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KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE ABSTRACT
OF ACCOUNTS OF THE COUNTY COUNCIL OF MWINGI FOR THE YEAR
ENDED 30 JUNE 2004



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE ABSTRACT OF ACCOUNTS OF THE COUNTY COUNCIL OF MWINGI FOR THE YEAR ENDED 30 JUNE 2004

The attached Abstract of Accounts of the County Council of Mwingi for year ended 30 June 2004 have been audited under my direction in accordance with the provision of Section 23 to the Public Audit Act, 2003 of the laws of Kenya.

1. Respective Responsibilities of the Council and the Controller and Auditor General

The Council is responsible for the preparation of Abstracts of Accounts which give a true and fair view of the Council's state of affairs and its operating results. My responsibility is to express an independent opinion on the financial statements based on my audit.

2. Basis of Opinion

The audit was conducted in accordance with the International Standards on Auditing. Those standards require that the audit be planned and performed with a view to obtaining reasonable assurance that the financial statements are free from material misstatements. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting principles used and significant estimates made by the Council as well as evaluating the overall financial statements presentation. I believe my audit provides reasonable basis for the opinion.

3. Qualification Points

3.1. Opening Balances, Format and Accuracy of the Accounts

- (i) The County Council of Mwingi was carved out of the County Council of Kitui in October 1994. However, it was indicated in the previous Report that the accuracy of the Abstracts of Accounts for the years ending 30 June 2000 and 2001 could not be ascertained due to lack of primary records of accounts. In the absence of accurate closing balances for the year 2000/2001, the nominal balances brought forward which are the opening

balances for the subsequent years' Balance Sheets, including the year under audit of 2003/2004, could not be ascertained.

- (ii) The Accounts for the year ended 30 June 2004 were prepared using the Simplified Accounting Systems (SAS) format which has not yet been approved by the Minister for Local Government as required under Section 229(2) of the Local Government Act, Cap. 265. Under the circumstances therefore, it has not been possible to ascertain the accuracy of the Abstract of Accounts, as a whole.

3.2 Fixed Assets

The Balance Sheet Fixed Assets balances increased from Kshs.27,440,076.00 as at 30 June 2003 to Kshs.29,414,305.50 as at 30 June 2004. However, the figure of Kshs.29,414,305.50 excludes an undetermined value of disputed assets which have not been formally shared out between the Council and the parent County Council of Kitui amounting to Kshs.30,078,017.20. The Council did not make available for audit review ownership and valuation documents of the Fixed Assets. With the omission of an undermined value of the assets under dispute from the Accounts, lack of ownership documents and valuation reports, it has not been possible to confirm the accuracy, ownership, security, and location of the Council's assets or whether they are fairly stated in the Accounts as at the end of 30 June 2004.

3.3 Cash And Bank Balances

The Cash and Bank balances decreased from Kshs.5,062,163.00 as at 30 June 2003 to Kshs.2,740,692.00 as at 30 June 2004. However, the Cash In Hand balances reduced from Kshs.4,085,206.00 in 2002/2003 to nil as at 30 June 2004. The Council did not constitute a Board of Survey at the end of the year to physically ascertain the cash balance. Further, the Council did not provide bank balances confirmation certificates and monthly bank reconciliations as required by the Financial Regulations. Under the circumstance, the accuracy of the Cash and Bank balance of KShs.2,740,692.00 as at 30 June 2004 could not be confirmed.

3.4 Debtors and Prepayments

The Balance Sheet Debtors and Prepayments balances increased from Kshs.9,893,933.00 as at 30 June 2003 to Kshs.14,297,216.00 as at 30 June 2004. However, the Council did not maintain an up-to-date Debtors Ledger. Further, examination of the Council's Plot Registers revealed that a total of Kshs 11,166,605.00 was outstanding in the form of Rent and Rates Arrears as at 30 June 2004 compared to Kshs 3,789,415.00 as at 30 June 1995. Under the circumstances, it was therefore not possible to confirm the accuracy the of Debtors and Prepayments figure reflected of Kshs 14,297,216.00 as at 30 June 2004 or its collectability.

MWINGI COUNTY

COUNCIL

ABSTRACT OF ACCOUNTS

**FOR THE YEAR ENDED 30TH
JUNE 2004**

3.5 Renewals Funds

Section 219 (1) of the Local Government Act, Cap. 265 provides that a local authority may, and if directed by the Minister, shall create adequate renewals funds to provide for the entire or partial replacement of some or all of the assets, which, owing to depreciation or other cause, will require at some future date to be replaced. During the year ended 30 June 2004, the council did not make any provisions for depreciation in the Accounts or create renewals fund for the replacement of its Fixed Assets and Other Long Term Capital Outlays. The Council was therefore in breach of the law. Further, in the absence of a renewal fund, it is not clear how it intends to finance the replacement of its assets, in future.

3.6 Local Authorities Transfer Fund (LATF)

Examination of LATF Accounts at page 15 revealed that out of a disbursement of Kshs.20, 124,058.00 to the Council for the year 2003/04, an amount of Kshs. 6,190,676.60 was transferred to the General Rate Fund Account for purposes of paying current salaries to staff, allowances to the Councillors and other recurrent expenses without proper authority. Further, expenses totaling to Kshs.894, 775.00 reflected in the Revenue Accounts could not be confirmed due to lack of supporting payment vouchers during the 2003/2004 year. In view of the foregoing, the Council was in breach of the LATF Regulations and the propriety of the unsupported payments could not be confirmed.

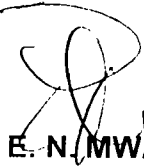
4. Opinion

Due to of the reservations indicated in paragraphs 3.1 to 3.6, I am unable to express an opinion in accordance with Section 24(2) of the Act, that:-

- (a) All the information and explanations that were required for the purpose of the audit were received;
- (b) The Accounts of the Council have been properly maintained and are in order;
- (c) The Consolidated Balance Sheet give a true and fair view of the state of financial affairs of the Council as at 30 June 2004;
- (d) The Revenue and Expenditure Account give a true and fair view of the income and expenditure of the Council for the year ended 30 June 2004.
- (e) Due provision has been made on account of redemption and repayment of all the monies borrowed by the Council;

(f) Adequate amounts have been set aside for depreciation and renewal of the assets of the Council;

(g) The Accounts comply with the Local Government Act, Cap 265.



E. N. MWAI
CONTROLLER AND AUDITOR GENERAL
NAIROBI

Nairobi

19 June 2006

MWINGI COUNTY COUNCIL

FINAL ACCOUNTS FOR 2003/2004

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MWINGI COUNTY COUNCIL

TREASURER'S REPORT

1.1 INTRODUCTION

I have the pleasure of presenting the accounts for Mwingi County Council for the period ended 30th June 2004. These are the first pilot application of the Simplified Accounting Systems (SAS) for Local Authorities being developed by the Ministry of Local Government under the Kenya Local Government Reform Programme.

The County Council of Mwingi had six operational divisions or responsibility centres during this financial year. These are: -

- 1) Clerk's Department
- 2) Treasurer's Department
- 3) Civic Department
- 4) Markets Department
- 5) Works Department
- 6) Social Services Department
- 7) Service Charge Department

1.2 RESPONSIBILITY CENTRES ACCOUNT STATEMENTS

Each individual responsibility centre financial performance is given separately. These performance statements of receipts and expenditure are in Kenya Shillings and Kenya Pounds, which are compared to the approved budget for the year. The actual receipts and expenditure for the financial year 2002/2003 are included to show trends. However, these are in Kenya Pounds. The detailed performance statements for 2003/2004 are summarized in a Summary Recurrent Account to give a one-page clear picture of the operations of the Authority for the year.

Worthy of noting is the following:

Revenue Items

Receipts from Land Taxes were 0.77% of the total corporate receipts.

Licences with 94.62% of the total corporate receipts was the most importance source of revenue.

Cess contributed 4.62% of the corporate receipts.

No receipts were realized from Service Charge in this financial year.

Expenditure Items

The ratio of expenditure on Personnel, Operation and Maintenance was 23.12 of the total expenditure i.e. Personnel expenditure took 23% of the total expenditure during the year, Operations took 12% while Maintenance took 4%.

1.3 OVERALL AUTHORITY PERFORMANCE

The Authority made an overall deficit of Kshs. 170,988.85M. Total expenditure was Kshs. 32,228,424.35M, while corporate and responsibility centers receipts were Kshs. 32,057,435M. LATF Disbursements during the year were Kshs. 20,124,058M. This is what contributed to the higher surplus realized during the year. Its worth noting that the responsibility centres' level of self financing was 105% with Market Department having the highest level at 484%.

1.4 Balance Sheet

Whereas other financial statements are based on a 'receipts and expenditure convention' balance sheet is based on a 'converted receipt (or income) and expenditure basis by the introduction of debtors and creditors outstanding.

1.5 Income Variances

a) Land Taxes

This had an adverse variance of 81%. Good measures should be put in place to ensure all land based rents are collected as budgeted for.

b) Licences

Total collections on this particular source of income was a bit encouraging with the amount realized being 38% of the budgeted amount.

c) Cesses

This comprises of Export Cess, Honey Cess, Poultry & Eggs Cess, Sand Cess, Banana Produce Cess, Hides & Skins and Produce Cess which contributes a substantial amount of total corporate income.

Total collections on this particular source of income was quite encouraging with the amount realized being 737% of the budgeted amount.

d) Service Charge

This has been an important source of council revenue but phased out in the year 1999 and replaced by Local Authority Transfer Fund. However, realization on the budgeted amount has always been difficult due to non-remittance by persons supposed to pay the council (both natural and artificial persons) and also those charged with its collection. In this particular year, no income was realized from Service Charge.

1.6 Expenditure Variances

1.6.1 Employees

The variances of 2% (unfavourable) reflected in the employees' emoluments are due to changes in house allowance and basic salaries to the budgeted provision.

1.6.2 Operations

This recorded an adverse variance of 7% on the budgeted amount.

1.6.3 Maintenance

All of this expenditure was done through Latf account.

Signed: *[Signature]* Dated.....20.....Day of May.....2005
County Clerk

Signed: *[Signature]* Dated.....15.....Day of May.....2005
County Treasurer

MWINGI COUNTY COUNCIL
FINAL ACCOUNTS FOR THE YEAR 2003/2004
BALANCE SHEET AS 30TH JUNE 2004

		2004	2003
	NOTES	KSHS.	KSHS.
FIXED ASSETS	1.3.0	19,358,717.50	17,384,488.50
OTHER LONG TERM CAPITAL OUTLAY	1.3.0	10,055,588.00	10,055,588.80
CURRENT ASSETS			
Debtors & Prepayments	1.4.0	14,297,216.00	9,893,933.00
Bank A/C – General Rate fund a/c		64,993.35	(170,375.00)
LATF a/c		2,675,698.65	1,147,332.45
Cash in hand (GRF)		-	4,085,206.05
TOTAL CURRENT ASSETS		17,037,908.00	14,956,096.60
CURRENT LIABILITIES			
Creditors & Accruals	1.5.0	2,256,137.00	13,757,670.05
NET CURRENT ASSETS		14,781,771.00	1,198,426.55
AUTHORITY NET WORTH		44,196,076.50	28,638,503.85
FINANCED BY:			
AUTHORITY EQUITY	1.6.1	43,168,638.80	27,440,077.30
GENERAL RESERVE FUND	1.6.2	1,027,437.70	1,198,426.55
		44,196,076.50	28,638,503.85

MWINGI COUNTY COUNCIL
FINAL ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2004
CASHFLOW STATEMENT

	2003/2004 KSHS.	2002/2003 KSHS.
RECURRENT ACTIVITIES		
INCOME		
Land taxes	97,571.00	
Licences	11,253,120.90	
Cess	582,685.60	
Service Charge	-	
Others	-	
LATF	20,124,058.35	-
Total Income	32,228,424.35	-
EXPENSES		
Total Expenditure	32,228,424.35	-
Net Recurrent Activities	(170,988.85)	-
Adjustments		
Depreciation		
Bank Interest		
Net Cash Outflow after Recurrent Activities	(170,988.85)	-
Working Capital Charges		
Current Assets	(4,403,283.00)	-
Increase/Decrease in Creditors and Accruals	(11,501,533.05)	-
	(15,904,816.05)	-
Cash Inflow after Working Capital Charges	(14,221,669.15)	-
RETURN ON INVESTMENT & SERVICING OF FINANCE		
Interest Paid		
Interest Received		
Cash Inflow after Return on Invest. & Service of Finance	(14,221,669.15)	-
INVEST ACTIVITIES		
Increase in Fixed Assets	2,688,686.00	-
Others	(0.80)	-
Increase in Investments	-	-
	2,688,685.20	-
Cash Outflow after Investing Activities	(16,910,354.35)	-
FINANCING ACTIVITIES		
Increase in Equity Capital	1,391,4580.80	-
Cash Inflow after Financing Activities	1,391,4580.80	-
	(2,995,773.50)	-
Cash and Cash Equivalent at beginning of the year	5,062,163.50	-
	2,066,390.90	-
Cash and Cash Equivalent at the end of the year	2,066,390.90	-

MWINGI COUNTY COUNCIL
CONSOLIDATED RECURRENT ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 2004

Department	Personnel	Operations	Maintenance	Total Expenditure	Receipts		% Level of Self Financing
					Receipts	Surplus / (Deficit)	
Clerk's	2,447,411.00	75,999.70	67,094.00	2,590,504.70	-	(2,590,504.70)	
Treasurer's	1,353,179.00	365,588.30	-	1,718,767.30	1,122,452.95	(596,314.35)	6
Civic	-	3,408,497.00	-	3,408,497.00	-	(3,408,497.00)	
Markets	2,195,361.00	210,146.00	-	2,405,507.00	10,810,924.55	840,5417.50	48
Works	731,976.00	600.00	-	732,576.00	-	(732,576.00)	
Social Services	584,712.00	-	-	584,712.00	-	(584,712.00)	
Service Charge	-	-	-	-	-	-	
LATF	-	-	-	-	-	-	
Totals	7,312,639.00	4,060,831.00	67,094.00	32,228,424.35	20,124,058.00	(663,802.35)	10
% Of Gross Expenditure	23%	12%	4%			(170,988.85)	10

Net Recurrent Surplus / (Deficit)	(170,988.85)
General fund balance brought forward	1,984,426.55
Balance on General Fund	1,027,434.70
Corporate Adjustments	
Interest Earned	
General fund balance carried forward	1,027,434.70

MWINGI COUNTY COUNCIL
FINAL ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2004
INCOME AND EXPENDITURE SUMMARY ACCOUNT

	2002-2003 ACTUAL KSHS.	2003-2004 APPROVED KSHS.	BUDGET VARIANCE %	2003-2004 ACTUAL KSHS.
SUBJECTIVE HEAD				
SERVICE INCOME				
CORPORATE INCOME				
CESS				
Export Cess	40,245.00	69,592.00		420,611.00
Produce Cess	376,263.95	-		162,074.60
TOTAL CESS	77,871.95	69,592.00	737%	
LICENCES & FEES				
Barter Market Fees	-	1,381,553.00		1,299,429.00
Livestock Fees	-	1,004,583.00		1,450,791.00
Plot Application Fees	188,650.00	149,155.00		318,683.00
Plot rent	-	1,603,698.00		1,024,881.95
Poultry & Eggs	1,300.00	1,288.00		8,230.00
Single Business Permit	4,162,420.50	4,539,988.00		7,151,105.95
TOTAL LICENCES & FEES	4,352,370.50	8,680,265.00	38%	11,959,319.85
LAND TAXES				
Market Plot Rents	1,633,081.55	-		11,253,120.90
Contribution in Lieu of Rates	1,000,000.00	878,720.00		97,571.00
Plot Rent				
TOTAL LAND TAXES	2,633,081.55	878,720.00	-89%	-
TOTAL CORPORATE INCOME	7,063,324.00	9628,577.00	31%	12,639,576.45
SERVICE CHARGE	-	-	0%	-
LATF Disbursements	16,871,715.65	20,124,058.00		11,933,377.50
				20,124,058.00
TOTAL INCOME	23,935,036.65	29,752,635.00	10%	32,057,435.50
EXPENDITURE				
PERSONNEL				
Acting Allowance	-	-		18,684.00
Hardship Allowance	783,659.00	897,660.00		808,164.00
House Allowance	1,920,000.00	2,292,000.00		1,920,000.00
Leave Allowance	40,472.00	73,554.00		31,791.00
NSSF	108,280.00	115,200.00		110,400.00
Provident Fund	471,996.00	867,008.00		658,568.20
Salaries & Wages	3,616,657.00	3,075,000.00		3,765,031.00
TOTAL PERSONNEL	6,941,064.00	7,320,422.00	-2%	7,312,639.00
OPERATIONS				
Administration				
Chairman's Allowance	132,000.00	168,000.00		168,000.00
Chairman's Travelling Allowance	22,150.00	329,676.00		119,126.00
Councillors Allowance	3,302,400.00	3,084,000.00		3,084,000.00
Councillors Travelling Allowance	186,024.00	77,400.00		37,371.00
Postage, Telephone & Advert.	61,410.00	41,617.00		4,958.70
Training & Courses	38,920.00	-		3,500.00
Travelling & Subsistence	179,483.00	592,335.00		159,304.00
Total Administration	3,922,387.00	4,293,028.00	17%	3,576,259.70
Supplies & Services				

Audit/Accountancy Fees	-	-		200,000.00
Bank Charges	80,120.00	-		103,009.30
Other Charges	-	-		50,000.00
Printing & Stationery	33,581.00	-		49,879.00
Staff Uniforms	-	39,000.00		23,050.00
Staff Uniforms	138,540.00	-		-
Total Supplies & Services	252,241.00	39,000.00	-992%	425,938.30
Transport & Plant Related				
Petrol, Oils & Tyres	164,548.00	-		55,483.00
Vehicle Insurance & Licences	63,038.00	6,600.00		3,150.00
Total Transport and Plant	227,586.00	6,600.00	-315%	58,633.00
Premises Related				
Electricity & Water	-	-		
Total Premises Related	-	-		
TOTAL OPERATIONS	4,402,214.00	4,338,628.00	7%	4,060,831.00
REPAIRS, ALTERATIONS & MAINTENANCE				
Transport & Plant Related				
Repair of Vehicles	12,460.00	-		63,344.00
Total Transport & Plant	12,460.00	-		63,344.00
The variances of 2% (unfavourable) reflected in the employee's emoluments are due to changes in house allowance and basic salaries to the budgeted provision.				
Premises Related				
Equipment & tools	3,050.00	-		-
Repairs & Maintenance of Markets	2,210.00	-		-
Total Premises Related	5,260.00	-		-
Furniture, Tools & Equipment				
Repair of Machines				3,750.00
Maintenance of Furniture	700.00	-		-
Total	700.00	-		3,750.00
TOTAL RAM	18,420.00			67,094.00
LATF EXPENDITURE	18,098,489.55	13,540,548.00		20,787,860.35
TOTAL EXPENDITURE	29,460,187.55	25,199,598.00		32,228,424.35
NET SURPLUS / (DEFICIT)	(5,525,150.90)	5,796,083.00	71%	(170,988.85)

MWINGI COUNTY COUNCIL
FINAL ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2004
CLERK'S DEPARTMENT

MISSION STATEMENT

- a) To provide advice to elected councillor's in the policy management of the council.
b) To provide leadership to the paid staff of the council, ensuring smooth operations, effective personnel and administration and legality of actions.

	2002-2003 ACTUAL KSHS.	2003-2004 APPROVED KSHS.	BUDGET VARIANCE %	2003-2004 ACTUAL KSHS.
SUBJECTIVE HEAD	-	-	-	-
SERVICE INCOME	-	-	-	-
Hire of Grader				
TOTAL INCOME				
EXPENDITURE				
PERSONNEL				
Salaries & Wages	1,216,303.00	1,232,220.00		1,285,231.00
Provident Fund	160,764.45	289,541.00		222,181.20
NS.S.F.	26,680.00	28,800.00		28,800.00
Leave Allowance	16,049.60	35,342.00		24,230.80
House Allowance	666,000.00	666,000.00		666,000.00
Hardship Allowance	217,224.00	224,064.00		220,968.00
TOTAL PERSONNEL	2,303,021.05	2,475,967.00	2%	2,447,411.00
OPERATIONS				
Administration				
Travelling & Subsistence	83,946.00	45,067.00		43,624.00
Postage, Telephone & Advert.	61,410.00	41,617.00		4,958.70
Training & Courses	38,920.00	-		-
Legal Fees	20,000.00	-		-
Total Administration	204,276.00	86,684.00	44%	48,582.70
Supplies & Services				
Staff Uniforms	33,685.00	11,320.00		-
Equipment & Tools	3,050.00	-		-
Printing & Stationery	32,387.00	-		-
Total Supplies & Services	69,122.00	11,320.00		-
Transport & Plant Related				
Petrol, Oil & Tyres	160,000.00	-		24,267.00
Vehicle Insurance & Licences	63,038.00	6,600.00		3,150.00
Total Transport & Plant	223,038.00	6,600.00	-315%	27,417.00
Premises Related				
Electricity & Water	-	-		-
Total Premises	-	-		-
TOTAL OPERATIONS	496,436.00	104,604.00	19%	75,999.70
REPAIRS, ALTERATIONS & MAINTENANCE				
Transport & Plant Related				
Repair of Vehicles	-	-		63,344.00
Total Transport & Plant	-	-		63,344.00
Furniture, Tools & Equipment				
Repair of Machines	8,790.00	-		3,750.00
Maintenance of Furniture	700.00	2,200.00		-
Total	9,490.00	2,200.00		3,750.00
TOTAL RAM	9,490.00	2,200.00		67,094.00
TOTAL EXPENDITURE	2,808,947.05	2,585,771.00	0%	2,590,504.70
NET SURPLUS / (DEFICIT)	(2,808,947.05)	(2,582,771.00)	0%	(2,590,504.70)

MWINGI COUNTY COUNCIL
FINAL ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2004
TREASURER'S DEPARTMENT

MISSION STATEMENT

- To provide financial advice to the councilors, the town clerk and other service officers for the efficient operation of the council.
- To establish and operate sound financial systems for the council.
- To ensure financial transactions are properly recorded and internal control are adhered to.
- To collect all revenues properly due to the council.
- To prepare up to date accounts and other financial management reports as required by the law.

SUBJECTIVE HEAD	2002-2003 ACTUAL KSHS.	2003-2004 APPROVED KSHS.	BUDGET VARIANCE %	2003-2004 ACTUAL KSHS.
SERVICE INCOME				
Miscellaneous Income	37,894.00	-		-
Plot Rent	1,633,081.55	1,603,698.00		1,024,881.95
Contribution in Lieu of Rates	100,000.00	87,720.00		97,571.00
TOTAL INCOME	1,770,975.55	2,482,418.00	-55%	1,122,452.95
EXPENDITURE				
PERSONNEL				
Salaries & Wages	697,080.00	1,163,520.00		718,800.00
Provident Fund	87,412.75	276,722.00		129,594.00
N.S.S.F	16,800.00	16,800.00		16,800.00
Hardship Allowance	120,741.00	169,296.00		121,296.00
Acting Allowance	-	-		18,684.00
House Allowance	348,000.00	624,000.00		348,000.00
TOTAL PERSONNEL	1,270,033.75	2,250,338.00	29%	1,353,179.00
OPERATIONS				
Administration				
Travelling & Subsistence	4,240.00	32,153.00		9,200.00
Training & Courses	-	-		3,500.00
Total Administration	4,240.00	32,153.00	61%	12,700.00
Supplies & Services				
Printing & Stationery	-	-		49,879.00
Staff Uniforms	3,150.00	-		-
Audit/Accountancy Fees	-	-		200,000.00
Loan Charges	-	-		-
Bank Charges	80,120.00	-		103,009.30
Total Supplies & Services	83,270.00	-		352,888.30
Premises Related				
Electricity & Water	-	-		-
Office Rent	-	-		-
Total Premises	-	-		-
Transport & Plant Related				
Petrol, Oils & Lubes	-	-		-
Insurance	-	-		-
Motor Vehicle Expenses	-	-		-
Total Transport & Plant	-	-		-
TOTAL OPERATIONS	87,510.00	32,153.00	-1037%	365,588.30
REPAIRS, ALTERATIONS & MAINTENANCE				
Transport & Plant Related				
Motor Vehicle Repairs	-	-		-
Total Transport & Plant	-	-		-
Premises Related				
Office Equip. Maintenance	-	-		-
Staff Houses Repair	-	-		-
Total Premises	-	-	0%	-
TOTAL RAM	-	-	0%	-
TOTAL EXPENDITURE	1,357,543.75	2,282,491.00	13%	1,718,767.30
NET SURPLUS / (DEFICIT)	413,431.80	199,927.00	313%	(596,314.35)

MWINGI COUNTY COUNCIL
FINAL ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2004
CIVIC DEPARTMENT

MISSION STATEMENT

To facilitate the representation of the public view to ensure that policies of the council are in accordance with the aspirations of the public.

SUBJECTIVE HEAD	2002-2003 ACTUAL KSHS.	2003-2004 APPROVED KSHS.	BUDGET VARIANCE %	2003-2004 ACTUAL KSHS.
SERVICE INCOME	-	-		-
TOTAL INCOME	-	-		-
EXPENDITURE				
OPERATIONS				
Administration				
Chairman's Allowance	132,000.00	168,000.00		168,000.00
Councillors allowance	3,302,400.00	3,084,000.00		3,084,000.00
Chairman's Travelling Allowance	22,150.00	329,676.00		119,126.00
Councillors Travelling Allowance	186,024.00	77,400.00		37,371.00
Total Administration	3,642,574.00	3,659,076.00	7%	3,408,497.00
TOTAL OPERATIONS	3,642,574.00	3,659,076.00	7%	3,408,497.00
REPAIRS, ALTERATIONS & MAINTENANCE				
Premises Related				
Maintenance of Chairman's Office	-	-		-
Total Premises	-	-		-
TOTAL RAM	-			
TOTAL EXPENDITURE	3,642,574.00	3,659,076.00	7%	3,408,497.00
NET SURPLUS / (DEFICIT)	(3,642,574.00)	(3,659,076.00)	7%	(3,408,497.00)

MWINGI COUNTY COUNCIL

FINAL ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2004 - TREASURER'S DEPARTMENT

MISSION STATEMENT

- a) To provide market sites for local traders to undertake their business.
- b) To generate revenues for the council.

SUBJECTIVE HEAD	2002-2003 ACTUAL KSHS.	2003-2004 APPROVED KSHS.	BUDGET VARIANCE %	2003-2004 ACTUAL KSHS.
SERVICE INCOME				
Land Rents/Rates	-	-		-
Market Fees	-	-		-
Barter Market Fees	1,063,958.00	1,381,553.00		1,299,429.00
Market Plot Rents	-	-		-
Livestock Fees	-	1,004,583.00		1,450,791.00
Export Cess	40,245.00	69,592.00		420,611.00
Sand Cess	-	-		-
Cattle, Sheep, Goat Movement Fees	834,260.00	-		-
Banana Produce Cess	-	-		-
Plot Application Fee	188,650.00	149,155.00		318,683.00
Single Business Permit	4,162,420.00	4,539,988.00		7,151,105.95
Plot Rent	-	-		-
Honey Cess	-	-		-
Produce Cess	37,626.95	-		-
Poultry & Eggs	1,300.00	1,288.00		8,230.00
Hides & Skins Cess	-	-		-
Maize Cess	-	-		-
Stall Rent	-	-		-
TOTAL INCOME	6,328,459.95	7,146,159.00	61%	10,810,924.55
EXPENDITURE				
PERSONNEL				
Salaries & Wages	1,045,810.00	1,105,860.00		1,081,740.00
Provident Fund	140,484.75	294,551.00		187,256.00
N.S.S.F	43,200.00	48,000.00		43,200.00
Acting Allowance	-	-		-
Leave Allowance	18,158.60	38,212.00		7,561.00
Hardship Allowance	292,068.00	338,004.00		299,604.00
House Allowance	576,000.00	672,000.00		576,000.00
TOTAL PERSONNEL	2,115,721.35	2,496,627.00	12%	2,195,361.00
OPERATIONS				
Administration				
Travelling & Subsistence	90,937.00	515,115.00		105,880.00
Market Survey Fees	-	-		-
Market Upkeep Fees	-	-		-
General Insurance	-	-		-
Total Administration	90,937.00	515,115.00	79%	105,880.00
Supplies & Services				
Printing & Stationery	864.00	-		-
Other Charges	-	-		50,000.00
Staff Uniforms	71,505.00	39,000.00		23,050.00
Total Supplies & Services	72,369.00	39,000.00	-87%	73,050.00
Transport & Plant Related				
Motor Vehicle Expenses	-	-		-
Petrol Oil & Tyres	4,548.00	-		31,216.00
Total Transport & Plant	4,548.00	-		31,216.00
TOTAL OPERATIONS	163,306.00	554,115.00	68%	210,146.00
REPAIRS, ALTERATIONS & MAINTENANCE				
Transport & Plant Related				
Motor Vehicle Repairs	3,670.00	-		-
Total Transport & Plant	3,670.00	-		-
Furniture, Tools & Equipment	-	-		-
Furniture & Tools	-	-		-
Total F, T & Equip	-	-		-
Premises Related				
Repairs & Maintenance of Markets	27,750.00	-		-
Total Premises Related	27,750.00	-		-
TOTAL RAM	31,420.00	-		-
TOTAL EXPENDITURE	2,310,447.35	3,050,742.00	22%	2,405,507.00
NET SURPLUS / (DEFICIT)	4,018,012.60	4,095,417.00	-123%	8,405,417.55

MWINGI COUNTY COUNCIL
FINAL ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2004
WORKS DEPARTMENT

SUBJECTIVE HEAD	2002-2003 ACTUAL KSHS.	2003-2004 APPROVED KSHS.	BUDGET VARIANCE %	2003-2004 ACTUAL KSHS.
SERVICE INCOME	-	-		-
TOTAL INCOME	-	-		-
EXPENDITURE				
PERSONNEL				
Salaries & Wages	365,516.00	378,000.00		378,000.00
Provident Fund	45,605.00	86,144.00		66,480.00
N.S.S.F	12,000.00	12,000.00		12,000.00
Leave Allowance	3,525.00	-		-
Hardship Allowance	80,026.00	89,496.00		89,496.00
House Allowance	186,000.00	186,000.00		186,000.00
TOTAL PERSONNEL	692,672.00	751,640.00	3%	731,976.00
OPERATIONS				
Administration				
Travelling & Subsistence	360.00	-		600.00
General Licences & Insurance	-	-		*
Survey of Game Reserves	-	-		-
Total Administration	360.00	-		600.00
Supplies & Services				
Staff Uniforms	30,200.00	-		-
Total Supplies & Services	30,200.00	-		-
TOTAL OPERATIONS	30,560.00	-		-
REPAIRS, ALTERATIONS & MAINTENANCE				
Transport & Planted Related				
Motor Vehicle Repairs	-	-		-
Total Transport & Plant	-	-		-
TOTAL RAM	-	-		-
TOTAL EXPENDITURE	723,232.00	751,640.00	3%	732,576.00
NET SURPLUS / (DEFICIT)	(723,232.00)	(751,640.00)	3%	(732,576.00)

MWINGI COUNTY COUNCIL
FINAL ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2004
SOCIAL SERVICES DEPARTMENT

SUBJECTIVE HEAD	2002-2003 ACTUAL KSHS.	2003-2004 APPROVED KSHS.	BUDGET VARIANCE %	2003-2004 ACTUAL KSHS.
SERVICE INCOME	-	-		-
TOTAL INCOME	-	-		-
EXPENDITURE				
PERSONNEL				
Salaries & Wages	-	301,260.00		301,260.00
Provident Fund	-	68,708.00		53,052.00
N.S.S.F	-	9,600.00		9,600.00
Leave Allowance	-	9,088.00		-
Hardship Allowance	-	76,800.00		76,800.00
House Allowance	-	144,000.00		144,000.00
TOTAL PERSONNEL	-	600,368.00	3%	584,712.00
OPERATIONS				
Administration				
Travelling & Subsistence	-	-		-
General Licences & Insurance	-	-		-
Donations	-	-		-
Total Administration	-	-	#DIV/0!	-
Supplies & Services				
Printing & Stationery	-	-		-
Total Supplies & Services	-	-		-
TOTAL OPERATIONS	-	-		-
REPAIRS, ALTERATIONS & MAINTENANCE				
Transport & Planted Related				
Repair of Motor Vehicles	-	-		-
Total Transport & Plant	-	-		-
Premises related				
Office Equip. Maintenance	-	-		-
Fencing	-	-		-
Renovation of County Hall	-	-		-
Total Premises	-	-		-
TOTAL RAM	-	-		-
TOTAL EXPENDITURE	-	600,368.00	3%	584,712.00
NET SURPLUS / (DEFICIT)	=	(600,368.00)	3%	(584,712.00)

MWINGI COUNTY COUNCIL
FINAL ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2004
SOCIAL SERVICES DEPARTMENT

SUBJECTIVE HEAD	2002-2003 ACTUAL KSHS.	2003-2004 APPROVED KSHS.	BUDGET VARIANCE %	2003-2004 ACTUAL KSHS.
SERVICE INCOME				
Service Charge	-	-		-
TOTAL INCOME	-	-		-
EXPENDITURE				
PERSONNEL				
Salaries & Wages				
Provident Fund	-	-		-
N.S.S.F	-	-		-
Hardship Allowance	-	-		-
House Allowance	-	-		-
TOTAL PERSONNEL	-	-		-
OPERATIONS				
Administration				
Travelling & Subsistence				
Total Administration	-	-		-
Supplies & Services				
Printing & Stationery				
Equipment & Tools	-	-		-
Bank Charges				
Total Supplies & Services	-	-		-
Transport & Planted Related				
Petrol, Oils & Tyres				
Total Transport & Plant				
TOTAL OPERATIONS	-	-		-
REPAIRS, ALTERATIONS & MAINTENANCE				
Premises related				
Office Equip. Buildings Maintenance				
Total Premises	-	-		-
Transport & Plant Related				
Maintenance of Grader				
Total transport & Plant				
TOTAL RAM	-	-		-
TOTAL EXPENDITURE	-	-		-
NET SURPLUS / (DEFICIT)	-	-		-

MWINGI COUNTY COUNCIL
FINAL ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2004
LATF RECEIPTS AND PAYMENTS ANALYSIS

SUBJECTIVE HEAD	2002-2003 ACTUAL KSHS.	2003-2004 APPROVED KSHS.	BUDGET VARIANCE %	2003-2004 ACTUAL KSHS.
SERVICE INCOME				
LATF ALLOCATION	16,871,712.65	2,0124,058.00		20,124,058.00
TOTAL INCOME	16,871,712.65	2,1367,104.00	-	20,124,058.00
EXPENDITURE				
CAPITAL FORMATION				
Office Construction	-	2,127,189.00		1,965,189.00
Classrooms & Dormitories	230,318.00	5,503,970.00		1,016,583.00
LASDAP Projects	1,833,498.00	-		2,756,962.25
Dispensary Construction	-	2,599,074.00		312,791.00
Toilet Construction	382,628.00	105,672.00		9,040.00
Construction of water tank	-	479,775.00		64,762.00
TOTAL	2,419,444.00	10,815,680.00	-	6,125,327.25
OPERATIONS				
Administration				
Bursary Fund	853,431.00	1,900,000.00		1,595,432.00
AIDS Awareness Campaigns	-	285,000.00		16,400.00
Entertainment	-	-		27,845.00
Travelling & Subsistence	6,700.00	-		6,560.00
Total Administration	6,700.00	2,185,000.00	-	1,646,237.00
Supplies & Services				
	269,592.00	-		9,700.00
Telephone & Postage	-	150,000.00		273,300.00
Equipment & Tools	-	-		-
Bank Charges	71,559.50	-		77,657.50
Total Supplies & Services	341,151.50	150,000.00	-	360,657.50
Transport & Plant Related				
Grading of Roads	2,283,351.00	500,000.00		1,458,758.00
Total Transport & Plant	2,283,351.00	500,000.00	-	1,458,758.00
TOTAL OPERATIONS	2,631,202.50	2835,500.00	-	3,465,552.50
REPAIRS, ALTERATIONS & MAINTENANCE				
Premises Related				
Market rehabilitation	107,658.00	400,000.00		312,330.00
Total Premises	107,658.00	400,000.00	-	312,330.00
Transport & Plant Related				
Maintenance of Grader	281,763.00	600,000.00		215,851.00
Total Transport & Plant	281,763.00	600,000.00	-	215,851.00
TOTAL RAM	389,421.00	1,000,000.00		528,181.00
DEBT RESOLUTION				
Salary Arrears	1,669,080.00	-		881,388.15
Transfers to General Fund	272,498.00	-		6,190,676.60
Councillors allowances arrears	3,231,165.00	-		37,000.00
SACCO (BARAKA)	311,216.00	-		645,775.00
NSSF Arrears	37,800.00	-		324,800.00
KLGW Super Fund	58,690.00	-		155,665.60
VAT remittances	-	-		217,697.75
LA Provident Fund	458,785.90	-		1,138,866.80
ALGAK	-	-		5,000.00
KRA Arrears	-	143,500.00		177,373.20
Abstract of accounts	20,000.00	200,000.00		180,000.00
TOTAL	6,059,234.90	343,500.00		9,954,243.10
TOTAL EXPENDITURE	18,098,489.55	14,994,180.00		20,073,403.85
NET SURPLUS / (DEFICIT)	(1,226,776.90)	5,129,878.00	-	50,654.15

MWINGI COUNTY COUNCIL
NOTES TO THE ACCOUNTS FOR THE YEAR 2003/2004

1.0.0 Accounting Concepts

1.1.0 Introduction

SAS is based firmly on the generally accepted accounting concepts of: -

- ◆ Going Concern
- ◆ Accruals/Matching
- ◆ Consistency
- ◆ Prudence
- ◆ Materiality and Substance over form

Adoption of these concepts ensures that accounts “present fairly” the financial position of a local authority. However, given the unique nature of Kenyan Local Government, certain refinements have been introduced.

a) Going Concern Concept

In most cases the accounting system will treat value in the assumption that the authority will continue trading. It's unlikely that a Local Authority may be wound up in the same way as a company. In the event of a Local Government re-organization, the going concern concept should be applied although the authority itself may cease to exist.

b) Accrual/Matching Concept

The Matching or Accrual Concept can be defined as follows: -

“Revenue and costs are accrued - that is recognized as they are earned or incurred (and not as money is received or paid) and recorded in the financial statement at the period to which they relate: provided that where the Accrual Concept is inconsistent with the Prudence Concept the latter prevails.

Here the Prudence Concept is of significance in Kenya. The SAS basis of accounting is converted” receipts and converted payment” which means that accounting throughout the year is on a cash basis but, for final accounts purposes, accruals for material debtors and creditors are introduced to convert the accounts to an income and expenditure basis, thus keeping in line the Accrual Concept of accounting.

c) Consistency Concept

It is assumed that the accounting policies are consistency from one period to another. The Consistency Concept requires that there should be consistency of accounting treatment of like items within each accounting period and from one accounting period to the next. As SAS has been used for the first time, prior figures have been restated to present a valid comparison.

d) Prudence Concept

Uncertainties inevitably surround many transactions. This should be recognized by exercising prudence in preparing financial statements. Prudence does not however justify the creation of secret or hidden reserves. The Prudence Concept requires that revenues are not anticipated until realization can be assessed with reasonable certainty. In US Government accounting technology, which has been adopted by SAS, revenues should be recognized when they become measurable and available for use”. This has implications for Kenyan Local Government as regards land taxes and other revenue which are billed: such revenues are measurable but may not be paid or “available for use” for a lengthy period of time, if at all.

e) Substance over form and Materiality Concept

Transaction and other events should be accounted for and presented in accordance with their substance and financial reality and not merely with their legal form. The concept derives from the fact that accounts may still not “present fairly” the financial position of the authority. For example, SAS requires disclosures of certain items, in particular, delaying debtors and delayed creditors separately from operational debtors and creditors, as there is usually a link between the former types of debtors and creditors. Financial statement should disclose all items, which are material enough to affect evaluation or decisions.

1.2.0 Accounting Policies

The accounts have been prepared under the historical cost convention.

1.2.1 Accruals of Income and Expenditure

a) Revenues

Plot rents and rates outstanding at the end of the year are accrued as debtors. This is in accordance with the Prudence principle.

b) (i) Employees

Salary arrears are accrued as creditors. No accruals are made for leave entitlement not take as this is considered not material from year to year.

(ii) Statutory and other deductions

Unremitted statutory and other deductions are accrued as creditors.

(iii) Supplies and Services

The variance of 2% (unfavourable) reflected in the employees' emoluments are due to changes in house allowance and basic salaries to the budgeted provision. Creditors within current liabilities.

1.3.0 Fixed Assets

1.3.1. Coverage

Only assets that are readily identifiable as authority assets are included in the balance sheet. However, a professional valuation of all council assets should be done to reflect the current market value of all assets.

1.3.2. Valuation of Land

Land has been valued at current open market value as at 30th June 2004. However, no valuation was done by a professional valuer hence the council should ensure the same is done.

1.3.3. Valuation of Buildings

Buildings have not been valued by a professional valuer at depreciated current replacement cost as at 30th June 2004.

1.3.4. Valuation of Motor Vehicles

The Motor Vehicles have not been valued by the Automobiles Association of Kenya at the current market price as at 30th June 2004.

1.3.5. Furniture and Equipment

Furniture and equipment have not been stated at historical cost. Valuation on the same should be done.

1.3.6. Assets Utilization

No charges have been made for the use of assets or their depreciation in line with current SAS Provisions.

1.3.7. Fixed Assets Schedule

Fixed assets held and their current valuations are: -

FIXED ASSETS	2003 KSHS	ADDITIONS KSHS.	2004 KSHS.
New Office Buildings (W.I.P)	14,255,168.70	1,965,189.00	16,220,357.70
Other Office Buildings	2,253,037.80	9,040.00	2,262,077.80
Motor Vehicles	278,066.00	-	278,066.00
Office Equip. Tools, Materials, furniture & Fittings	598,216.00	-	598,216.00
Total Fixed Assets	17,384,488.50		19,358,717.50

1.3.8. Other Long Term Capital Outlay

Roads and Streets Construction	9,112,242.00		9,112,242.00
Markets Improvements	943,346.00		943,346.00
Total	10,055,588.00		10,055,588.00

1.4.0 DEBTORS AND REPAYMENTS

Plot Rents	9,713,010.00
GoK Contribution in lieu of Rates (CILOR)	2,853,417.00
Rates Owed by Parastatals	1,453,595.00
SBP Licences	277,194.00
Total Debtors and Prepayments	14,297,216.00

1.5.0 CREDITORS & ACCRUALS

Sundry Creditors & Other Accruals	79,788.00
KRA Income Tax (PAYE)	78,910.00
L.G. Super Fund	1,285,836.00
Salary Arrears	686,603.00
Provision for Accountancy Fee	125,000.00
Total Creditors & Accruals	2,256,137.00

1.6.0 Funds, Balances, Reserves and Provisions

1.6.1 Authority Equity

This represents the fixed asset holding, investments and net current assets net off General Fund at the time of restructuring the balance sheet.

1.6.2 Fund Balances

SAS provisions requires reserves and provisions, where they exist, be separately identified but aggregated within the general fund balances. The County Council of Mwingi maintains no distinct reserves and any relevant expenditure falls directly on the general fund.

1.7.0 Currency Denomination

Kenya Shilling is the current accounting unit used by Central Government and therefore the budget for FY 2003/2004 was prepared using this currency.

NB: No cash and bank certificates were availed to confirm the actual balances as at the year end.