the year ended June 30, 2023. This responsibility includes: (i) maintaining adequate financial 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, 2023, 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 24/11 2023.

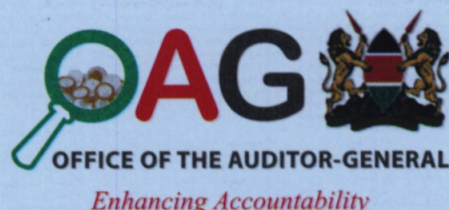


Name: Salad Boru Guracha

Clerk of the County Assembly

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF ISIOLO FOR THE YEAR ENDED 30 JUNE, 2023

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 the Government achieves value for money and that such funds are applied for the 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, risk management environment and 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 26, which comprise of the statement of financial assets and liabilities as at 30 June, 2023 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 the County Assembly of Isiolo as at 30 June, 2023 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 County Government Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Doubtful Payment of Domestic Payable

The statement of receipts and payments and Note 7 to the financial statements reflects an amount of Kshs.50,745,500 as other payments under which pending accounts payables of Kshs.1,700,000 were paid under domestic payables to two contractors for construction of ward offices in the year 2014. However, the payment was not supported with a certificate of work done and was neither reported as pending bill at the time the expense was deemed to have accrued or reported in the previous financial years as a pending bill. It was not explained as to how a bill incurred in the year 2014 could have been outstanding for nine years if the work was completed and handed over with no disputes and without being reflected in the records as pending bills.

In the circumstances, the accuracy, completeness and validity of the payment of Kshs.1,700,000 could not be confirmed.

2.0 Unsupported Training Expenses

The statement of receipts and payments and Note 3 to the financial statements reflects a total amount of Kshs.179,655,649 in respect to use of goods and services which includes Kshs.7,111,700 on training expenses under which an amount of Kshs.2,164,500 was paid to a consultancy firm for provision of training and capacity development for MCAs and staff. However, no documentary evidence in terms of training needs assessment to identify the skills gaps to be addressed, trainees' attendance lists, training programme and certificates of completion were provided for audit.

Further, supporting documents including payment vouchers to account for training expenditure amounting to Kshs.991,360 were not provided for audit.

In the circumstances, the accuracy, completeness and accountability of Kshs.3,155,860 expenditure paid to a consultancy firm could not be ascertained.

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.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual amounts on comparable basis of Kshs.597,252,680 and Kshs.593,536,657 respectively, resulting to an under-funding of Kshs.3,716,023 or 1% of the budget. Similarly, the County Assembly expended Kshs.593,506,127 against an approved budget of Kshs.597,252,680 resulting to an under-expenditure of Kshs.3,746,553 or 1% of the budget. The under-funding and under-expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is however, not modified in respect of this matter.

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

Unresolved Prior Year Matters

In the previous audit report, several issues were raised under Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Control, Risk Management and Governance. However, although Management has indicated that some of the issues have been resolved, the matters remained unresolved as the Senate and County Assembly have not deliberated on the same.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

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 Non-Compliance with Fiscal Responsibility on Wage Bill

The statement of receipts and payments and as disclosed in Note 2 to the financial statements reflects Kshs.231,870,396 in respect to compensation of employees. This

represents 39% of the total receipts of Kshs.593,536,657, which is contrary to Regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015 which limits the County Government's expenditure on wages and benefits to a maximum of 35% of the total revenue for the year.

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

2.0 Hiring of Excess Staff for County Ward Offices

During the year under review, the County Assembly had a total of eighty-two (82) Ward Office staff members against a maximum of fifty-one (51) approved by the Commission on Revenue Allocation resulting to an excess of thirty-one (31) Ward employees. The County Assembly incurred an expenditure of Kshs.24,729,240 on salaries and other benefits for the Ward office employees which was above the budget allocation by Kshs.589,257 arising from salaries and benefits to the excess staff. This contravened the Commission on Revenue Allocation Circular No. CRA/CSO/CMG/9/VOL.V(43) of 03 August, 2020 to County Assemblies on operationalization of Ward offices for members of County Assembly which allowed each Ward to employ a maximum of three (3) staff members.

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

3.0 Failure to Construct Speaker's Official Residence

The statement of receipts and payments and Note 3 to the financial statements reflects Kshs.179,655,649 in respect to use of goods and services which includes Kshs.37,614,420 in respect to rental of produced assets. Records available showed that the County Assembly did not incur expenditure on construction of Speaker's official residence during the year contrary to the Salaries and Remuneration Commission circular of Ref. No. SRC/TS/CGOVT/3/61 dated 24 October, 2016 which provided guidelines on prioritization of funds for construction of speaker's official residence in the year 2018/2019 budget cycle and in any case not later than 30 June, 2022.

In addition, the County Assembly was required to provide a status report on the implementation of the SRC guideline on construction of official residence of the Speaker within an interval period of six (6) months for the Commission to assess compliance with the guidelines and provide any interventions required. However, no evidence was provided for audit review to confirm that such reports were prepared and submitted.

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

4.0 Irregular Contributions

In the year under review, the County Assembly paid Kshs.750,000 in respect to subscriptions to the Society of Clerks at the Table (SOCATT). However, SOCATT is a private organization that does not draw its mandate from the Constitution of Kenya or an Act of Parliament. The basis of payment made to this institution is therefore not legally supported and is contrary to Regulation 105(1) of the Public Finance Management (County Governments) Regulations, 2015, which states 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 circumstance, Management was in breach of the law.

5.0 Manual Payment of Staff Salaries

The statement of receipts and payments and Note 2 to the financial statements reflects Kshs.231,870,396 in respect to compensation of employees. However, analysis of payroll data revealed that the County Assembly paid Kshs.13,251,300 to five (5) officers/members of the County Assembly in respect to salaries but the same was not processed through IPPD. Further, there was no evidence the payments were subjected to statutory deductions as required by the law. Further, it was not explained why four of the officers were not allocated payroll numbers for ease of identification and salaries processing through the IPPD.

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

6.0 Payment of Salaries Through County Assembly Operations Account

During the year under review, the County Assembly held an operations bank account which received transfers from the Assembly's CBK recurrent account for operations. However, it was observed that salary payments totaling Kshs.8,641,200 were paid through the County Assembly's operations account contrary to Regulation 99(2) of the Public Finance Management (County Governments) Regulations, 2015 that require the approved estimates of expenditure to form the basis of the accounts for the financial year.

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

7.0 Construction of Building

The statement of receipts and payments and Note 6 to the financial statements reflects Kshs.32,554,477 in respect to acquisition of assets which includes Kshs.5,440,500 incurred on construction of a building in the year under review. The construction of the Chamber which commenced on 10 July, 2019, at a contract price of Kshs.314,000,768 and contract period of Ninety (90) weeks, was to be completed on 31 March, 2021. However, the contract's period was extended by an additional sixty-four (64) weeks, up to 22 June, 2022 which, as at the time of audit in September, 2023, had lapsed but the project was not yet completed and the contractor was not on the site.

In the circumstances, the value for money of the expenditure of Kshs.5,440,500 in respect to construction of the Assembly building could not be ascertained.

8.0 Irregular Procurement of Legal Services

During the year under review the County Assembly paid Kshs.2,110,980 to a legal service provider for a civil case. However, information available showed that Management engaged the legal firm through direct procurement method without justification contrary to Section 104 of the Public Procurement and Asset Disposal Act, 2015. In addition, no contractual documents or records such as case files, court proceedings, court attendance, contract agreement, fee note or invoice raised were provided for audit review.

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

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 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 comply 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 and based on the audit procedures performed, except for the matters described in the Basis for 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 risk management and governance were not effective

Basis for Conclusion

1.0 Lack of Training Committee

Documents provided for audit indicate that despite there being a human resource management and development department, there was no evidence that Management appointed a training committee to manage the training function as required by the County Assembly Human Resources Policy Manual, 2019 No.7.2(1) which states that, 'the management and co-ordination of training function in the County Assembly will be the responsibility of the human resource management and development department. The Clerk will appoint a training committee whose mandate will be to manage the training function guided by the human resource management development department.

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

2.0 Lack of Functional and Effective Audit Committee

As previously reported, the County Assembly has an audit committee in place, appointed on 19 October, 2020. However, the committee held only one meeting in the year under review contrary to Regulation 172(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires the committee to meet once in every three months. Further, the committee did not carry out an annual review of the independence, performance, and competency of the internal audit unit contrary to Regulation 159(2) of the Public Finance Management (County Governments) Regulations, 2015, requiring such a review by the committee and make comments on the effectiveness of the internal audit unit in an annual report.

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

3.0 Inadequate Internal Audit Arrangements and Facilitation

As previously reported, 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. Management has not facilitated and strengthened the internal audit function in compliance with Regulation 155(3) of the Public Finance Management (County Governments) Regulation, 2015 which requires the internal auditor to have unrestricted, direct, and prompt access to all records, officials or personnel holding any contractual status and to all the premises and properties of the entity.

Further, there was no evidence that internal audit work plan for the financial year under review 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 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.

In the circumstances, the effectiveness of the Internal Audit Unit to provide an independent appraisal of the County Assembly's operations, internal controls and risk management could not be ascertained.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 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 overall 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 of 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 control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the County 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 dissolve the County Assembly or to 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 County Assembly's financial reporting process, reviewing the effectiveness of how 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 control in order to give an assurance on the effectiveness of internal controls, risk management and overall 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 control 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 control 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 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 Management.
- Conclude on the appropriateness of Management's use of the applicable 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 County 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 County 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 County Assembly to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

19 January, 2024

County Government of Isiolo
Isiolo County Assembly
Annual Report and Financial Statements For the year ended 30th June 2023

9. Statement of Receipts and Payments for The Year Ended 30th June 2023

		2022/23	2021/22
	Note	KShs	KShs
Receipts			
Transfers from the CRF	1	593,536,657	505,133,255
Total receipts		593,536,657	505,133,255
Payments			
Compensation of employees	2	231,870,396	252,720,958
Use of goods and services	3	179,655,649	132,904,916
Transfers to other government entities	4	69,044,000	0
Social security benefits	5	29,636,105	62,624,487
Acquisition of assets	6	32,554,477	1,983,960
Other payments	7	50,745,500	54,750,875
Total payments		593,506,127	504,985,196
Surplus/deficit		30,530	148,059

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 24/11/2023 and signed by:

ISILO COUNTY ASSEMBLY
P.O. BOX 193, 60300, ISILO

.....
Name: Salad Boru Guracha
Clerk of the Assembly

ISILO COUNTY ASSEMBLY

.....
Name: Abdullahi Kalthum Nuna
Chief Finance Officer – County Assembly
ICPAK Member Number: 29827

10. Statement Of Financial Assets and Liabilities As At 30th June 2023

		2022/23	2021/22
Financial assets	Note	KShs	KShs
Cash and cash equivalents			
Bank balances	8A	30,530	148,059
Total cash and cash equivalents		30,530	148,059
Total financial assets		30,530	148,059
Financial liabilities			
Net financial assets		-	-
Represented by			
Fund balance b/fwd	9	148,059	1,019,410
Prior year adjustment	10	(148,059)	(1,019,410)
Surplus/(deficit) for the year		30,530	148,059
Net Financial Position		30,530	148,059

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 24/11/2023 and signed by:



.....
Name: Salad Boru Guracha

Clerk of the Assembly



.....
Name: Abdullahi Kalthum Nuna

Chief Finance Officer – County Assembly

ICPAK Member Number: 29827

Count Government of Isiolo
Isiolo County Assembly
Annual Report and Financial Statements For the year ended 30th June 2023

11. Statement of Cash Flows for The Period Ended 30th June 2023

	Note	2022/23 KShs	2021/22 KShs
Cash flows from operating activities			
Receipts from operating income			
Transfers from the CRF	1	593,536,657	505,133,255
Total receipts from operating income		593,536,657	505,133,255
Payments for operating expenses			
Compensation of employees	2	231,870,396	252,720,958
Use of goods and services	3	179,655,649	132,904,916
Transfers to other government entities	4	69,044,000	-
Social security benefits	5	29,636,105	62,624,487
Other payments	7	50,745,500	54,750,875
Total payments for operating expenses		560,951,650	503,001,236
Adjusted for:			
Prior year adjustment	10	(148,059)	(1,019,410)
Net cash flows from operating activities		32,436,948	1,112,609
Cashflow from investing activities			
Acquisition of assets	6	32,554,477	1,983,960
Net cash flows from investing activities		(32,554,477)	(1,983,960)
Net increase in cash and cash equivalents		(117,529)	(871,351)
Cash & cash equivalent at Start of the year		148,059	1,019,410
Cash & cash equivalent at end of the year		30,530	148,059

The explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 24/11/ 2023 and signed by:

CLERK
ISIOLO COUNTY ASSEMBLY
P.O. BOX 192 - 60300,
ISIOLO

.....
Name: Salad Boru Guracha
Clerk of the Assembly

ISIOLO COUNTY ASSEMBLY

.....
Name: Abdullahi Kalthum Nuna
Chief Finance Officer – County
Assembly
ICPAK Member Number: 29827

12. Statement of Comparison of Budget & Actual Amounts: Recurrent and Development for year ended 30th June 2023

Receipt/Expense Item	Original Budget KShs	Adjustments KShs	Final Budget c=a+b	Actual on Comparable Basis e=d-c	% Utilization difference KShs
RECEIPTS					
Transfers from the County Treasury/Exchequer Releases	667,252,680	(70,000,000)	597,252,680	593,536,657	99%
TOTAL	667,252,680	(70,000,000)	597,252,680	593,536,657	99%
PAYMENTS					
Compensation of Employees	231,870,396	0	231,870,396	231,870,396	100%
Use of goods and services	179,388,098	267,551	179,655,649	179,655,649	100%
Transfers to other government entities	77,060,000	(4,956,000)	72,104,000	69,044,000	96%
Social Security Benefits	26,434,186	3,232,449	29,666,635	29,636,105	100%
Acquisition of Assets	107,500,000	(74,289,500)	33,210,500	32,554,477	98%
Other Payments	45,000,000	5,745,500	50,745,500	50,745,500	100%
TOTAL	667,252,680	(70,000,000)	597,252,680	593,506,127	92%
SURPLUS/ DEFICIT				30,530	

The entity financial statements were approved on 24/11/2023 and signed by:

12A Statement of Comparison Of Budget & Actual Amounts: Recurrent for the year ended 30th June 2023

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilisation difference
	A	b	c=a+b	e=d-c	
RECEIPTS					
Transfers from the County Treasury/ Exchequer Releases	448,252,680	0	448,252,680	444,536,657	100%
TOTAL	448,252,680	0	448,252,680	444,536,657	100%
PAYMENTS					
Compensation of Employees	231,870,396	0	231,870,396	231,870,396	100%
Use of goods and services	179,388,098	267,551	179,655,649	179,655,649	100%
Transfers to other government entities	3,060,000	0	3,060,000	0	0%
Social Security Benefits	26,434,186	3,232,449	29,666,635	29,636,105	100%
Acquisition of Assets	7,500,000	(3,500,000)	4,000,000	3,343,977	84%
TOTAL	448,252,680	0	448,252,680	444,506,127	99%
Surplus/ Deficit				30,530	

The entity financial statements were approved on 24/11/ 2023 and signed by:

Count Government of Isiolo
 Isiolo County Assembly
 Annual Report and Financial Statements For the year ended 30th June 2023

12B Statement Of Comparison of Budget & Actual Amounts: Development for the year ended 30th June 2023

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization difference
	KShs	KShs	c=a+b	e=d-c	KShs
RECEIPTS					
Transfers from the County Treasury/ Exchequer Releases	219,000,000	(70,000,000)	149,000,000	149,000,000	100%
TOTAL	219,000,000	(70,000,000)	149,000,000	149,000,000	100%
PAYMENTS					
Acquisition of Assets	100,000,000	(70,789,500)	29,210,500	29,210,500	100%
Transfers to other government entities	74,000,000	(4,956,000)	69,044,000	69,044,000	100%
Other Payments	45,000,000	5,745,500	50,745,500	50,745,500	100%
TOTAL	219,000,000	(70,000,000)	149,000,000	149,000,000	100%
SURPLUS/ DEFICIT				0	

County Government of Isiolo
Isiolo County Assembly
Annual Report and Financial Statements For the year ended 30th June 2023

13. Budget Execution by Programmes and Sub-Programmes

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	KShs	KShs	KShs	KShs	KShs
Programme 1					
Administration Support Services	448,252,680		448,252,680	444,492,245	3,716,023
Programme 2					
Infrastructure support	219,000,000	(70,000,000)	149,000,000	149,000,000	0
Total	667,252,680	(70,000,000)	597,252,680	593,492,245	3,716,023

County Government of Isiolo
Isiolo County Assembly
Annual Report and Financial Statements For the year ended 30th June 2023

14. Significant Accounting Policies

The Significant 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 third party 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 some classes of receivables and payables as outlined above.

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 Isiolo County Assembly. 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 been received by the Assembly.

County Government of Isiolo
Isiolo County Assembly
Annual Report and Financial Statements For the year ended 30th June 2023

Significant Accounting Policies (Continued)

i) 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.

ii) 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.

i) Compensation of employees

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

ii) 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.

iii) 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.

Significant Accounting Policies (Continued)

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.

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.

7. 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.

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2023.

Significant Accounting Policies (Continued)

8. Imprests and Advances

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.

9. Third party deposits and retention

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.

10. 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.

11. 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.

Significant Accounting Policies (Continued)

12. 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.

13. Contingent Assets

The Entity 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 Entity 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.

Significant Accounting Policies (Continued)

14. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The County Executive's budget was approved as required by Law and as detailed in the County Revenue Allocation Act. The original budget was approved by the County Assembly on 30th June 2022 for the period 1st July 2022 to 30th June 2023 as required by law. There was one supplementary budget passed in the year. The supplementary budgets were approved on 03/04/2023. 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.

15. Comparative figures

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

16. 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.

17. Prior Period Adjustment

During the year, errors that have been corrected are disclosed *under note 10* explaining the nature and amounts.

18. Related Party Transactions

Related party means parties are related if one party has the ability to:

- a) Control the other party or
- b) Exercise significant influence over the other party in making financial and operational decisions, or if the related party entity and another entity are subject to common control.

Related party transaction is a transfer of resources or obligations between related parties regardless of whether a price is charged.

County Government of Isiolo

Isiolo County Assembly

Annual Report and Financial Statements For the year ended 30th June 2023

15. Notes to the Financial Statements

1. Transfer From CRF

	2022/23	2021/22
	KShs	KShs
Transfers from the county treasury for Q1	40,079,534	74,999,998
Transfers from the county treasury for Q2	141,748,804	112,354,391
Transfers from the county treasury for Q3	145,883,246	111,999,999
Transfers from the county treasury for Q4	265,825,073	205,778,867
Cumulative amount	593,536,657	505,133,255

2. Compensation Of Employees

	2022/23	2021/22
	Kshs	Kshs
Basic salaries of permanent employees	132,894,162	138,080,196
Basic wages of temporary employees	-	-
Personal allowances paid as part of salary	97,248,234	109,384,402
Personal allowances paid as reimbursements	1,728,000	5,256,360
Total	231,870,396	252,720,958

Count Government of Isiolo
Isiolo County Assembly
Annual Report and Financial Statements For the year ended 30th June 2023
Notes to The Financial Statements (Continued)

3. Use Of Goods And Services

	2022/23	2021/22
	Kshs	Kshs
Utilities, supplies and services	800,000	1,107,500.00
Communication, supplies and services	2,168,000	1,699,200.00
Domestic travel and subsistence	84,857,010	75,674,694.90
Foreign travel and subsistence	8,527,079	-
Printing, advertising and information supplies & services	780,000	606,000.00
Rentals of produced assets	37,614,420	10,650,000.00
Training expenses	7,111,700	8,500,000.00
Hospitality supplies and services	5,400,381	209,000.00
Insurance costs	26,438,597	25,948,605.50
Specialized materials and services	600,016	-
Office and general supplies and services	330,000	6,267,100.00
Fuel, oil and lubricants	2,080,000	-
Other operating expenses	2,860,980	1,750,000.00
Routine maintenance – vehicles and other transport equipment	87,466	463,316.00
Routine maintenance – other assets		29,500.00
Total	179,655,649	132,904,916.40

County Government of Isiolo

Isiolo County Assembly

Annual Report and Financial Statements For the year ended 30th June 2023

4. Transfers To Other Government Entities

Description	2022/23	2021/22
	Kshs	Kshs
Transfers to national government entities	-	-
Transfers to other county assembly entities		
Car loan scheme fund	26,544,000	-
Mortgage scheme/fund	42,500,000	-
Others (insert name of budget agency)	-	-
	-	
Total	69,044,000	-

County Government of Isiolo

Isiolo County Assembly

Annual Report and Financial Statements For the year ended 30th June 2023

Notes to The Financial Statements (Continued)

5. Social Security Benefits

	2022/23	2021/22
	Kshs	Kshs
Government Pension and Retirement Benefits	29,636,105	62,624,487
Social Security Benefits	-	-
Employer Social Benefits	-	-
Total	29,636,105	62,624,487

Count Government of Isiolo

Isiolo County Assembly

Annual Report and Financial Statements For the year ended 30th June 2023

Notes to The Financial Statements (Continued)

6. Acquisition Of Assets

Non- financial assets	2022/23	2021/22
	Kshs	Kshs
Purchase of buildings	-	-
Construction of buildings	5,440,500	1,983,960
Purchase of vehicles and other transport equipment	23,770,000	-
Overhaul of vehicles and other transport equipment	-	-
Purchase of household furniture and institutional equipment	-	-
Purchase of office furniture and general equipment	3,343,977	-
Purchase of specialized plant, equipment and machinery	-	-
Rehabilitation and renovation of plant, machinery and equip.	-	-
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	-	-
Total acquisition of assets	32,554,477	1,983,960

County Government of Isiolo

Isiolo County Assembly

Annual Report and Financial Statements For the year ended 30th June 2023

Notes to The Financial Statements (Continued)

7. Other Payments

	2022/23	2021/22
	Kshs	Kshs
Budget Reserves	-	-
Civil Contingency Reserves	-	-
Other Payments	50,745,500	54,750,875
Total	50,745,500	54,750,875

Count Government of Isiolo

Isiolo County Assembly

Annual Report and Financial Statements For the year ended 30th June 2023

Notes to The Financial Statements (Continued)

8. Cash and Bank Balances

8A. Bank Balances

Name Of Bank, Account Name & Currency	Account Number	Indicate whether Rec, Dev, Dep e.t.c	2022/23	2021/22
			Kshs	Kshs
Central Bank of Account No. 1000195746		Development	2,678.20	145,740
Central Bank of Account No. 1000195738		Recurrent	27,851.85	2,319
Equity Bank Limited Account No. O410261437860		Commercial Bank Accs	0	0
Total			30,530	148,059

Count Government of Isiolo

Isiolo County Assembly

Annual Report and Financial Statements For the year ended 30th June 2023

Notes to The Financial Statements (Continued)

9. Fund Balance Brought Forward

Description	2022/23	2021/22
	Kshs	Kshs
Bank Accounts	148,059	1,019,410
Cash In Hand	-	-
Imprests and advances	-	-
Total	148,059	1,019,410

10. Prior Year Adjustments

	Balance b/f from Comparative FY as per audited financial statements	Adjustments during the year relating to prior periods	Adjusted ** Balance b/f For Comparative FY
Description Of The Error	Kshs	Kshs	Kshs
Bank Account Balances	148,059	(148,059)	-
Cash In Hand	-	-	-
Imprests and advances	-	-	-
Third party deposits and retention	-	-	-
Others (<i>Specify</i>)	-	-	-
	148,059	(148,059))	-

(prior period adjustment applies to the correction of an error in the financial statements of a prior period. *(the prior year relates to changes in estimates)*, The amount of **Ksh 148,059** has been returned to CRF.

County Government of Isiolo

Isiolo County Assembly

Annual Report and Financial Statements For the year ended 30th June 2023

Notes to The Financial Statements (Continued)

Other Disclosures

1. Pending Accounts Payable (See Annex 1)

	Balance b/f Insert Comparative FY	Additions for the year	Paid during the year	Balance c/f (insert current FY)
Description	Kshs	Kshs	Kshs	Kshs
Construction of Buildings	8,066,185	0	1,700,000	6,366,185
Construction of Civil Works	5,776,595.6	1,200,000	1,200,000	5,776,595.60
Supply of Goods	14,917,538.80	18,255,000	19,255,000.00	13,917,538.80
Supply of Services	16,523,886.60	22,990,500	28,590,500	10,923,886.60
Total	45,284,206	42,445,500	50,745,500.00	36,984,206

2. 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:

- i) Members of County Assembly.
- ii) Key management personnel that include the Clerk of the Assembly and heads of departments.
- iii) The County Executive.
- iv) County Ministries and Departments.
- v) Other County Government entities including corporations, funds and boards.
- vi) The National Government.
- vii) Other County Governments; and
- viii) State Corporations and Semi-Autonomous Government Agencies.

County Government of Isiolo

Isiolo County Assembly

Annual Report and Financial Statements For the year ended 30th June 2023

Related party transactions:

	2022/23	2021/22
	Kshs	Kshs
Compensation to Key Management		
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
Total Compensation to Key Management	106,581,720	106,581,720
<u>Transfers to related parties</u>		
Transfers to other County Government Entities such as car and mortgage schemes	-	-
Transfers to other entities under the Assembly	-	-
Total Transfers to related parties	-	-
<u>Transfers from related parties</u>		
Transfers from the CRF	593,536,657	505,133,255
Payments made on behalf of the County Assembly by other Government Agencies	-	-
(Insert any other transfers received)	-	-
Total Transfers from related parties	593,536,657	505,133,255

County Government of Isiolo

Isiolo County Assembly

Annual Report and Financial Statements For the year ended 30th June 2023

16. Progress on Follow on Prior Year Auditor's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

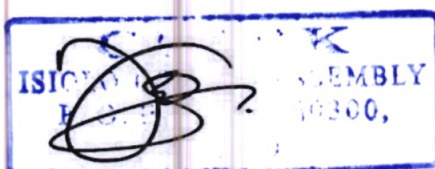
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Basis for Qualified Opinion; 1.0	Unexplained Prior Year Adjustments	The amount in question is the balance at the end of the year and has been returned to CRF	Resolved	-
2.0	Summary of Fixed Assets	The fixed asset has been updated	Resolved	-
Other Matter; 1.0	Budgetary Controls and Performance	The management in the process of resolving the issue	Not resolved	15 th Dec 2023
2.0	Unresolved Prior Year Matters	The management in the process of resolving the issue	Not resolved	15 th Dec 2023
Basis for Conclusion; 1.0	Lack of a Procurement Plan	The management has prepared a procurement plan	Resolved	
3.0	Lack of a Public Finance Management Standing Committee	The management has resolved the issue and a Public Finance Management Standing Committee is in place	Resolved	
4.0	Failure to Prepare and Publish	The management has prepared, submitted and	Resolved	

Count Government of Isiolo

Isiolo County Assembly

Annual Report and Financial Statements For the year ended 30th June 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Quarterly Financial Reports	published Quarterly Financial Reports		
5.0	Irregular Procurement of Motor Vehicle Repair Services	The management has provided all the required documents	Resolved	
6.0	Unlawful Contributions to Society of Clerks at the Table (SOCATT)	The management is in the process of resolving the issue	Not resolved	15 th Dec 2023
Basis for Conclusion; 1.0	Lack of a Functional Audit Committee	The management has resolved the issue and a Functional Audit Committee is in place	Resolved	
2.0	Facilitation of internal Audit Department- it was not adequately staffed and lacked requisite tools	The management is currently on the process of resolving the issue	Not resolved	15th Dec 2023



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Clerk of the County Assembly

County Government of Isiolo
Isiolo County Assembly
Annual Report and Financial Statements For the year ended 30th June 2023

17. Annexes

Annex 1 – Analysis of Pending Accounts Payable

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2022/23
		a	b	c	d=a-c
1. Equilibrium Investment	Construction of buildings	600,000	29/6/2015	0	600,000
2. Masala General Agencies	Construction of buildings	1,244,907	29/6/2015	1,200,000	44,907
3. Bakal Agencies	Construction of buildings	1,296,442	29/6/2015	0	1,296,442
4. Lesapur Company Ltd	Construction of buildings	1,784,836	19/6/2018	0	1,784,836
5. Sun Spike Construction Co.	Construction of buildings	2,280,000	29/6/2018	500,000	1,780,000
6. Mumtahina Construction Co.	Construction of civil works	1,540,000	7/5/2018	0	1,540,000
7. Vista Valley	Construction of buildings	860,000	19/6/2018	0	860,000
8. Mirage 2019 Enterprises Limited	Construction of civil works	681,423.20	27/4/2020	0	681,423.20
9. Mfi Document Solutions Limited	Supply of goods	949,541.40	29/3/2020	0	949,541.40
10. Elsa Hotel Ltd	Supply of service	982,758.60	7/5/2017	0	982,758.60
11. Dikco Limited	Supply of goods	1,101,672.40	20/2/2020	0	1,101,672.40
12. S And S Company Limited	Supply of service	1,474,137.95	19/5/2021	0	1,474,137.95
13. Sulidi Company Limited	Supply of service	1,500,000	8/6/2020	1,500,000	0

County Government of Isiolo

Isiolo County Assembly

Annual Report and Financial Statements For the year ended 30th June 2023

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2022/23
14. Dikco Limited	Supply of goods	1,518,362.05	7/5/2021	0	1,518,362.05
15. Sazar Investment Limited	Supply of service	1,694,423.30	02/8/2021	0	1,694,423.30
16. Dere And Sons Transporters and Supp	Supply of service	1,768,965.50	18/7/2020	0	1,768,965.50

County Government of Isiolo
Isiolo County Assembly
Annual Report and Financial Statements For the year ended 30th June 2023

17. Neilsprit Investments Limited	Supply of goods	1,788,620.70	29/3/2018	0	1,788,620.70
18. Snow Ship Limited	Supply of goods	1,792,551.70	7/08/2020	0	1,792,551.70
19. Trans-Bach Limited	Supply of goods	2,260,344.85	27/6/2021	0	2,260,344.85
20. Japrim Transport Solution	Supply of service	2,358,620.70	07/9/2020	1,300,000	1,058,620
21. Trans-Bach Limited	Supply of goods	2,358,620.70	07/07/2019	0	2,358,620.70
22. Japrim Transport Solution	Supply of service	2,993,256.40	13/9/2021	2,800,000	193,256
23. Kotile General Contractors Limited	Construction of civil works	3,555,172.40	07/8/2021	0	3,555,172.40
24. Talas Transporters	Supply of service	3,751,724.15	07/2/2018	0	3,751,724.15
25. Office Ideals Limited	Supply of goods	3,147,825.00	25/11/2018	1,000,000	2,147,825.00
26. Trippleage Investment Limited	Supply of service	3,400,000	29/3/2020	3,400,000	0
27. Diamond Nature Limited	Supply of goods	2,300,000	7/5/2017	2,300,000	0
28. Rangelands Hotels Limited	Supply of service	1,050,500	20/2/2020	1,050,500	0
29. Japrim Transport Solution	Supply of service	2,700,000	19/5/2021	2,700,000	0
30. Abakan Instants	Supply of goods	331,000	8/6/2020	331,000	0
31. Ariston Construction Co Ltd	Construction of civil works	1,200,000	7/5/2021	1,200,000	0
32. Japrim Transport Solution	Supply of service	2,400,000	29/3/2020	2,400,000	0
33. Bahrain Solutions Limited	Supply of service	2,300,000	7/5/2017	2,300,000	0
34. Farhiya Traders	Supply of goods	500,000	20/2/2020	500,000	0
35. Flyvon Enterprises Limited	Supply of goods	2,600,000	7/5/2019	2,600,000	0
36. Hial Company Limited	Supply of goods	2,800,000	19/6/2021	2,800,000	0
37. Japrim Transport Solution	Supply of service	3,000,000	29/6/2020	3,000,000	0
38. Jirata Investments Limited	Supply of service	1,200,000	7/5/2019	1,200,000	0
39. Hial Company Limited	Supply of goods	2,000,000	19/6/2017	2,000,000	0
40. Tazab Company Limited	Supply of goods	2,362,000	27/4/2021	2,362,000	0

County Government of Isiolo

Isiolo County Assembly

Annual Report and Financial Statements For the year ended 30th June 2023

41. Jirata Investments Limited	Supply of service	1,840,000	29/3/2021	1,840,000	0
42. Tazab Company Limited	Supply of goods	2,362,000	7/5/2019	2,362,000	0
43. Jirata Investments Limited	Supply of service	1,700,000	20/2/2020	1,700,000	0
44. Tazab Company Limited	Supply of goods	3,000,000	19/6/2017	3,000,000	0
45. Yealink Limited	Supply of service	1,000,000	29/6/2018	1,000,000	0
46. Japrim Transport Solution	Supply of service	2,600,000	7/5/2016	2,600,000	0
Sub-Total		87,729,706		50,745,500	36,984,206

County Government of Isiolo
Isiolo County Assembly
Annual Report and Financial Statements For the year ended 30th June 2023

Annex 4 – Summary of Non-Current Asset Register

Asset class	Historical Cost b/f (Kshs) Previous Year	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year (Kshs)	Historical Cost c/f (Kshs) 20xx
Land	-	-	-	-	-
Buildings and structures	434,984,349	5,440,500	-	-	440,424,849
Transport equipment	20,610,396	23,770,000	-	-	44,380,396
Office equipment, furniture and fittings	28,434,181	3,343,977	-	-	31,778,158
ICT equipment	-	-	-	-	-
Machinery and equipment	25,241,920		-	-	25,241,920
Biological assets	-	-	-	-	-
Infrastructure assets	-	-	-	-	-
Heritage and cultural assets	-	-	-	-	-
Intangible assets	7,000,000	-	-	-	7,000,000
Work in progress	-	-	-	-	-
Total	516,270,846	32,554,477			548,825,323

County Government of Isiolo
Isiolo County Assembly
Annual Report and Financial Statements For the year ended 30th June 2023