

LAD July 04

Republic of Kenya



MEMBERS LAID No	
Speaker N. A.	Clerk
Deputy Speaker	C. M. Ukwir
Clerk N. A.	Legislator
Deputy Clerk	Library
	Press

# Kenya National Audit Office

PARLIAMENT  
OF KENYA  
LIBRARY

**REPORT**

**OF**

**THE CONTROLLER  
AND AUDITOR GENERAL**

**ON**

**THE ABSTRACTS OF  
ACCOUNTS OF THE COUNTY  
COUNCIL OF MARAGUA  
FOR THE  
YEAR  
ENDED  
30 JUNE 2005**



## KENYA NATIONAL AUDIT OFFICE

### **REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE ABSTRACTS OF ACCOUNTS OF THE COUNTY COUNCIL OF MARAGUA FOR THE YEAR ENDED 30 JUNE 2005**

---

The attached Abstracts of Accounts of the County Council of Maragua for the year ended 30 June 2005 have been audited under my direction in accordance with Section 23 of the Public Audit Act, 2003.

#### **1.0 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 financial affairs and its operating results. My responsibility is to express an independent opinion on the Abstracts of Accounts based on the audit.

#### **2.0 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 Abstracts of Accounts are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the Abstracts of Accounts. It also includes an assessment of the accounting policies used and significant estimates made by the Council as well as evaluating the overall Abstracts of Accounts' presentation. I believe the audit provides a reasonable basis for the opinion.

#### **3.0 Qualification Points**

##### **3.1 Opening Balances, Format and Accuracy of the Accounts**

- (i) The Council was carved out of the County Council of Murang'a in 1997. However, the process of division of assets and liabilities between the Council and the County Council of Murang'a had not been concluded by 30 June 2005. Consequently, the source and accuracy of the opening balances of assets and liabilities for the

1997/1998 Abstracts of Accounts as at 1 July 1997 and for subsequent years, including 2004/2005, could not be confirmed.

- (ii) The 2004/2005 Abstracts of Accounts were prepared under the Simplified Accounting System (SAS) format which had not been approved by the Minister for Local Government as required. The Council was therefore in breach of the law.
- (iii) The Abstracts of Accounts for 2004/2005 did not include a Cash Flow Statement, LATF and GRF Balance Sheets and Change Statements in respect of authority equity and general fund as required. Further, all the comparative figures, except for fixed assets and creditors and accruals, did not agree with the 2003/2004 audited amounts.

In view of the foregoing, the accuracy of the Abstracts of Accounts for the year ended 30 June 2005 could not be confirmed.

### **3.2 Fixed Assets**

The fixed assets balance increased from Kshs.23,205,964.00 as at 30 June 2004 to Kshs.25,092,197.00 as at 30 June 2005. However, and as in the previous years, the Council did not maintain a Fixed Asset Register. Further, ownership documents for its land and buildings were not made available for audit review. In the circumstances, it has not been possible to confirm the existence, ownership, location, valuation, security and accuracy of the Council's assets stated at Kshs.25,092,197.00 as at 30 June 2005.

### **3.3 Renewals Funds**

Section 219 of the Local Government Act, Cap 265 requires the Council to create and set aside adequate renewals funds to cater for partial or entire replacement of some or all of the assets, which, owing to depreciation will require at some future date to be replaced. The Council did not however create and set aside renewals funds as required. Further, no provision for depreciation was made in the accounts. The Council was therefore in breach of the law. It has not been explained how the Council intends to finance the replacement of its assets, in future, in the absence of the renewals funds.

### **3.4 Debtors**

The Balance Sheet debtors balance increased by Kshs.12,704,896.00 from Kshs.4,504,815.00 as at 30 June 2004 to Kshs.17,209,711.00 at 30 June 2005. However, no records such as ledgers, schedules and analyses were

maintained by the Council to support the debtors balance. Further, no provision for bad and doubtful debts was made in the Accounts during the year. In the circumstances, it has not been possible to confirm the accuracy and recoverability of the Debtors' balance of Kshs.17,209,711.00 as at 30 June 2005.

### **3.5 Cash and Bank Balances**

The Balance Sheet cash and bank balance increased from Kshs.1,447,798.00 as at 30 June 2004 to Kshs.9,438,606.00 as at 30 June 2005. However, stale cheques totalling Kshs.204,785.00 were not reversed in the reconciliation statements and in the General Rate Fund cash book. Further, no Board of Survey certificate to confirm the closing cash balance as at 30 June 2005 was made available for audit review. The bank reconciliation statement for LATF account reflects cheque No.1078 of 17 June 2005 for Kshs.2,500.00. However, the correct figure should have been Kshs.12,500.00. Unexplained underbankings of Kshs.9,498,116.00 were also noted during the year. In the circumstances, the cash and bank balance of Kshs.9,438,606.00 as at 30 June 2005 could not be confirmed.

### **3.6 Creditors and Accruals**

The creditors and accruals balance decreased from Kshs.21,341,433.00 as at 30 June 2004 to Kshs.16,902,025.00 as at 30 June 2005. Included in the balance of Kshs.16,902,025.00 is an amount of Kshs.13,457,223.97 relating to unremitted statutory deductions as at 30 June 2005. No reason has been given for failure to remit the deductions to the relevant agencies.

### **3.7 Local Authorities Transfer Fund (LATF)**

During the year under review, the Council received a total of Kshs.25,977,787.00 as LATF grants from the Government. However, the following unsatisfactory matters were noted from the LATF Income and Expenditure Statement:

- (i) The LATF cash book reflected payments totalling Kshs.327,800.00 made for repairs of three vehicles attached to the District Commissioner Maragua district. However, the payment vouchers were not supported by relevant documents including local service orders and invoices.
- (ii) Fund transfers of Kshs.2,373,233.00 made from the LATF account to the GRF were not disclosed in the LATF Income and Expenditure Statement.



- (iii) An imprest of Kshs.300,000.00 advanced from LATF account to facilitate resettlement of squatters was not accounted for.

### **3.8 Irregular Procurement**

The Council engaged a consultant at a contract sum of Kshs.200,000.00 exclusive of VAT to prepare its Abstracts of Accounts without using competitive bidding. In the absence of competitive bidding, it has not been possible to confirm the fee of Kshs.200,000.00 represented the best value for money.

### **3.9 Non Response to Audit Queries and Draft Report**

The Abstracts of Accounts for 2004/2005 were audited and material issues raised with the Council through a letter dated 9 September, 2006. Further, a draft report of the Controller and Auditor General on the Accounts was forwarded for comments on 02 August, 2007. However, no responses have been received to date. Consequently, it has not been possible to confirm the actions which may have been taken, if any, to address the issues raised.

### **4.0 Opinion**

Because of the significance of the matters discussed in the preceding paragraphs, I am unable to express an opinion on the Abstracts of Accounts as required by Section 24(2) of the Public Audit Act, 2003 that: all the information and explanations required for the purpose of the audit were received; the Accounts have been properly maintained and are in order; the Balance Sheet presents a true and fair view of the financial position of the Council as at 30 June 2005; the Summary Revenue Account gives a true and fair view of the income and expenditure of the Council for the year ended 30 June 2005; and that the Accounts comply with the Local Government Act, Cap 265.

  
A. S. M. Gatumbu

**CONTROLLER AND AUDITOR GENERAL**

Nairobi

3 August 2009

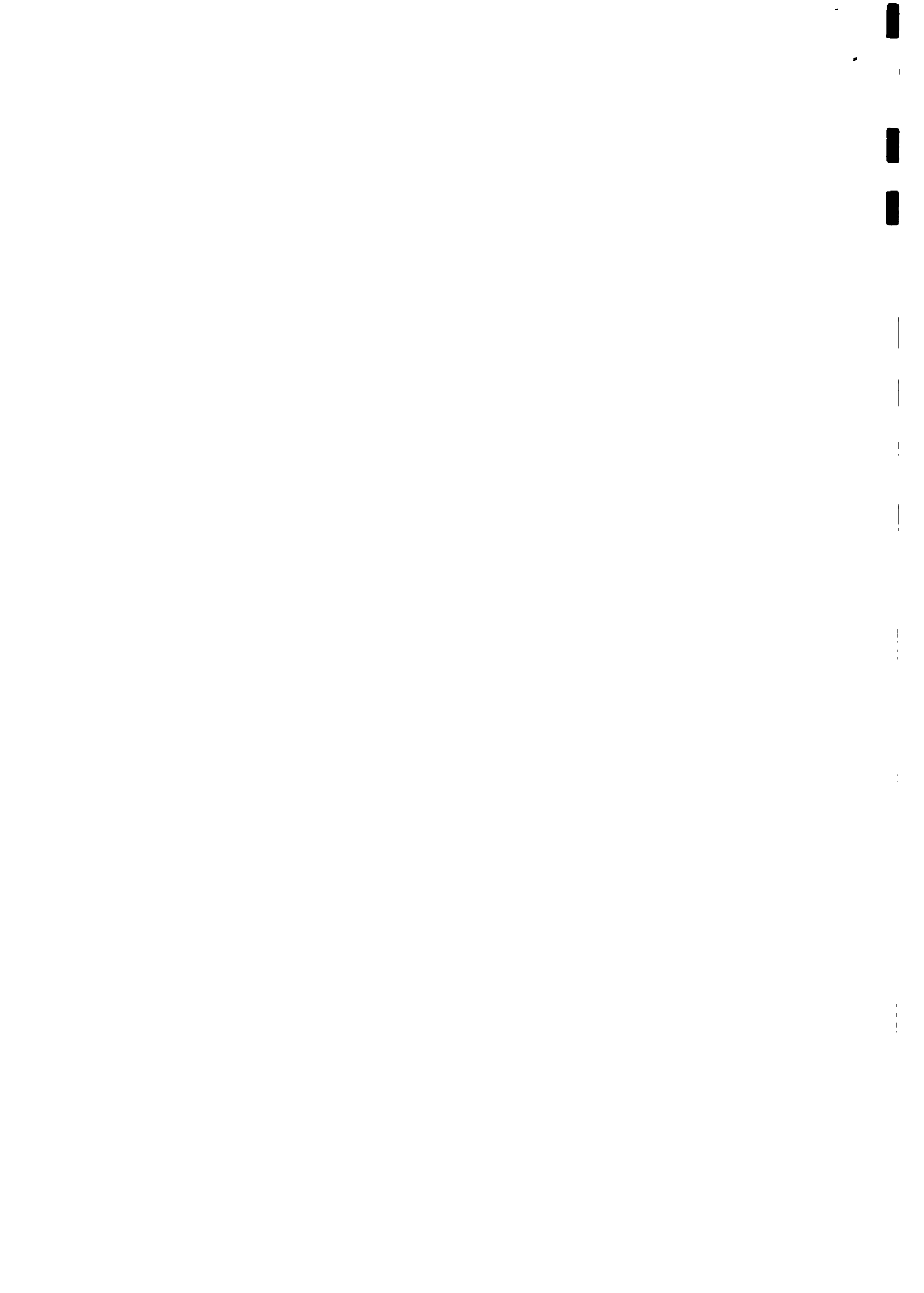
# COUNTY COUNCIL OF MARAGUA



## ABSTRACTS OF ACCOUNTS

FOR THE YEAR ENDED 30TH JUNE 2005

PETER GITHAE & ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS (KENYA)  
FOREST COURT-FOREST ROAD  
P.O. BOX 725-00517  
NAIROBI



**COUNTY COUNCIL OF MARAGUA  
TABLE OF CONTENTS  
FOR THE YEAR ENDED 30TH JUNE 2005**

<b>CONTENTS</b>	<b>PAGE</b>
<b>A. TREASURER'S REPORT</b>	<b>1-2</b>
<b>B. BALANCE SHEET</b>	<b>3</b>
<b>C. SUMMARY OF REVENUE ACCOUNT</b>	<b>4</b>
<b>D. RESPONSIBILITY CENTRE RECURRENT ACCOUNT</b>	
<b>1. Clerks Department</b>	<b>5-6</b>
<b>2. Treasurers Department</b>	<b>7</b>
<b>3. Civic Department</b>	<b>8</b>
<b>4. Markets Department</b>	<b>9-10</b>
<b>5. Building and Works Department</b>	<b>11</b>
<b>6. Community Department</b>	<b>12</b>
<b>7. LATF</b>	<b>13-14</b>
<b>E. NOTES TO THE ACCOUNTS</b>	<b>15-19</b>

# COUNTY COUNCIL OF MARAGUA TREASURER'S REPORT

## 1.1 INTRODUCTION

I have the pleasure of presenting the accounts for County Council of Maragua for the year ended 30<sup>th</sup> June 2005.

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

1. Clerk's department
2. Treasurer's department
3. Building and works Department
4. Civic / Councilors department
5. Markets and Trading centres Department and
6. Community and Social services department

## 1.2 RESPONSIBILITY CENTRES ACCOUNT STATEMENTS

Each individual responsibility centre's financial performance is given separately. These performance statements of receipts and expenditures are in Kenya shillings which are compared to the approved budget for the year. The actual receipts and expenditure for the financial year 2003/04 are included to show trends.

The detailed performance statements of 2004/5 are summarized in a Summary Recurrent Account to give a one-page clear picture of the operations of the Authority for the year.

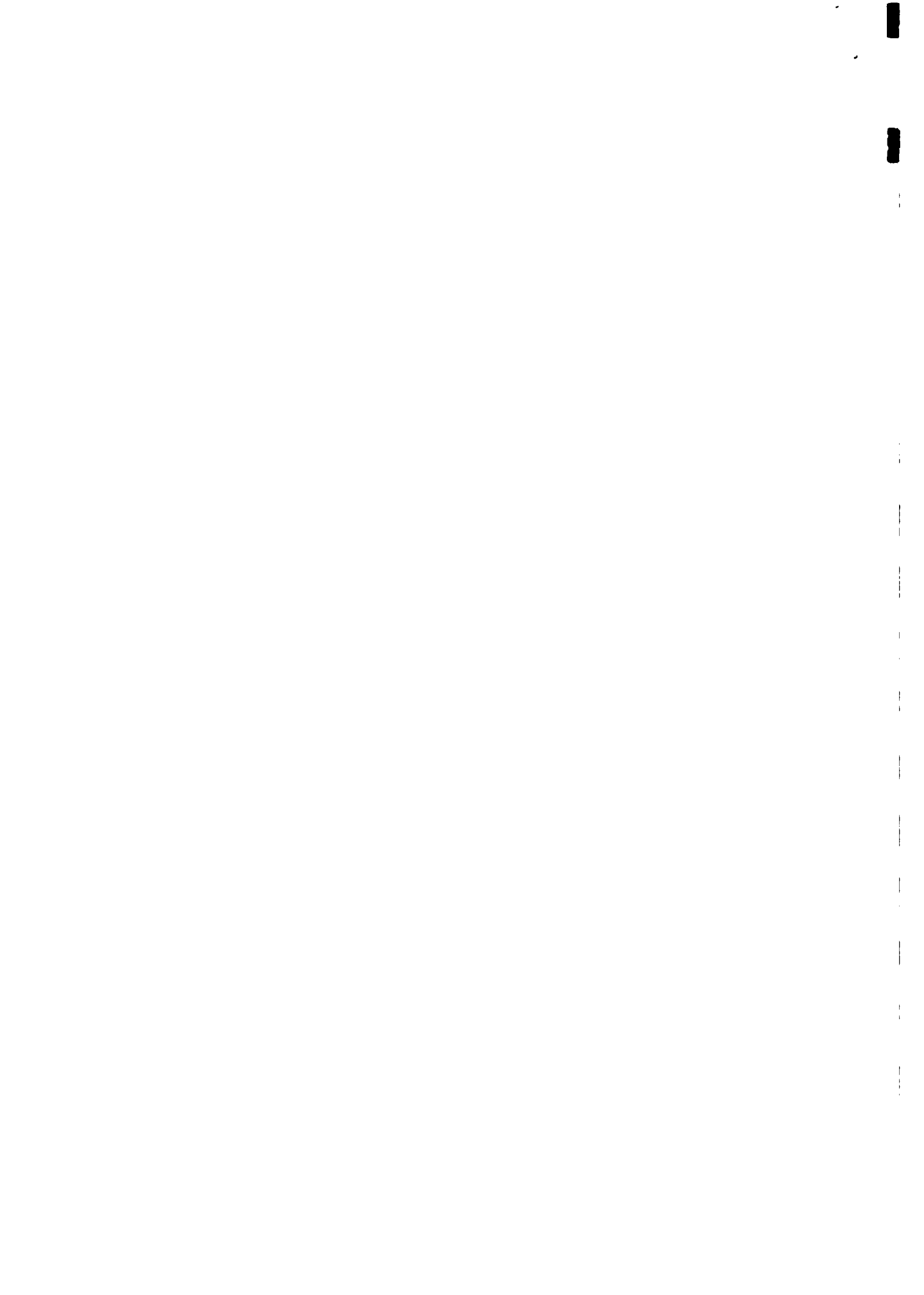
## 1.3 OVERALL AUTHORITY PERFORMANCE

The authority made an overall deficit of **Kshs 4,293,488**. Total expenditure was **Kshs 42,738,827** while corporate and responsibility center's income was **Kshs 38,445,339** excluding LATF. This was after accruing unpaid bills. The accruals were made in accordance with the prudent accounting principles which has to be applied in order to show a true and fair view of the state of affairs of the Authority.

Markets and Trading Centres Department had the highest income in the responsibility centers of Kshs 32,744,202 followed by Clerks department with an income of Kshs 5,218,637 that is 85% and 14% respectively of total income excluding LATF.

From summary of income as shown in page 4 only the Markets and Trading centres has comfortably financed itself. Other departments solely depends on it and LATF income for their survival. However we cannot draw a conclusion that the departments are not relevant because of the above fact. They are equally important in the service delivery of the council as social responsibility is also a service delivery vehicle.

I hereby request the council to have a concerted effort to improve on revenue collection, as we seem to be far much below the society's expectation in service delivery. Likewise our revenue base seems fairly inadequate in meeting our

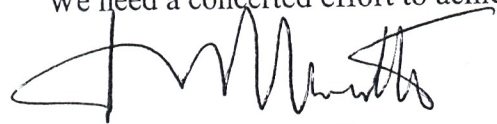


obligation and achievement of our objectives. It is our responsibility as an able council to broaden the revenue base and ensure that we do not compromise our targets.

**Record Keeping**

The Treasurer's Department is putting all efforts to maintain good record keeping, up to date information as required by relevant authorities and professional bodies. It is my hope that the information will guide the management in making timely decisions for the well being of this council.

We are also putting efforts to ensure that revenues related to the Authority are collected in time and utilized for the benefits of the Authority. We shall strive to close all the loopholes, which may be detrimental to this organization leading to any losses to the Authority's disadvantage. We need a concerted effort to achieve this objective.




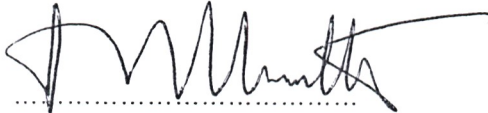
**KATHULU N. MUATHA**  
**COUNTY TREASURER**

Date: -----

**COUNTY COUNCIL OF MARAGUA  
ABSTRACTS OF ACCOUNT  
BALANCE SHEET AS AT 30TH JUNE 2005**

	NOTES	2005 KSHS	2004 KSHS
<b>NON CURRENT ASSETS/CAPITAL OUTLAY</b>			
Fixed Assets - Cost	{2}	25,092,197	23,205,964
Total Non-Current Assets		<b>25,092,197</b>	<b>23,205,964</b> ✓
<b>CURRENT ASSETS</b>			
Debtors	{3 A}	17,209,711	4,504,815
Fixed Deposit Account	{3 B}	300,000	-
Cash and Bank Balances	{3 C}	9,438,606	1,447,798
Total Current Assets		<b>26,948,317</b>	<b>5,952,613</b>
<b>TOTAL ASSETS</b>		<b>52,040,514</b>	<b>29,158,577</b>
<b>EQUITY AND LIABILITIES</b>			
Authority Equity		12,808,328	(6,646,195)
General Fund		22,330,161	14,463,339
<b>CURRENT LIABILITIES</b>			
Creditors and Accruals	{4}	16,902,025	21,341,433 ✓
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>52,040,514</b>	<b>29,158,577</b>

Signed 

Signed 

H. K. GITU  
County Clerk

KATHÚLU N. MUATHA  
County Treasurer

Date 20/6/08

Date \_\_\_\_\_



COUNTY COUNCIL OF MARAGUA  
 ABSTRACT OF ACCOUNTS  
 SUMMARY OF REVENUE ACCOUNT

DEPARTMENT	PERSONNEL	OPERATION	MAINTENANCE	TOTAL EXPENDITURE	SERVICE INCOME	SURPLUS/ DEFICIT
	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS
Clerks	4,133,711	5,410,981	1,244,575	10,789,267	5,218,637	(5,570,630)
Treasurer	2,406,152	1,622,638	314,488	4,343,278	3,000	(4,340,278)
Civic	3,168,000	1,740,697	767,461	5,676,158	-	(5,676,158)
Market & Trading	9,933,765	1,078,384	2,864,108	13,876,257	32,744,202	18,867,945
Building & Works	2,532,332	326,711	1,907,669	4,766,712	-	(4,766,712)
Community & Social Services	3,101,761	178,127	7,267	3,287,155	479,500	(2,807,655)
<b>TOTAL</b>	<b>25,275,721</b>	<b>10,357,538</b>	<b>7,105,568</b>	<b>42,738,827</b>	<b>38,445,339</b>	<b>(4,293,488)</b>

Net Surplus/Deficit for the year	(4,293,488)
LATF Surplus	12,160,310
Fund Bal b/f	14,463,339
Fund bal c/d	<u>22,330,161</u>

COUNTY COUNCIL OF MARAGUA  
 ABSTRACTS OF ACCOUNTS  
 FOR THE YEAR ENDED 30TH JUNE 2005  
 CLERKS DEPARTMENT 1 B

Mission statement		
A- To provide advice to councillors in the policy management of the council		
B- To provide leadership to the paid staff of the council, ensuring smooth operations, effective personnel administration and legality of actions.		

CODE	SUBJECTIVE HEAD SERVICE INCOME	2003/4 ACTUAL KSHS	2004/5 BUDGET KSHS	2004/5 ACTUAL KSHS
	P.I Cess	-	-	83,630
	Penalties	519,485	400,000	612,995
	Sand cess	119,960	150,000	66,700
	Advertisements signboards	650,570	400,000	104,150
	Office Rents	-	100,000	-
	TLB (Bus Park fees)	1,432,445	2,000,000	2,102,870
	Miscellaneous & others	23,997	274,915	4,246
	Coffee Cess	-	200,000	352,882
	Tea cess receipts	1,769,309	1,600,000	1,883,418
	Tree sales	-	-	1,900
	Photocopying	-	-	4,246
	Printers extracts	-	-	1,600
	<b>TOTAL REVENUE</b>	<b>4,515,766</b>	<b>5,124,915</b>	<b>5,218,637</b>
<b>EXPENDITURE</b>				
<b>PERSONNEL</b>				
001	Salaries and wages	2,187,728	2,161,460	2,269,479
002	NSSF	43,400	45,600	-
003	Provident Fund	127,812	93,800	267,240
003	Superannuation Fund	77,251	168,460	114,900
004	House Allowance	1,028,000	1,122,000	1,258,000
005	Leave & Other allowances	343,057	63,150	224,092
	<b>TOTAL PERSONNEL</b>	<b>3,807,248</b>	<b>3,654,470</b>	<b>4,133,711</b>
<b>OPERATIONS</b>				
007A	Workmans compensation	-	34,400	-
007C	Group personal Accidents	-	177,050	231,410
008	Travelling and Subsistence	1,271,899	700,000	1,080,285
009	Training and Exams	32,640	30,000	-
010	Printing, Stationeries and Adverts	494,551	400,000	483,633
011	Telephone	238,486	300,000	330,323
012	Legal Expenses	251,500	386,000	224,520
014	Electricity	55,884	70,000	57,060
015	Miscellaneous	51,346	40,000	20,425

016	Subscriptions to Algak	56,108	60,000	72,500
019	Water	-	50,000	20,100
020	Postage	-	10,000	-
048	Bursaries	19,200	2,500,000	2,489,000
042	Seminars and Courses	-	100,000	68,000
045	Entertainments	164,759	240,000	189,725
048	Office Rent	225,600	164,000	144,000
	<b>TOTAL OPERATIONS</b>	<b>2,861,973</b>	<b>5,261,450</b>	<b>5,410,981</b>

**MAINTENANCE**

022	Maintenance of Building	45,000	50,000	7,195
023	Upkeep of Grounds	3,800	20,000	13,265
024	Furniture and Fittings	12,200	50,000	3,480
025	Vehicle Repair & Maintenance	391,004	500,000	888,136
026	Petrol and Oils	281,056	400,000	189,648
027	Vehicle Insurance	200,000	75,190	107,607
029	Office Equipments/Computer	19,800	200,000	35,244

<b>TOTAL MAINTENANCE</b>	<b>952,860</b>	<b>1,295,190</b>	<b>1,244,575</b>
--------------------------	----------------	------------------	------------------

<b>TOTAL EXPENDITURE</b>	<b>7,622,081</b>	<b>10,211,110</b>	<b>10,789,267</b>
--------------------------	------------------	-------------------	-------------------

<b>SURPLUS/ (DEFICIT)</b>	<b>(3,106,315)</b>	<b>(5,086,195)</b>	<b>(5,570,630)</b>
---------------------------	--------------------	--------------------	--------------------

COUNTY COUNCIL OF MARAGUA  
 ABSTRACTS OF ACCOUNTS  
 FOR THE YEAR ENDED 30TH JUNE 2005  
 TREASURERS DEPARTMENT 1C

**Mission statement**

A- To provide financial advice to councillors, the Town Clerk and other Chief officers for the efficient operation of the council  
 B- To establish and operate sound financial systems to the council  
 C- To ensure financial transactions are properly recorded and internal controls adhered to  
 D- To collect all revenue due to the council and ensure sound management of the same  
 E- To prepare up to date Financial statements and reports as required by law.

CODE SUBJECTIVE HEAD	2003/4 ACTUAL KSHS	2004/5 BUDGET KSHS	2004/5 ACTUAL KSHS
<b>SERVICE INCOME</b>			
Miscellaneous	1,200	-	-
cheque clearance	-	-	3,000
	<u>1,200</u>	<u>-</u>	<u>3,000</u>
<b>EXPENDITURE</b>			
<b>PERSONNEL</b>			
001 Salaries and Wages	1,298,739	1,350,340	1,266,240
002 NSSF	23,400	24,000	21,600
003 Provident Fund	137,718	177,870	215,316
003 Superannuation Fund	45,799	68,780	52,248
004 House Allowance	674,500	666,000	666,000
005 Leave Allowance	67,493	37,790	184,748
Acting and Other allowances	225,021	-	-
<b>TOTAL PERSONNEL</b>	<u>2,472,670</u>	<u>2,324,780</u>	<u>2,406,152</u>
<b>OPERATIONS</b>			
008 Travelling and subsistence	462,225	700,000	887,402
009 Training and Exams	21,500	50,000	9,550
010 Printing, Stationeries and Adverts	157,155	200,000	170,630
011 Telephone and Postage	95,841	100,000	121,436
013 Uniforms and Soaps	-	-	-
019 Provision for Audit/Consultancy	195,000	500,000	280,000
020 Bank charges	9,870	300,000	141,370
015 Miscellaneous	22,880	15,000	-
024 Furniture and Equipment	-	30,000	6,250
Entertainments	2,730	-	6,000
<b>TOTAL OPERATIONS</b>	<u>967,201</u>	<u>1,895,000</u>	<u>1,622,638</u>
<b>MAINTENANCE</b>			
025 Vehicle Repairs and Maintenance	-	150,000	-
026 Petrol and oils	38,550	150,000	5,860
027 General Insurance	-	80,100	27,318
028 Money Insurance	-	32,280	34,639
029 Office Equipments/Computer	53,100	200,000	237,171
Computer repairs	-	-	9,500
<b>TOTAL MAINTENANCE</b>	<u>91,650</u>	<u>612,380</u>	<u>314,488</u>
<b>TOTAL EXPENDITURE</b>	<u>3,531,521</u>	<u>4,832,160</u>	<u>4,343,278</u>
<b>SURPLUS/ (DEFICIT)</b>	<u>(3,530,321)</u>	<u>(4,832,160)</u>	<u>(4,340,278)</u>

COUNTY COUNCIL OF MARAGUA  
 ABSTRACTS OF ACCOUNTS  
 FOR THE YEAR ENDED 30TH JUNE 2005  
 CIVIC DEPARTMENT ID

Mission statement

- A- To facilitate the presentation of the public view of the council  
 B- To formulate policies and they are implemented by the council  
 C- To ensure that the policies are in accordance with the aspiration of the public.

CODE	SUBJECTIVE HEAD	2003/4 ACTUAL KSHS	2004/5 BUDGET KSHS	2004/5 ACTUAL KSHS
	<b>PERSONNEL</b>			
041	Chairmans Allowances	195,250	324,000	324,000
042	Councillors Allowances	1,761,996	2,844,000	2,844,000
	<b>TOTAL PERSONNEL</b>	<b>1,957,246</b>	<b>3,168,000</b>	<b>3,168,000</b>
	<b>OPERATION</b>			
007A	Group Personal Accident	-	16,020	-
008	Travelling and Subsistance	860,775	700,000	1,051,015
011	Telephone	14,000	105,000	106,000
017	Donations	57,730	100,000	15,000
043	Seminars and Courses	71,906	500,000	505,000
044	Councillors Tours	1,250,000	-	-
045	Entertainment Allowance	33,030	100,000	63,682
	<b>TOTAL OPERATION</b>	<b>2,287,441</b>	<b>1,521,020</b>	<b>1,740,697</b>
	<b>MAINTENANCE</b>			
025	Vehile Repairs and Maintenance	195,837	400,000	417,337
026	Petrol and oils	131,757	400,000	286,150
027	Vehicle Insurance	-	55,150	63,974
	<b>TOTAL MAINTENANCE</b>	<b>327,594</b>	<b>855,150</b>	<b>767,461</b>
	<b>TOTAL EXPENDITURE</b>	<b>4,572,281</b>	<b>5,544,170</b>	<b>5,676,158</b>
	<b>SURPLUS/ (DEFICIT)</b>	<b>(4,572,281)</b>	<b>(5,544,170)</b>	<b>(5,676,158)</b>

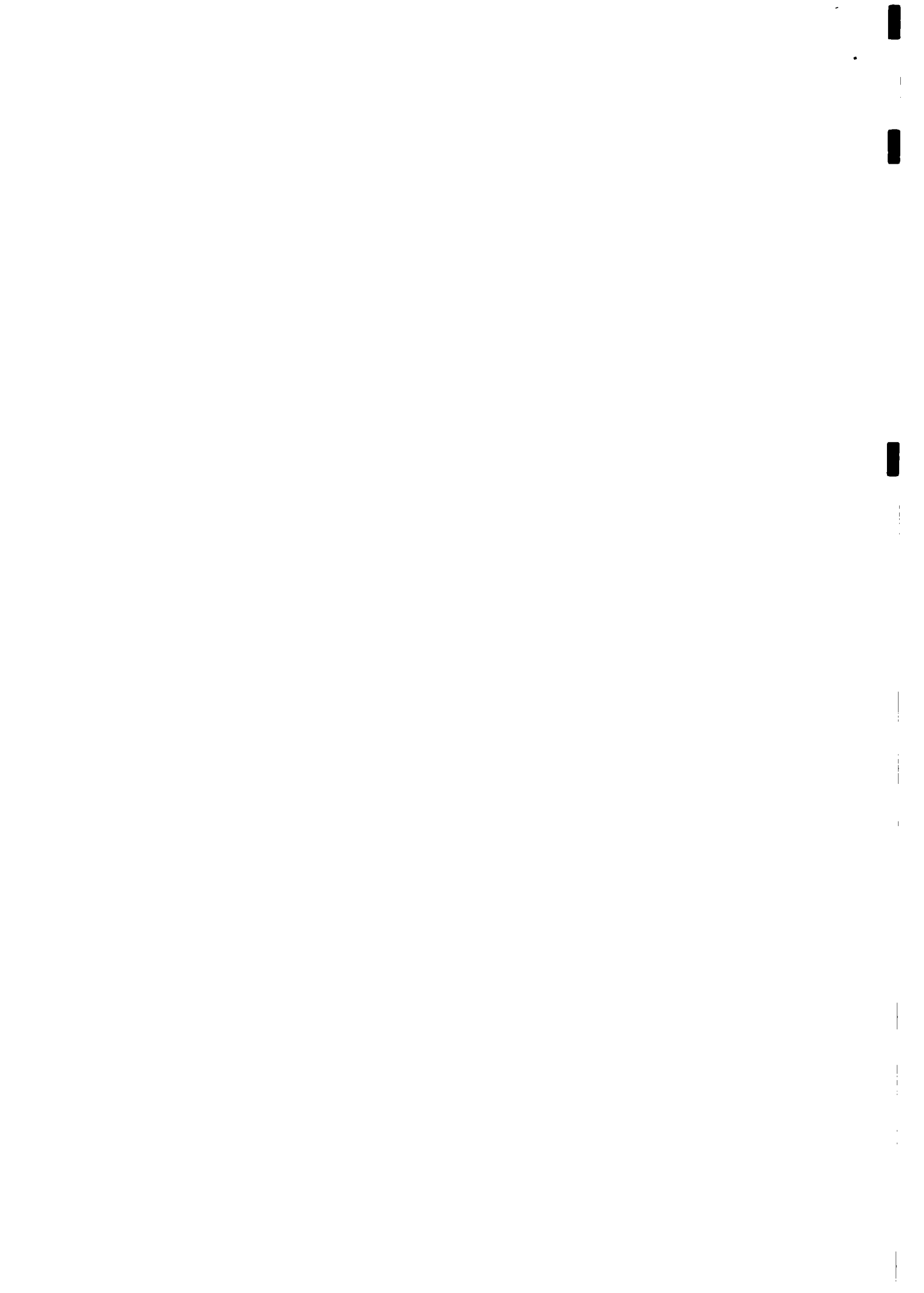


COUNTY COUNCIL OF MARAGUA  
 ABSTRACTS OF ACCOUNTS  
 FOR THE YEAR ENDED 30TH JUNE 2005  
 MARKETS AND TRADING CENTRES DEPARTMENT - 6A

Mission statement

- A- To provide market sites for local traders to undertake their businesses  
 B- To generate revenue to the council  
 C- To create an enabling environment suitable for market operations  
 D- To ensure security of the market operators and their wares

CODE	SUBJECTIVE HEAD	2003/4 ACTUAL KSHS	2004/5 BUDGET KSHS	2004/5 ACTUAL KSHS
	<b>SERVICE INCOME</b>			
	Plot/stalls/ Rents	3,743,238	4,772,100	3,996,777
	Land Rates	30,020	200,000	35,110
	Barter Market fees	6,029,730	8,047,680	5,737,010
	Building Plans Approval	35,500	50,000	167,350
	Sale of forms	1,697,570	1,600,000	1,433,070
	Hire of council land	-	10,000	-
	Visit fees	46,500	50,000	49,000
	Survey fee	75,600	70,000	1,856,400
	Single Business Permits	14,737,670	13,732,000	15,661,205
	Search Fee	25,200	70,000	66,000
	Allotment Fee	45,000	20,000	853,300
	Conservancy Fee	-	400,000	-
	Change of user	27,950	30,000	22,500
	Subdivision fee	68,500	50,000	340,860
	Consent Fee	35,000	80,000	250,000
	Miscellaneous and others	105,700	100,000	82,770
	Stand premium	96,000	-	238,000
	Slaughter House fees	500	-	400
	Clearance fees	54,100	-	143,900
	Storage fees	3,700	-	23,600
	Owner occupier	26,400	-	-
	Purchase fees	1,000	-	-
	Title deeds application	20,000	-	22,500
	Subletting forms	-	-	278,650
	Plot transfer	-	-	235,400
	Verification fees	-	-	1,240,600
	Lease extension	-	-	6,100
	Cultivation fees	-	-	3,700
	<b>TOTAL REVENUE</b>	<b>26,904,878</b>	<b>29,281,780</b>	<b>32,744,202</b>
	<b>EXPENDITURE</b>			
	<b>PERSONNEL</b>			
001	Salaries and wages	5,615,390	6,087,440	5,845,608
002	NSSF	190,400	196,800	40,800
003	Provident Fund	208,925	382,640	366,156
003	Superannuation Fund	43,379	69,720	69,720
004	House Allowance	2,782,500	2,940,000	2,860,500
005	Leave Allowance	24,726	182,580	751,001
	Acting and Other Allowances	169,945	-	-
	<b>TOTAL PERSONNEL</b>	<b>9,035,265</b>	<b>9,859,180</b>	<b>9,933,785</b>



<b>OPERATIONS</b>				
008	Travelling and subsistence	128,238	100,000	189,754
009	Training and Exams	-	-	-
010	Printing, Stationeries and Adverts	673,814	10,000	18,733
011	Telephone	-	50,000	22,150
013	Uniform and Soaps	-	200,000	6,260
021	Receipt Books	-	800,000	841,487
015	Miscellaneous	6,600	10,000	-
	Entertainments	408	-	-
	<b>TOTAL OPERATIONS</b>	<b>809,060</b>	<b>1,170,000</b>	<b>1,078,384</b>
<b>MAINTENANCE</b>				
025	Vehicle Repair and Maintenance	14,725	450,000	83,544
026	Petrol and oils	96,445	450,000	175,217
027	Vehicle Insurance	-	40,120	41,890
031	Material for plans	122,926	10,000	-
032	Survey of Markets	-	30,000	2,076,717
033	Maintenance of Markets and Bus Parks	432,912	150,000	486,740
	Other Maintenance Costs	17,800	-	-
	<b>TOTAL MAINTENANCE</b>	<b>684,808</b>	<b>1,130,120</b>	<b>2,864,108</b>
	<b>TOTAL EXPENDITURE</b>	<b>10,529,133</b>	<b>12,159,300</b>	<b>13,876,277</b>
	<b>SURPLUS/ (DEFICIT)</b>	<b>16,375,745</b>	<b>17,122,480</b>	<b>18,867,925</b>

COUNTY COUNCIL OF MARAGUA  
 ABSTRACTS OF ACCOUNTS  
 FOR THE YEAR ENDED 30TH JUNE 2005  
 BUILDING AND WORKS DEPARTMENT 9A

<b>Mission statement</b>
A- To ensure that rural access roads are in sound condition
B- To ensure that buildings within the Local authority are properly planned and plans approved by the council

CODE	SUBJECTIVE HEAD	2003/4 ACTUAL KSHS	2004/5 BUDGET KSHS	2004/5 ACTUAL KSHS
<b>PERSONNEL</b>				
001	Salaries and Wages	1,501,656	1,577,640	1,481,699
002	NSSF	35,600	36,000	16,800
003	Provident Fund	91,256	130,300	148,764
003	Superannuation Fund	22,033	44,180	26,160
004	House Allowance	733,500	750,000	744,500
005	Leave Allowance	34,997	46,560	114,409
	Acting and Other allowances	38,946	-	-
	<b>TOTAL PERSONNEL</b>	<b>2,457,988</b>	<b>2,584,680</b>	<b>2,532,332</b>
<b>OPERATIONS</b>				
008	Travelling and subsistence	194,594	155,000	214,646
011	Telephone	2,500	55,000	38,000
013	Uniform and soaps	-	40,000	45,000
014	Electricity and Water	13,364	-	3,010
	Office completions	-	100,000	-
015	Miscellaneous	830	5,000	26,055
	<b>TOTAL OPERATIONS</b>	<b>211,288</b>	<b>355,000</b>	<b>326,711</b>
<b>MAINTENANCE</b>				
025	Vehicle Repairs and maintenance	185,888	400,000	399,547
026	Petrol and oils	460,568	400,000	383,580
027	Vehicle Insurance	-	25,090	53,937
046	Sanitation	-	500,000	-
047	Rural access roads	106,000	600,000	920,605
048	Environmental concerns	-	200,000	-
049	Pit Latrines	-	500,000	-
	Grader Insurance	-	-	150,000
	<b>TOTAL MAINTENANCE</b>	<b>752,456</b>	<b>2,625,090</b>	<b>1,907,669</b>
	<b>TOTAL EXPENDITURE</b>	<b>3,421,732</b>	<b>5,564,770</b>	<b>4,766,712</b>
	<b>SURPLUS/ (DEFICIT)</b>	<b>(3,421,732)</b>	<b>(5,564,770)</b>	<b>(4,766,712)</b>

COUNTY COUNCIL OF MARAGUA  
 ABSTRACTS OF ACCOUNTS  
 FOR THE YEAR ENDED 30TH JUNE 2005  
 COMMUNITY AND SOCIAL SERVICES DEPARTMENT 2A

Mission statement
A- To promote high living standards for the community in the area
B- To promote social groups for the welfare of the society
C- To educate the local community on the benefits of social groups and their sound management

CODE	SUBJECTIVE HEAD	2003/4 ACTUAL KSHS	2004/5 BUDGET KSHS	2004/5 ACTUAL KSHS
<b>SERVICE INCOME</b>				
	Group Registration	135,200	120,000	204,000
	Tuition fees - Youth centre	185,950	150,000	256,500
	Registration of schools	-	-	19,000
	<b>TOTAL REVENUE</b>	<b>321,150</b>	<b>270,000</b>	<b>479,500</b>
<b>EXPENDITURE</b>				
<b>PERSONNEL</b>				
001	Salaries and Wages	2,009,922	1,824,000	1,679,752
002	NSSF	37,200	33,600	9,600
003	Provident Fund	37,378	41,530	74,640
003	Superannuation Fund	101,970	160,040	160,056
004	House Allowance	906,400	804,000	756,000
005	Leave allowance	11,529	54,680	393,613
	Other allowances	152,560	-	28,100
		<b>3,256,959</b>	<b>2,917,850</b>	<b>3,101,761</b>
<b>OPERATIONS</b>				
008	Travelling and subsistence	43,918	50,000	73,995
009	Training and exams	-	30,000	-
010	Printing stationeries	-	2,000	760
011	Telephone	3,500	25,000	22,500
013	Uniform and soaps	-	-	-
030	Self help project	40,000	500,000	-
031	Relief of distress	70,999	200,000	15,332
049	Sport and Heritage	15,000	125,000	65,540
	<b>TOTAL OPERATIONS</b>	<b>173,417</b>	<b>932,000</b>	<b>178,127</b>
<b>MAINTENANCE</b>				
024	Building, upgrading/Rehabilitation	-	200,000	-
025	Vehicle repairs and maintenance	-	-	-
026	Petrol and oils	-	-	-
029	Material and equipment	-	30,000	7,267
027	Farm maintenance	-	10,000	-
	<b>TOTAL MAINTENANCE</b>	<b>-</b>	<b>240,000</b>	<b>7,267</b>
	<b>TOTAL EXPENDITURE</b>	<b>3,430,376</b>	<b>4,089,850</b>	<b>3,287,155</b>
	<b>SURPLUS/ (DEFICIT)</b>	<b>(3,109,226)</b>	<b>(3,819,850)</b>	<b>(2,807,655)</b>

COUNTY COUNCIL OF MARAGUA  
 ABSTRACTS OF ACCOUNTS  
 LATF ACCOUNTS, INCOME AND EXPENDITURE ANALYSIS

	2003/4 ACTUAL	2004/5 ACTUAL
	KSHS	KSHS
<b>LATF INCOME</b>		
Service Component		15,586,672
Performance Component		10,391,115
Total Receipts from Central Government	<u>27,067,809</u>	<u>25,977,787</u>
<b>EXPENDITURE</b>		
<b>CAPITAL EXPENDITURE</b>		
Office construction	3,697,633	1,739,606
Photocopier mechanic	-	41,527
Signboard	-	47,345
Office equipment	-	98,000
Pit Latrines	-	295,250
<b>TOTAL CAPITAL</b>	<u>3,697,633</u>	<u>2,221,728</u>
<b>DEBT RESOLUTION</b>		
Superfund	661,452	331,680
Retrenchees	2,624,205	2,475,578
Salary arrears	3,458,118	2,207,056
KLGWU	50,000	585,610
Grader Repairs		873,440
NSSF	888,400	784,931
Provident Fund	757,674	737,122
Sacco	496,989	-
NHIF	1,020,660	-
<b>TOTAL DEBT RESOLUTION</b>	<u>9,957,498</u>	<u>7,995,417</u>
<b>PERSONNEL</b>		
PAYE	376,125	134,476
Councillors Allowance	189,500	245,500*
Special duty allowance	42,332	-
Salaries & Wages	1,920,926	-
Baggage Allowance	150,000	-
<b>TOTAL PERSONNEL</b>	<u>2,678,883</u>	<u>134,476</u>
<b>OPERATIONS</b>		
Consultancy and Professional fees	300,000	388,400*
Maranjau survey		1,484,875*
Insurance	381,000	560,775*
Printing and stationery	1,081,326	373,810*
Office Rent	-	54,000*



Telephone	-	27,718*
Security and Parking	227,500	577,500*
Legal fees	481,218	33,819*
Bursary	-	2,300,500*
Market Survey	-	20,000*
Vehicle Hiring	-	12,000*
Bank charges	-	33,975*
Tree planting exercise	-	150,000
Councillors induction course	750,000	-
Subscriptions to ALGAK	142,000	-
Miscellaneous Expenditure	189,966	-
<b>TOTAL OPERATIONS</b>	<b>3,553,023</b>	<b>150,000</b>

**REPAIRS & MAINTENANCE**

Motor Vehicle Repairs	203,000	667,767*
Market Rehabilitation	-	53,000*
Access Roads Repairs	-	752,220*
Tyres and Tubes	-	310,467*
Petrol and Oils	-	66,196*
Computer Repairs	94,150	-
<b>TOTAL REPAIRS &amp; MAINTENANCE</b>	<b>297,150</b>	<b>-</b>

LASDAP Projects	4,229,200	3,315,856
-----------------	-----------	-----------

<b>TOTAL LATF EXPENDITURE</b>	<b>24,413,387</b>	<b>13,817,477</b>
-------------------------------	-------------------	-------------------

<b>SURPLUS/ (DEFICIT)</b>	<b>2,654,422</b>	<b>12,160,310</b>
---------------------------	------------------	-------------------

NB \* The items with asterisk have been expensed in the General Rates Fund Account as per the codes in the relevant expense departments. To avoid double counting they are adjusted against the LATF Account as above.

**COUNTY COUNCIL OF MARAGUA  
ABSTRACTS OF ACCOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2005  
NOTES TO THE ACCOUNTS**

**1.0.0 Accounting Concepts**

**1.1.0 Introduction**

The accounts are 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 the 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. Its unlikely that a local authority may be wound up in the same way as a company. In 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 the preparation of accounts as required by International Accounting standards. The basis of accounting in this case is converted “receipts and 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 Expenditures basis, thus keeping in line the Accrual Concept of accounting.

**c) Consistency Concept**

It is assumed that the accounting policies are consistent from one period to another. 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.

#### **d) Prudence Concept**

Uncertainties inevitability 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.

#### **e) Substance over form and Materiality Concept**

Transactions and other events should be accounted for and presented in accordance with their substance and financial reality and not merely with their legal form. Financial statements 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) (i) Employees**

Salary arrears are accrued as creditors. No accruals are made for paid leave entitlement not taken 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**

Material invoices for supplies and services received during the year but not yet paid are accrued as creditors within current liabilities. The same are expensed during the year.

### **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 recognized in the accounts at current open market value as at 30<sup>th</sup> June 2005.

### **1.3.3 Valuation of Buildings**

Building should be valued by a professional valuer at depreciated current replacement cost to reflect the current market value.

### **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 30<sup>th</sup> June 2005. Valuation is quite necessary in order to reflect the true position.

### **1.3.5 Furniture and Equipment**

Furniture and equipment have 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.

COUNTY COUNCIL OF MARAGUA  
 ABSTRACTS OF ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2005  
 ASSETS SCHEDULE

	2004/5 KSHS	2003/4 KSHS
<b>2A NON CURRENT ASSETS</b>		
<b>LAND</b>		
Kiiriangoro Land	1,250,000	1,250,000
Ngurweini Polytechnic Land	1,000,000	1,000,000
	<u>2,250,000</u>	<u>2,250,000</u>
<b>2B BUILDINGS</b>		
Kigumo Offices Buildings	800,000	800,000
Kigumo Nursery School Building	3,500,000	3,500,000
Kiiriangoro Polytechnic	2,500,000	2,500,000
Ngurwe-ini Polytechnic	2,000,000	2,000,000
Kandara Office Building	250,000	250,000
Council H/Q offices (KENOL)	5,804,744	4,058,038
	<u>14,854,744</u>	<u>13,108,038</u>
<b>2C FURNITURE, FITTING &amp; EQUIPMENT</b>	<u>2,131,453</u>	<u>1,991,926</u>
<b>2D MOTOR VEHICLES</b>	<u>5,856,000</u>	<u>5,856,000</u>
<b>3A CURRENT ASSETS</b>		
<b>DEBTORS AND PREPAYMENTS</b>		
Plot Rent	13,978,395	728,311
Property Rates	2,663,765	2,663,765
Salary Advances	567,551	1,112,739
	<u>17,209,711</u>	<u>4,504,815</u>
<b>3B Fixed Deposit - Equity Bank Thika</b>	300,000	-
<b>3C CASH AND BANK BALANCES</b>		
Equity Bank - A/c 20002	2,647	4,847
Equity Bank- A/c 21494	606	4,065
KCB - 275970447-GRF	171,433	(1,641,306)
KCB- 275970453- LATF	8,766,910	3,234,657
Co-op Bank 0112055460800	471,720	(154,465)
Cash in Hand	25,290	-
	<u>9,438,606</u>	<u>1,447,798</u>

COUNTY COUNCIL OF MARAGUA  
ABSTRACTS OF ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2005

4 CREDITORS LISTING AS AT 30TH JUNE 2005

4A SUPPLIERS

1 Comsoft Consultants	15,544
2 Benmar Sports wear	65,540
3 G.W. Photo Studio	4,408
4 Casual employees	23,860
5 Dakal Enterprises	33,350
6 Geodala Land Survey & Consultants	384,375
7 Office Rent - Ward offices	25,000
8 Sankar Commercial Agencies	7,300
9 Peter Karanja Mwangi	6,200
10 Apex Security Services	186,000
11 Toyo Paint Auto Services	103,534
12 Ombogo and Company Advocates	538,771
13 J. Ngaii Gikonyo & Co. Advocates	46,375
14 Kirubi, Mwangi, Ben & Co. Advocates	5,000
15 Apex E.A Management Solutions	261,000
16 Peter Githae & Associates	280,000
	<u>1,986,257</u>

4B OTHERS

1 Superannuation Fund	581,034
2 NSSF	2,326,200
3 NHIF	5,932,460
4 KLGWU	341,710
5 Salary arrears	2,426,213
6 Retrenchees	3,136,468
7 PAYE	160,771
8 Provident Fund	10,912
	<u>14,915,768</u>

