

REPUBLIC OF KENYA



Paper bind by  
Sani Uluokoto  
on 29.9.2015  
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KENYA NATIONAL AUDIT OFFICE

REPORT



OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
COUNTY GOVERNMENT OF TANA-RIVER

FOR THE SIXTEEN (16) MONTHS  
PERIOD ENDED 30 JUNE 2014



# REPUBLIC OF KENYA



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NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON TANA-RIVER COUNTY GOVERNMENT FOR THE SIXTEEN (16) MONTHS PERIOD ENDED 30 JUNE 2014

#### REPORT ON THE FINANCIAL STATEMENT

I have audited the accompanying financial statements of Tana River County Government set out on pages 6 to 19, which comprise of the statement of assets as at 30 June 2014, statement of receipts and payments, statement of cash flows, summary statement of appropriation and summary statement of provisioning for the period 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.

#### **Management Responsibility for the Financial Statement**

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

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provision of Section 4 of the Public Audit Act, 2003.

#### **Auditor-General's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedure selected depends on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County Government's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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. Other Grants and Other Payments**

Statement of receipts and payment for the year ended 30 June 2014 reflects Kshs.96,605,297 in respect to other grants and transfers which included emergency, relief and refugee assistance expenditure amounting to Kshs.75,000,000. However, records to indicate how the relief was issued and the balance outstanding as at 30 June 2014 was not availed for audit review. As such, the accuracy and propriety of other grants and transfers amounting to Kshs.75,000,000 could not be confirmed.

#### **2. Handing over of Assets and Liabilities from Defunct Local Authorities**

Annex 1 to the financial statements reflect that the County Government had assets amounting Kshs.301,296,480 as at 30 June 2014 and Kshs.37,075,538 as at 30 June 2013. However the asset register availed for audit review only captured the assets acquired by the County Government. In addition, the assets register was not up to date and did not have details on acquisition date and costs. There was no evidence that the handing over process from defunct local authorities was concluded including the handing over report. Consequently, the validity and completeness of the assets and liabilities of the County Government could not be confirmed as at 30 June, 2014.

#### **3. Motor-Vehicles**

Scrutiny of the assets register as at 30 June 2014 revealed that motor vehicles amounting Kshs.43,281,174 were acquired by the County Government during the period under review. However, the ownership documents were not availed for audit review. Consequently, the ownership status of the motor vehicles valued Kshs.43,281,174 could not be ascertained as at 30 June, 2014.

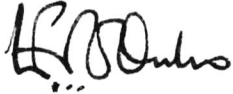
#### **4. Bank Balances**

The statement of financial assets as at 30 June 2014 reflects a bank balance of Kshs.1,209,824,081. However, information available indicated that bank reconciliation statements were not done on a regular basis and as such it has not been possible to ascertain the validity and accuracy of the bank balances of Kshs.1,209,824,081 as at 30 June, 2014.

### **Basis for the 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 appropriate audit

evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.



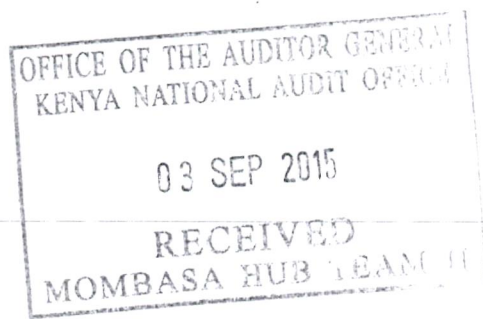
**Edward R. O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**26 August 2015**



Draft of [30<sup>th</sup> June 2014]



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**COUNTY GOVERNMENT OF TANA RIVER**

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED  
JUNE 30, 2014**

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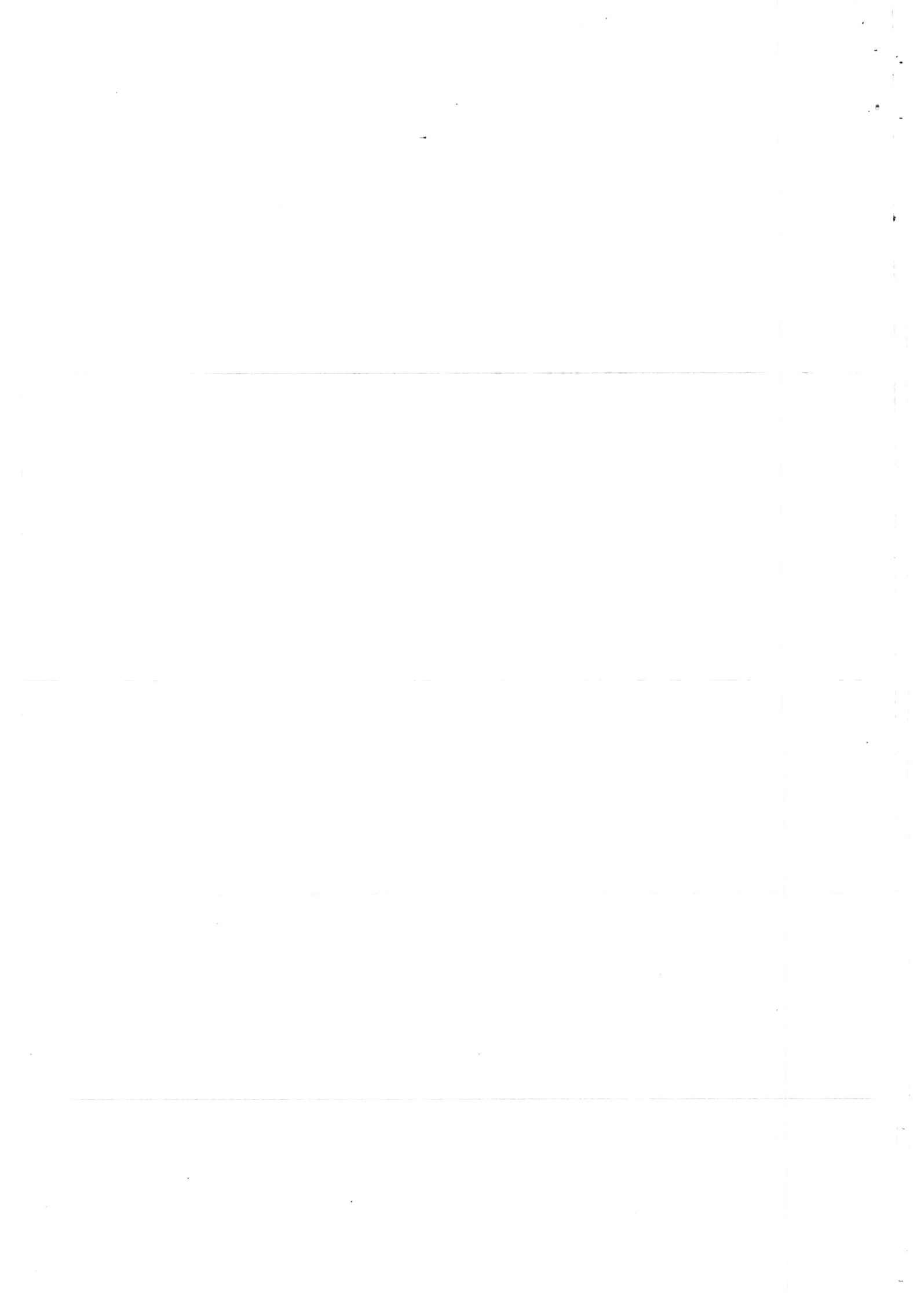
**Prepared in accordance with the Cash Basis of Accounting Method under the International Public Sector  
Accounting Standards (IPSAS)**



**COUNTY GOVERNMENT OF TANA RIVER**  
**Reports and Financial Statements**  
**For the period ended June 30, 2014**

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**I. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

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

**(b) Key Management**

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

- The County Executive Service
- County Treasury Service

**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2014 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Chief Officer	- <b>Boba Abadalla Boru</b>
2.	Director of Finance	- <b>Francis Ndegwa Ngigi</b>
3.	County Secretary	- <b>Mohammed Mwatunza</b>
4.	Interim Head of treasury	<b>Janji Dume Mwalewa</b>

**(d) Fiduciary Oversight Arrangements**

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

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

**(e) Entity Headquarters**

P.O. Box 29  
HOLA, KENYA

**COUNTY GOVERNMENT OF TANA RIVER**  
**Reports and Financial Statements**  
**For the period ended June 30, 2014**

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**(f) Entity Contacts**

Telephone:  
E-mail: [tanarivercg@gmail.com](mailto:tanarivercg@gmail.com)  
Website: [www.tanarivercounty.go.ke](http://www.tanarivercounty.go.ke)

**(g) Entity Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. Kenya Commercial Bank  
P.O Box 100  
Hola, Kenya

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

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

**COUNTY GOVERNMENT OF TANA RIVER**  
**Reports and Financial Statements**  
**For the period ended June 30, 2014**

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**II. FORWARD BY THE CEC-FINANCE AND PLANNING**

The County's budget for the financial year 2013/14 was kshs. 2.9billion.out of which kshs.1.5billion was spent on both recurrent and development expenditures. This represented 60% of the total budget the county allocated Sh472.5 million on water, health and sanitation projects, Sh366 million on roads construction, Sh149 million on education and Sh127 million was allocated to County assembly out of its development budget.

The county constructed seven new dispensaries in Wadesa, Kalanani, Kilindini, Kone, Mandigo, Kamaguru and Kipao.

The county further constructed 20 new health staff houses across the county at a cost of Sh102 million. The county completed excavation of four water pans with a total capacity of 80,000 m<sup>3</sup> and will serve an estimated population of about 6,000 people.Two new boreholes were drilled and five others were rehabilitated which will serve an estimated population of 50,000 people.The county further constructed of 70 ECDE classrooms across the county.

Last financial year, the county launched a programme that targets farmers under which farmers get subsidized farm inputs and the county to also purchase the maize at favourable price.

So far the county has purchased over 30, 000 bags from farmers at Sh3, 000 bags, which were distributed back to drought stricken families in the same county.

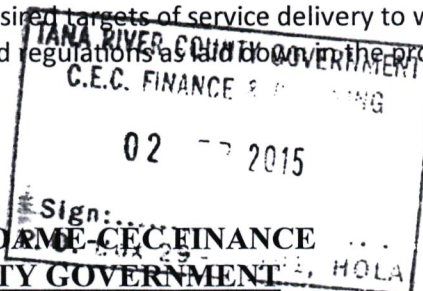
The challenges experienced so far include;

- Network breakdown that makes payment through the IFMIS system a challenge
- Political interference on the procurement process
- Natural calamities i.e heavy rainfall that renders our roads impassable

In order to achieve the desired targets of service delivery to wana nchi there is need to sensitise people on the procurement rules and regulations as laid down in the Procurement Act 2005

*Sign*

**SALIM MOHAMED DAME-CEC-FINANCE**  
**TANA RIVER COUNTY GOVERNMENT**





**COUNTY GOVERNMENT OF TANA RIVER**  
**Reports and Financial Statements**  
**For the period ended June 30, 2014**

**III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES**

Section 163, 164, and 165 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the County Treasury shall prepare financial statements of each County Government entity, receiver of revenue and consolidated financial statements for all County Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

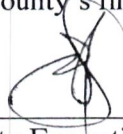
The County Executive Committee (CEC) member for finance of the County Government is responsible for the preparation and presentation of the County Government's financial statements, which give a true and fair view of the state of affairs of the county for and as at the end of the financial year ended on June 30, 2014. 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 Government; (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 Government; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The CEC for finance accepts responsibility for the County Government'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 CEC member for is of the opinion that the County Government's financial statements give a true and fair view of the state of County Government's transactions during the financial year ended June 30, 2014, and of its financial position as at that date. The CEC for finance further confirms the completeness of the accounting records maintained for the County Government, 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 CEC member in charge of the finance confirms that the County Government has fully complied with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Government's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the CEC member confirms that the County Government's financial statements have been prepared in accordance with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The County's financial statements were approved and signed by the CEC member on ..... 2015.



County Executive Committee Member, Finance and Planning

**TANA RIVER COUNTY GOVERNMENT**  
**CEC: FINANCE & PLANNING**  
**02 SEP 2015**  
P. O. Box 29 - 70101, HOLA



**COUNTY GOVERNMENT OF TANA RIVER**  
**Reports and Financial Statements**  
**For the period ended June 30, 2014**

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**IV. REPORT OF THE INDEPENDENT AUDITORS ON THE *ENTITY* (specify entity name)**

We have audited the accompanying (consolidated) financial statements of the County Government of Tana River for the year ended June 30, 2014, which comprise: (i) a statement of receipts and payments; (ii) a statement of financial assets and liabilities; (iii) a statement of comparative budget and actual amounts; (iv) a statement of pending bills as at June 30, 2014 and (v) a summary of significant accounting policies and other explanatory information.

**Management's responsibility for the financial statements**

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

**Auditors' responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit 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 auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the *entity's* preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

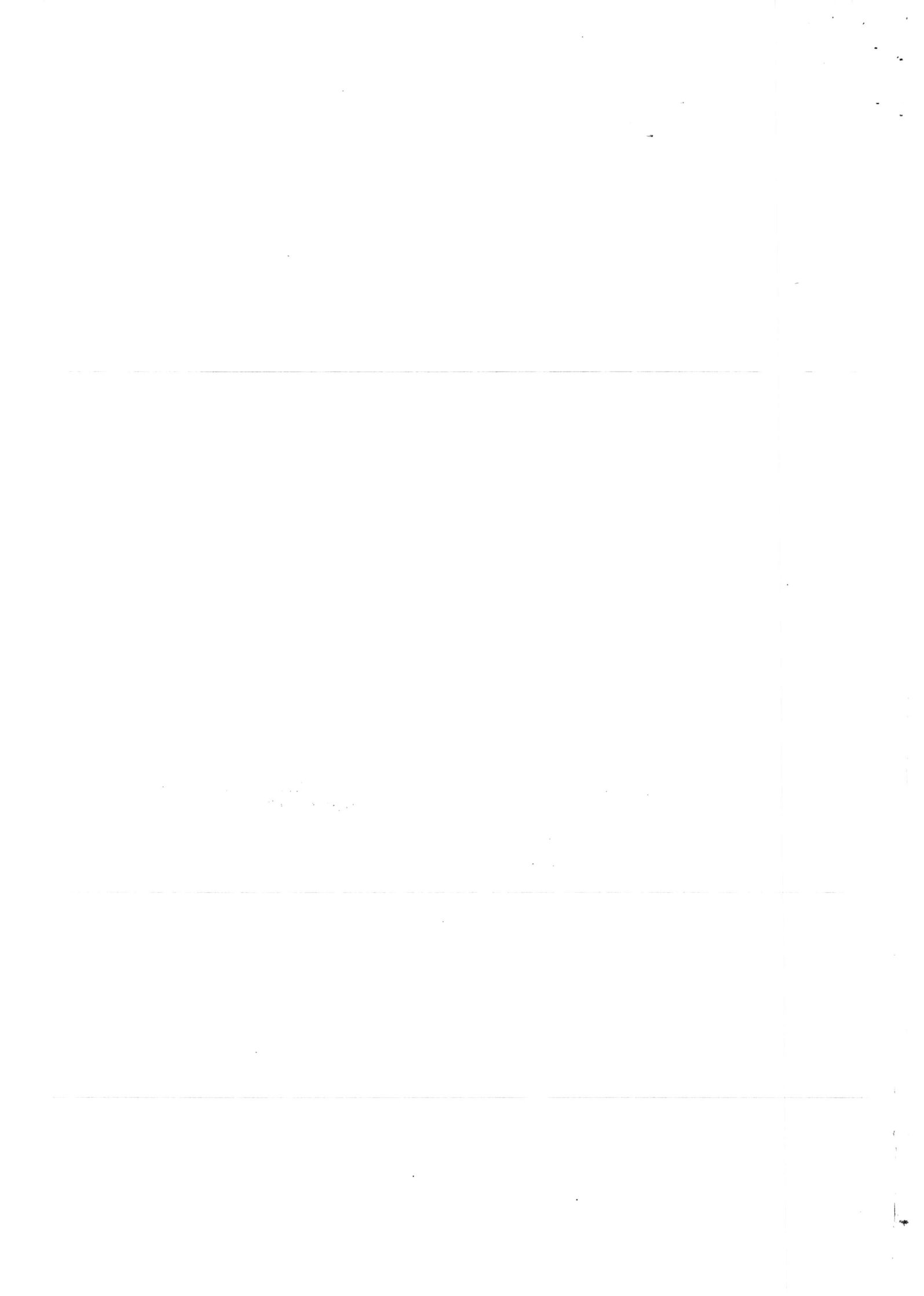
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at June 30, 2014, and its receipts and payments, as well as cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

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Auditor General

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Date



**COUNTY GOVERNMENT OF TANA RIVER**  
**Reports and Financial Statements**  
**For the period ended June 30, 2014**

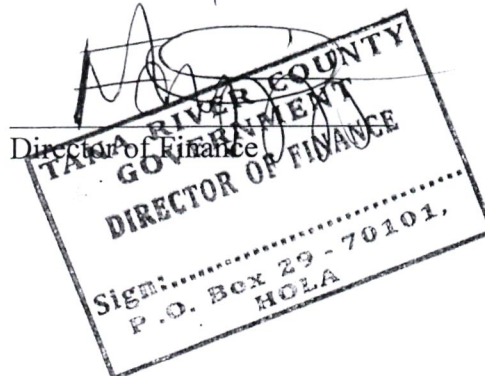
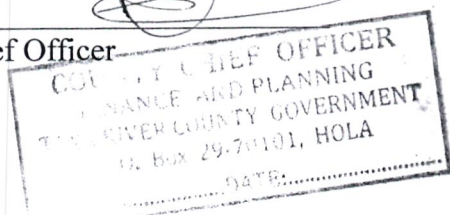
**V. STATEMENT OF RECEIPTS AND PAYMENTS**

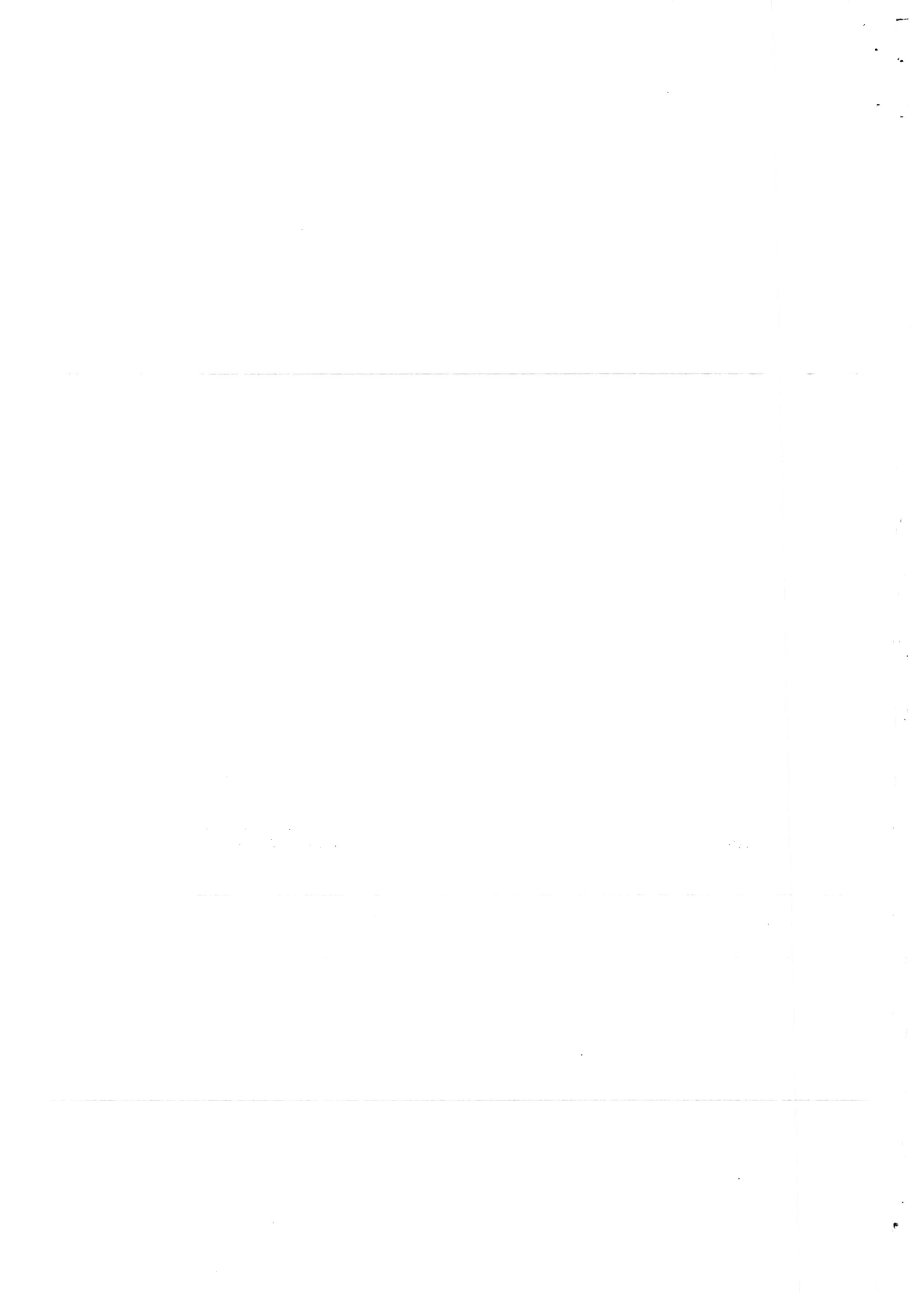
**FOR 16 MONTHS ENDING 30<sup>TH</sup> JUNE 2014.**

	Note	2013-2014 Kshs
Exchequer releases	1	2,440,213,032.50
Transfers from Other Government Entities	2	262,901,956.00
Other Receipts	3	36,911,793.40
<b>TOTAL RECEIPTS</b>		<b><u>2,740,026,781.90</u></b>
<b>PAYMENTS</b>		
Compensation of Employees	4	501,190,390.00
Use of goods and services	5	477,085,005.00
Other grants and transfers	6	96,605,297.00
Acquisition of Assets	7	338,372,024.07
Other Payments	8	108,695,992.00
<b>TOTAL PAYMENTS</b>		<b><u>1,521,948,708.07</u></b>
<b>SURPLUS/DEFICIT</b>		<b><u><u>1,218,078,073.83</u></u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 21/9/ 2015 and signed by:

Chief Officer





**COUNTY GOVERNMENT OF TANA RIVER**  
**Reports and Financial Statements**  
**For the period ended June 30, 2014**

**VI. STATEMENT OF ASSETS**

**FOR 16 MONTHS ENDING 30<sup>TH</sup> JUNE 2014.**

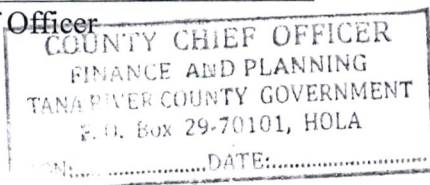
	Note	2013-2014 Kshs
<b>FINANCIAL ASSETS</b>		
<b>Cash and Cash Equivalents</b>		
Bank Balances	9A	1,209,824,081.45
Outstanding Imprests	9B	8,253,992.00
<b>TOTAL FINANCIAL ASSETS</b>		<u><u>1,218,078,073.45</u></u>

**REPRESENTED BY**

<b>Fund balance b/fwd</b>		
<b>Surplus/Deficit for the year</b>		1,218,078,073.45
<b>Prior year adjustments</b>	9	-
<b>NET FINANCIAL POSITION</b>		<u><u>1,218,078,073.45</u></u>

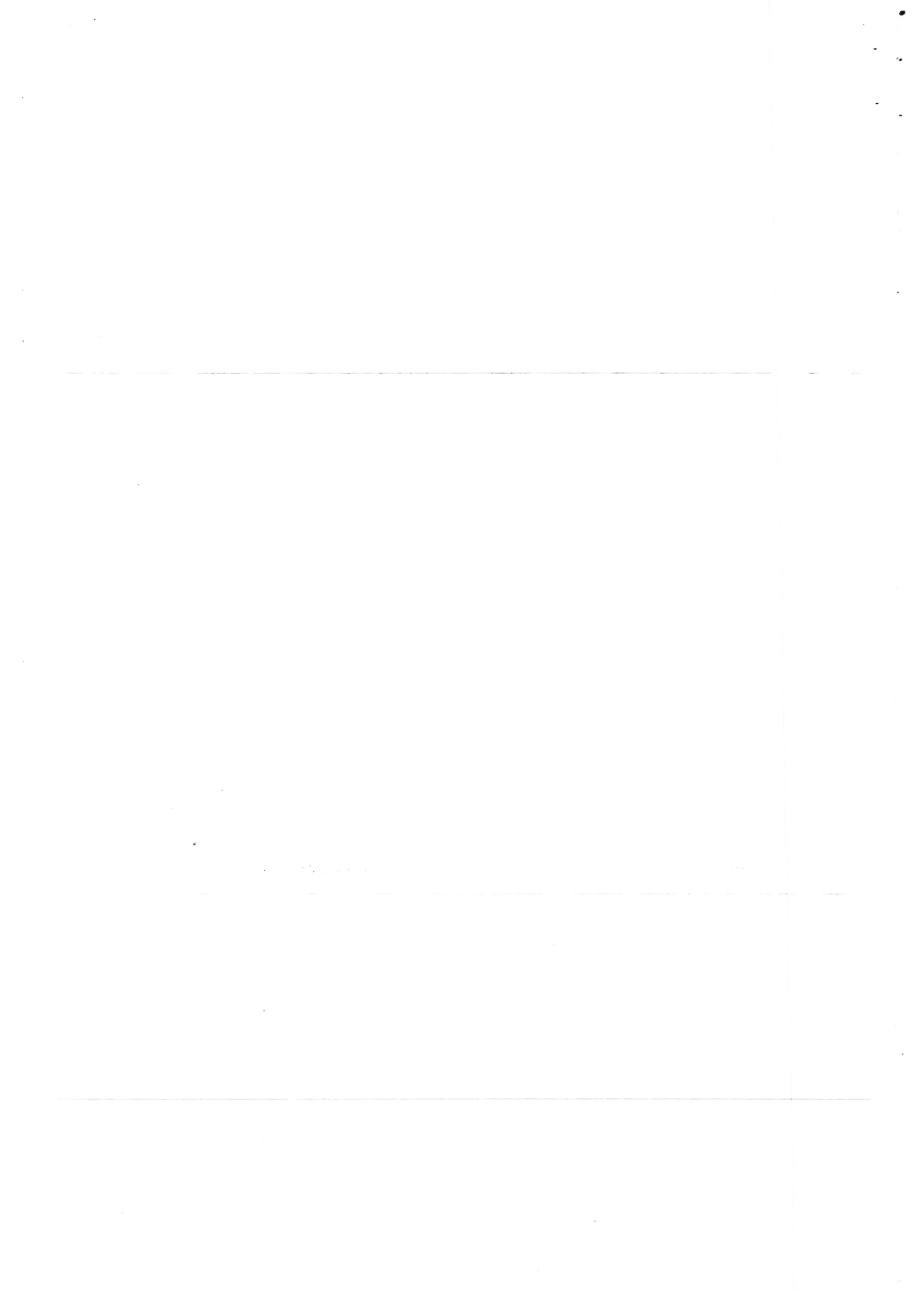
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 21/9/2014 and signed by:

Chief Officer



Director of Finance





**COUNTY GOVERNMENT OF TANA RIVER**  
**Reports and Financial Statements**  
**For the period ended June 30, 2014**

**VII. STATEMENT OF CASHFLOW**

**FOR 16 MONTHS ENDING 30<sup>TH</sup> JUNE 2014.**

**Receipts for operating income**

Exchequer Releases	2,440,213,032.50
Transfers from Other Government Entities	262,901,956.00
Other Receipts	36,911,793.40

**Payments for operating expenses**

Compensation of Employees	(501,190,390.00)
Use of goods and services	(477,085,005.00)
Other grants and transfers	(96,605,297.00)
Other Expenses	(108,695,992.00)

**Adjusted for:**

Adjustments during the year	-
<b>Net cash flow from operating activities</b>	<b>1,556,450,097.90</b>

**CASHFLOW FROM INVESTING ACTIVITIES**

Acquisition of Assets	(338,372,024.07)
<b>Net cash flows from Investing Activities</b>	<b>(338,372,024.07)</b>

**CASHFLOW FROM BORROWING ACTIVITIES**

Net cash flow from financing activities	0.00
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>	<b>1,218,078,073.83</b>

Cash and cash equivalent at BEGINNING of the year	-
<b>Cash and cash equivalent at END of the year</b>	<b>1,218,078,073.83</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 2/9/15 and signed by:

Chief Officer

COUNTY CHIEF OFFICER  
 FINANCE AND PLANNING  
 TANA RIVER COUNTY GOVERNMENT  
 P. O. Box 29-70101, HOLA  
 SIGN:.....DATE:.....

Director of Finance  
 TANA RIVER COUNTY GOVERNMENT  
 DIRECTOR OF FINANCE  
 SIGN:.....  
 P. O. Box 29 - 70101, HOLA

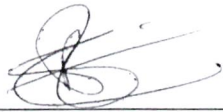


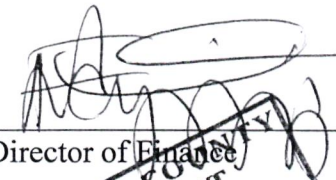
**COUNTY GOVERNMENT OF TANA RIVER**  
**Reports and Financial Statements**  
**For the period ended June 30, 2014**

**VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						0%
Exchequer releases	3,135,328,550.00		3,135,328,550.00	2,440,213,032.50	695,115,517.50	78%
Other Receipts	87,290,000.00		87,290,000.00	36,911,793.40	50,378,206.60	42%
<b>TOTAL</b>	<b>3,222,618,550.00</b>		<b>3,222,618,550.00</b>	<b>2,477,124,825.90</b>	<b>745,493,724.10</b>	<b>77%</b>
<b>PAYMENTS</b>						
Compensation of Employees	710,810,312.00	(101,038,092.00)	609,772,220.00	501,190,390.00	108,581,830.00	82%
Use of goods and services	809,945,312.00	(229,677,042.10)	580,268,269.90	477,085,005.00	103,183,264.90	82%
Subsidies	39,000,000.00	-	39,000,000.00	-	39,000,000.00	0%
Other grants and transfers	100,000,000.00	-	100,000,000.00	96,605,297.00	3,394,703.00	97%
Acquisition of Assets	1,533,687,750.00	280,686,293.10	1,814,374,043.00	338,372,024.07	1,476,002,019.03	19%
<b>TOTALS</b>	<b>3,193,443,374.00</b>	<b>50,028,841.00</b>	<b>3,143,414,533.00</b>	<b>1,413,252,716.07</b>	<b>1,730,161,816.93</b>	<b>45%</b>

The entity financial statements were approved on 2/9/ 2015 and signed by:

  
 \_\_\_\_\_  
 Chief Officer

  
 \_\_\_\_\_  
 Director of Finance

COUNTY CHIEF OFFICER  
 FINANCE AND PLANNING  
 TANA RIVER COUNTY GOVERNMENT  
 P.O. Box 29-70101, HOLA  
 SN:..... DATE:.....

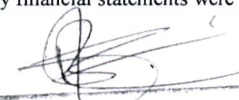
TANA RIVER COUNTY  
 GOVERNMENT  
 DIRECTOR OF FINANCE  
 Sign:.....  
 P.O. Box 29-70101,  
 HOLA

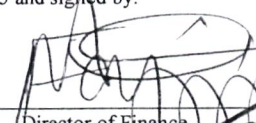
**COUNTY GOVERNMENT OF TANA RIVER**  
**Reports and Financial Statements**  
**For the period ended June 30, 2014**

**IX. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Exchequer releases	3,135,328,550.00	-	3,135,328,550.00	2,440,213,032.50	695,115,517.50	78%
Other Receipts	87,290,000.00	-	87,290,000.00	36,911,793.40	50,378,206.60	42%
<b>TOTALS</b>	<b>3,222,618,550.00</b>	<b>-</b>	<b>3,222,618,550.00</b>	<b>2,477,124,825.90</b>	<b>745,493,724.10</b>	<b>77%</b>
<b>PAYMENTS</b>						
Compensation of Employees	710,810,312.00	(101,038,092.00)	609,772,220.00	501,190,390.00	108,581,830.00	82%
Use of goods and services	809,945,312.00	(229,677,042.10)	580,268,269.90	477,085,005.00	103,183,264.90	82%
Subsidies	39,000,000.00	-	39,000,000.00	-	39,000,000.00	0%
Other grants and transfers	100,000,000.00	-	100,000,000.00	96,605,297.00	3,394,703.00	97%
Acquisition of Assets	354,632,649.00	(54,244,037.33)	300,388,611.67	99,156,282.00	201,232,329.67	33%
<b>TOTALS</b>	<b>2,014,388,273.00</b>	<b>(384,959,171.43)</b>	<b>1,629,429,101.57</b>	<b>1,174,036,974.00</b>	<b>455,392,127.57</b>	<b>72%</b>

The entity financial statements were approved on 2/9 2015 and signed by:

Chief Officer  
  
 CHIEF OFFICER  
 FINANCE AND PLANNING  
 TANA RIVER COUNTY GOVERNMENT  
 P.O. Box 29-7101, HOLA  
 DATE: .....


Director of Finance  
  
 TANA RIVER COUNTY  
 GOVERNMENT  
 DIRECTOR OF FINANCE  
 SIGN: .....

**COUNTY GOVERNMENT OF TANA RIVER**  
**Reports and Financial Statements**  
**For the period ended June 30, 2014**

**X. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
<b>PAYMENTS</b>						
Acquisition of Assets	1,179,055,101.00	334,930,330.43	1,513,985,431.43	202,140,204.00	1,311,845,227.43	13%
<b>TOTALS</b>	<b>1,179,055,101.00</b>	<b>334,930,330.43</b>	<b>1,513,985,431.43</b>	<b>202,140,204.00</b>	<b>1,311,845,227.43</b>	<b>13%</b>

The entity financial statements were approved on 2/9/15 2015 and signed by:

  
 Chief Officer  
 COUNTY CHIEF OFFICER  
 FINANCE AND PLANNING  
 TANA RIVER COUNTY GOVERNMENT  
 P. O. Box 29-70101, HOLA  
 SIGN:.....DATE:.....

  
 Director of Finance  
 TANA RIVER COUNTY  
 GOVERNMENT  
 DIRECTOR OF FINANCE  
 SIGN:.....  
 P. O. Box 29 - 70101,  
 HOLA

**XI. SUMMARY STATEMENT OF PROVISIONINGS**

- Details of General Accounts On Vote

	<b>2013 - 2014</b>
	<b>Kshs</b>
GAV Provisioning account balance	1,913,193,591.33
<b>Total</b>	<b><u>1,913,193,591.33</u></b>

- Details of Exchequer Account

	<b>2013 - 2014</b>
	<b>Kshs</b>
Exchequer Provisioning account balance	695,115,517.50
<b>Total</b>	<b><u>695,115,517.50</u></b>

## **XII. 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. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the *entity* and all values are rounded to the nearest thousand (Kshs'000). 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. The cash basis of accounting recognises transactions and events only when cash is received or paid by the *entity*.

### **2. Recognition of revenue and expenses**

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

### **3. In-kind contributions**

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

### **4. Cash and cash equivalents**

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

# COUNTY GOVERNMENT OF TANA RIVER

## Reports and Financial Statements

For the period ended June 30, 2014

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statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

### *SIGNIFICANT ACCOUNTING POLICIES (Continued)*

#### **5. 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 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. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

#### **6. Budget**

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

#### **7. Comparative figures**

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

#### **8. Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2014.

COUNTY GOVERNMENT OF TANA RIVER

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XIII. NOTES TO THE FINANCIAL STATEMENTS

1. EXCHQUER RELEASES

	2013 - 2014
	Kshs
Total Exchequer Releases for quarter 1	314,825,594.50
Total Exchequer Releases for quarter 2	247,062,314.00
Total Exchequer Releases for quarter 3	844,722,425.00
Total Exchequer Releases for quarter 4	1,033,602,699.00
<b>Total</b>	<b>2,440,213,032.50</b>

2 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2013 - 2014
	Kshs
Local Authority Trust Fund (LATF)	51,265,711.00
(TRANSITION AUTHORITY)	211,636,245.00
<b>TOTAL</b>	<b>262,901,956.00</b>

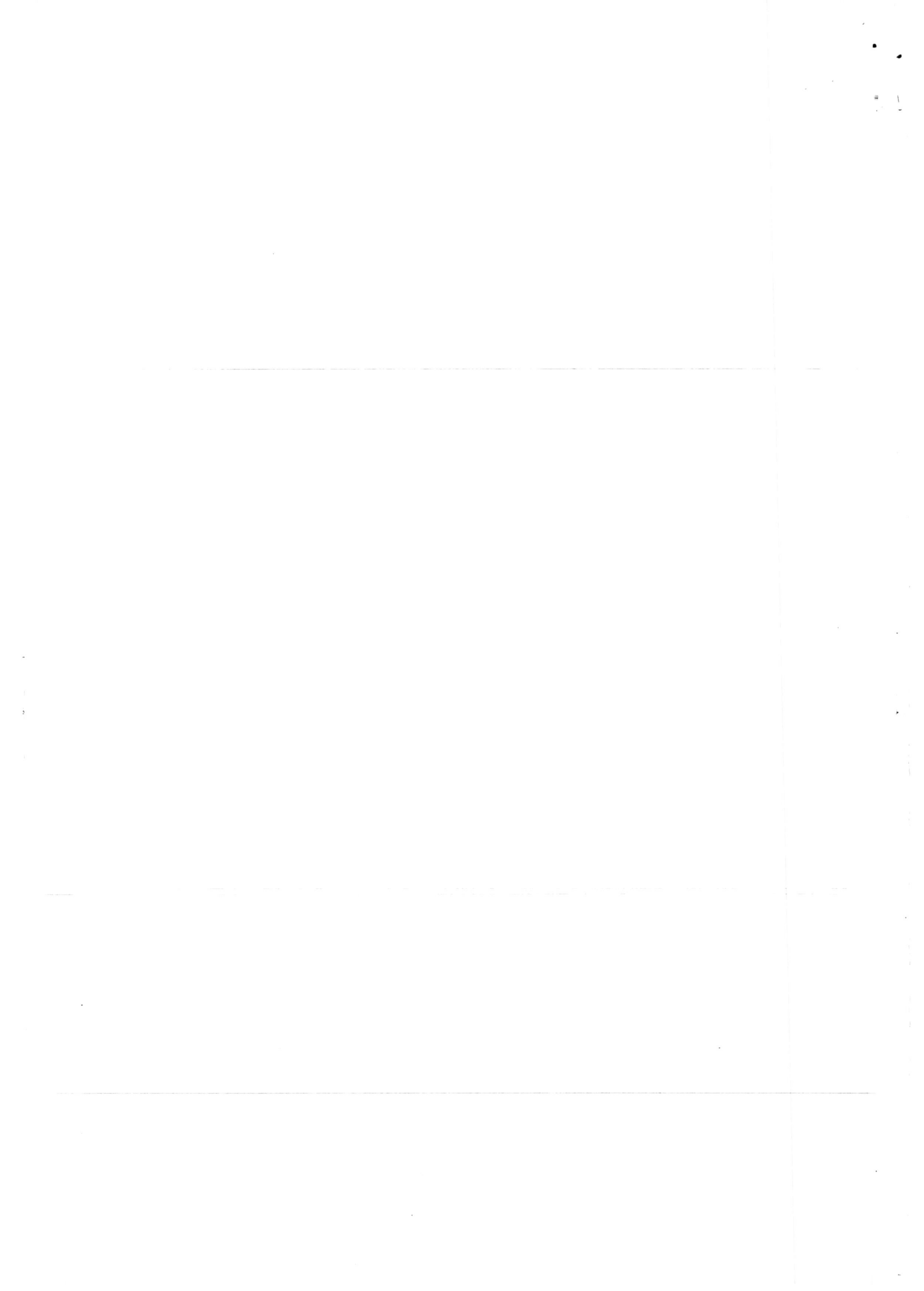
3 OTHER RECEIPTS

	2013 - 2014
	Kshs
Other Property Income	3,253,409.40
Receipts from Administrative Fees and Charges	13,557,221.00
Other Receipts Not Classified Elsewhere	20,101,163.00
<b>Total</b>	<b>36,911,793.40</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 COMPENSATION OF EMPLOYEES

	2013 - 2014
	Kshs
Basic salaries of permanent employees	495,815,571.00
Basic wages of temporary employees	3,027,500.00
Personal allowances paid as part of salary	2,347,319.00
<b>Total</b>	<b>501,190,390.00</b>



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**For the period ended June 30, 2014**

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**5 USE OF GOODS AND SERVICES**

	<b>2013 - 2014</b>
	<b>Kshs</b>
Utilities, supplies and services	3,588,785.00
Communication, supplies and services	7,153,379.00
Domestic travel and subsistence	241,786,504.00
Foreign travel and subsistence	10,310,802.00
Printing, advertising and information supplies & services	25,871,367.00
Rentals of produced assets	2,656,500.00
Training expenses	18,780,381.00
Hospitality supplies and services	56,316,446.00
Insurance costs	2,093,172.00
Specialized materials and services	31,660,189.00
Office and general supplies and services	12,722,620.00
Other operating expenses	25,398,883.00
Routine maintenance – vehicles and other transport equipment	13,589,071.00
Routine maintenance – other assets	7,934,656.00
Fuel, oil and lubricants	17,222,250.00
<b>Total</b>	<b><u><u>477,085,005.00</u></u></b>

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**6 OTHER GRANTS AND OTHER PAYMENTS**

	<b>2013 - 2014</b>
	<b>Kshs</b>
Emergency relief and refugee assistance	96,605,297.00
<b>Total</b>	<b><u><u>96,605,297.00</u></u></b>

**COUNTY GOVERNMENT OF TANA RIVER**

**Reports and Financial Statements**

**For the period ended June 30, 2014**

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**7 ACQUISITION OF ASSETS**

**Non Financial Assets**

**2013 - 2014**

**Kshs**

Construction of Buildings	92,727,233.00
Refurbishment of Buildings	3,232,308.00
Construction of Roads	44,950,767.00
Construction and Civil Works	61,229,896.07
Purchase of Vehicles and Other Transport Equipment	94,904,501.00
Purchase of Office Furniture and General Equipment	16,245,330.00
Purchase of ICT Equipment software and other ICT assets	24,321,989.00
Purchase of Certified Seeds, Breeding Stock and Live Animals	760,000.00
<b>Total</b>	<b><u>338,372,024.07</u></b>

**8 OTHER EXPENSES**

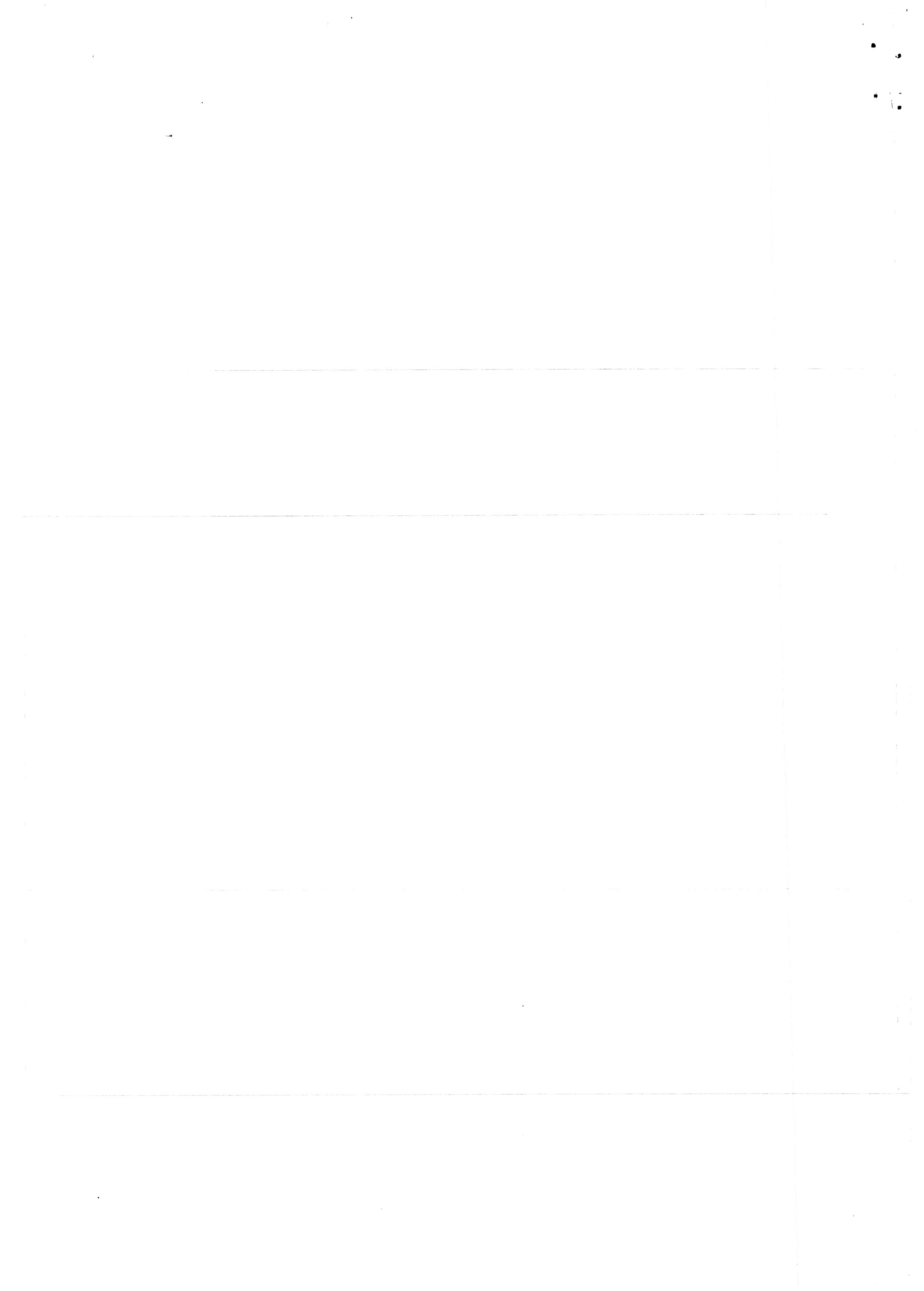
**2013 - 2014**

**Kshs**

Other expenses	108,695,992.00
<b>Total</b>	<b><u>108,695,992.00</u></b>

**9A: Bank Accounts**

<b>Name of Bank, Account No. &amp; currency</b>	<b>Amount in bank account currency</b>	<b>Exc rate</b>	<b>2013 - 2014</b>
			<b>Kshs</b>
Salary A/C No. 1148732020	-	-	55,715,122.00
Standing imprest A/C No. 1140769545 KCB	-	-	27,762,526.00
Central Bank Development A/C NO. 1000170708	-	-	963,291,969.00
Central Bank of Kenya Recurrent Account No. 1000170735	-	-	150,852,680.00
Tana River County Assembly A/C No. 1143877578	-	-	11,400,710.00
County Revenue Fund A/C No. 1000171332	-	-	801,074.45
<b>Total</b>			<b><u>1,209,824,081.45</u></b>



**COUNTY GOVERNMENT OF TANA RIVER**

**Reports and Financial Statements**

**For the period ended June 30, 2014**

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**9B: OUTSTANDING IMPRESTS 2013/2014**

<i>Name of Officer or Institution</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
	<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>List attached</i>	-	-	8,253,992.00
<b>Total</b>			<b>8,253,992.00</b>

**ANNEX 1 – SUMMARY OF FIXED ASSET REGISTER**

<b>Asset class</b>	<b>Historical Cost (Kshs) 2013/14</b>
Land	-
Buildings and structures	202,140,204.00
Transport equipment	94,904,501.00
Office equipment, furniture and fittings	16,245,330.00
ICT Equipment, Software and Other ICT Assets	24,321,989.00
Other Machinery and Equipment	
Heritage and cultural assets	760,000.00
Intangible assets	-
<b>Total</b>	<b>338,372,024</b>

